

Stock Market

Stocks fall for 4th day on liquidity crunch

New Age, May 16, 2019

- Dhaka stocks on Tuesday kept falling for the fourth session as liquidity shortage in the financial sector along with typical slow trading during Ramadan and ahead of the national budget announcement continued affecting trading on the bourse.
- DSEX, the key index of Dhaka Stock Exchange, dropped by 0.42 %, or 21.88 points, to close at 5,196.03 points on Wednesday. The index lost 79.88 points in last four trading sessions. The total number of executed trades fell further to 71,072 on Wednesday from 72,470 on Tuesday, which was the lowest number of total trades after March 28, 2018 when it was 69,725.
- The turnover on bourse remained at 14-month low at BDT 256 crore on Wednesday although it rose slightly compared with that of Tuesday when it was BDT 251.36 crore. Out of the 341 issues traded on Wednesday, 173 declined, 103 advanced and 65 remained unchanged.
- The average share prices of most of the sectors dropped on the day with pharmaceutical sector leading the chart. Among the losing sectors, shares prices of pharma, paper, textile, cement and food fell by 1.1 %, 1.1 %, 0.8 %, 0.6 % and 0.6 % respectively.
- The share prices of life insurance, jute, bank and non-bank financial institution sectors, however, rose by 1.2 %, 0.8 %, 0.2 % and 0.1 % respectively. DSE blue-chip index DS30 fell by 0.69 %, or 12.69 points, to close at 1,812.82 points. Shariah index DSES shed 0.76 %, or 9.15 points, to finish at 1,194.21 points.
- BRAC Bank led the chart of turnover leaders with its shares worth BDT 17.07 crore changing hands on the day. United Insurance gained the most on the day with a 9.9-% increase in its share prices while Daffodil Computers was the worst loser, shedding 4.64 %.

<http://www.newagebd.net/article/72537/stocks-fall-for-4th-day-on-liquidity-crunch>

One Year of DSE's Share Sale: Chinese consortium yet to impress investors

The Daily Star, May 16, 2019

- One year has passed by since the Chinese consortium agreed to come on board as a strategic partner of the Dhaka Stock Exchange (DSE) but investors are still waiting for the two Chinese bourses to deliver on their promises.
- One of the big promises made by the Shenzhen Stock Exchange (SZSE) and Shanghai Stock Exchange (SSE) was that they would bring in technological upgrades to the country's premier bourse. including an electronic information disclosure platform of the listed companies.
- The platform would provide corporate information of the issuing companies, simple analytical tools, interactive question and answer facility and online complaint portal with a view to enhancing transparency and corporate governance.
- The Chinese consortium offered to assist the DSE in developing index-based products, bonds and asset-backed securities to diversify products in the DSE. It also offered to assist in designing, promoting and showcasing Bangladeshi indices in China as well as developing the DSE's derivatives market.

- The formal processing of the agreement took longer than expected, so in reality the consortium become the DSE's partner only in September, said a top official of the bourse requesting not to be named. So far, the consortium appointed a director in the DSE board and launched the Bangladesh window on the V-Next Platform on May 6 under the strategic investor agreement.
- As a result, Bangladeshi listed and non-listed companies can explore equity and strategic partnership, seek business collaboration and diversify business and technology channels in China.

<https://www.thedailystar.net/business/news/one-year-dses-share-sale-chinese-consortium-yet-impress-investors-1744330>

Islamic banks' profitability shrinks in 2018

The Daily Star, May 16, 2019

- Shariah-based banks' net profit margin declined to 2.2 % in 2018 from 3 % a year earlier at a time when the banking sector's rose, found a recent study. The banking sector's net profit margin improved to 3 % from 2 % last year, according to the study titled "Islamic Banking Operation of Banks-2018".
- There are eight Islamic banks in Bangladesh. Besides, many banks have Shariah-based branches or windows. Together, they had a combined deposit base of BDT 237,366 crore on December 2018. Of the deposits and investments, the full-fledged Islamic banks accounted for about 95 %.
- Among other key financial indicators, the return on asset of the Islamic banks came down to 0.56 % last year from 0.7 % a year earlier. The return on equity fell to 10.7 % from 13.1 % during the period, the study showed.
- On the other hand, classified loans increased to 4.79 % from 4.2 % in 2017, weakening the health of Islamic banks. Though the overall banking sector was going through a tight liquidity, the market share of the Islamic banks improved to 8.54 % in 2018 from 7.47 % in 2017 in terms of excess liquidity.

<https://www.thedailystar.net/business/banking/news/islamic-banks-profitability-shrinks-2018-1744336>

Energypac brings \$16m in FDI

The Daily Star, May 16, 2019

- Energypac Power Venture, a subsidiary of Energypac, has recently signed a joint-venture agreement with UAE-based EMA Power Investment, bringing in \$16 mn foreign direct investment into the country's booming power sector.
- The EMA is a joint venture between South Korea's Daelim Energy and IDB Infrastructure Fund II managed by ASMA Capital. The investment is for implementing a 115 megawatt heavy fuel oil-fired power plant project at Thakurgaon. Daelim Energy will avail 49 % stake of the project through the investment.
- Furthermore, engineering, procurement and construction will also be undertaken by Energypac Power Generation under the supervision of Daelim Industrial, bringing a multiplier effect on technology transfer and employment generation.

<https://www.thedailystar.net/business/news/energypac-brings-16m-fdi-1744315>

Shenzhen bourse launches market coordination mechanism with DSE

The Financial Express, May 15, 2019

- Shenzhen Stock Exchange (SZSE) has launched the market coordination mechanism with Dhaka Stock Exchange (DSE) under the strategic investment agreement.
- At a seminar titled '2nd China-Bangladesh Capital Market Cooperation Seminar' in China on May 6, the SZSE and the DSE launched the Bangladesh Window on the V-Next Platform, a DSE release said.
- "V-Next Alliance Platform is designed to facilitate Chinese investment into prospective companies in Bangladesh through information dissemination, online live road shows and face-to-face business seminars," according to the DSE.
- Around 20 Bangladeshi enterprises from sectors such as information, communication and modern manufacturing conducted road shows on the V-Next Platform via "onsite meeting and live broadcasting" on the inauguration day, the DSE said.

<http://thefinancialexpress.com.bd/stock/shenzhen-bourse-launches-market-coordination-mechanism-with-dse-1557896199>

FRC asks ICAB to re-audit Coppertech

The Daily Star, May 16, 2019

- The Financial Reporting Council (FRC) has asked the Institute of Chartered Accountants of Bangladesh (ICAB) to re-audit the financial report of Coppertech Industries.
- The copper producer has already completed the initial public offering lottery draw after completion of public subscription of 2 crore shares worth BDT 20 crore under the fixed price method. It is now waiting to get listed.
- In the meantime, the Dhaka Stock Exchange decided to scrutinise the company's financial report on allegation of inflated information.

<https://www.thedailystar.net/business/news/frc-asks-icab-re-audit-coppertech-1744318>

'Block Module' to strictly reinforce declarations on transferring shares

Three rules get final approval

- The securities regulator has approved a 'Block Module' introduced to strictly reinforce the mandatory declarations required in case of transferring shares of listed companies and units of mutual funds by sponsors, directors and placement holders.
- The approval came on Tuesday at a meeting held at the office of the Bangladesh Securities and Exchange Commission (BSEC). The Central Depository Bangladesh Limited (CDBL) introduced the Block Module following a BSEC's instruction in the wake of many transfers of these types of shares without required declarations.
- As per existing rules, the sponsor-directors and placement holders of the listed companies have to make declaration before selling or transferring their shares. The transactions of such shares are executed within

30 days of making declarations through block or public market subject to payment of stipulated amount of tax.

- At Tuesday's meeting, the securities regulator gave final approvals to three rules on receipt of public opinions. The rules are Bangladesh Securities and Exchange Commission (Investment Sukuk) Rules, 2019, Bangladesh Securities and Exchange Commission (Exchange Traded Derivatives) Rules, 2019 and Bangladesh Securities and Exchange Commission (Short-Sale) Rules, 2019.

<http://thefinancialexpress.com.bd/stock/block-module-to-strictly-reinforce-declarations-on-transferring-shares-1557896599>

Feroz re-elected as Premier Leasing Securities chair

New Age, May 16, 2019

- ASM Feroz Alam has been re-elected as chairman of Premier Leasing Securities at the company's 53rd board of directors' meeting recently, said a press release.
- Feroz is the vice-chairman of Mercantile Bank and also a director of Mercantile Bank Securities, it said. He is the managing director of Toyo System BD. He is a sponsor and former chairman of Premier Leasing & Finance, said the release. Feroz is the founder of Shaheda Gafur Ibrahim General Hospital, Kalaiya in Patuakhali.

<http://www.newagebd.net/article/72547/feroz-re-elected-as-premier-leasing-securities-chair>

Economy

14 listed banks suffer negative cash flow in Jan-Mar

The Financial Express, May 15, 2019

- Fourteen listed banks suffered significant liquidity shortage in the January-March quarter of the year of 2019 even though the entities managed to attain profits in the period. According to the first quarterly reports of listed banks published through the stock exchanges, the net operating cash flow per share (NOCFPS) of Rupali Bank was the worst — negative BDT 79.51.
- Deposit growth in the country's banking sector was above 10 % in 2017. The situation deteriorated in 2018 and the deposit growth was around 9 % in January and February of the year of 2018.
- On the other hand, the defaulted loans in the country's banking sector stood at BDT 93,911.4 crore at the end of December, 2018 from BDT 74,303 crore a year ago.
- Apart from Rupali Bank, NOCFPS of Uttara Bank was negative BDT 18.96 in January-March this year against negative BDT 3.07 in the same period a year ago. City Banks NOCFPS was BDT 11.56 in the quarter this year against negative BDT 0.32 in the same period last year.
- Cash flow per share of Trust Bank was negative BDT 12.41, that of Mutual Trust Bank negative BDT 8.65 that of Social Islami Bank negative BDT 7.92, that of Jamuna Bank negative BDT 6.83, that of Exim Bank negative BDT 4.

- NOCFPS of IFIC Bank was negative BDT 3.30 in the quarter, that of UCB negative BDT 5.78, that of AB Bank negative BDT 5.68, that of NBL negative BDT 2.76, that of First Security Islami Bank negative BDT 1.83 and that of NCC Bank negative BDT 0.56.
- As banks went for borrowing to meet liquidity crisis, the interbank call money rate increased to 4.53 % on May 14 this year. The rate of call money was 2.77 % in June last year.

<http://www.newagebd.net/article/72536/14-listed-banks-suffer-negative-cash-flow-in-jan-mar>

Suspicious transactions go up 64pc

The Daily Star, May 15, 2019

- Banks and financial organisations sent a record number of suspicious transaction and activities reports to the Bangladesh Financial Intelligence Unit last fiscal year, in an indication of their commitment to fight money laundering.
- In fiscal 2017-18, the BFIU received a total of 3,878 suspicious transaction reports (STR) and suspicious activity reports (SAR) from reporting agencies, up 64.50 % year-on-year, according to the BFIU's annual report, which was released last week.
- The BFIU sent the maximum of 609 STR and SARs for digital hundi and informal remittance to the government investigation agencies. The investigation agencies have so far filed 27 cases with the courts after carrying out detailed investigations based on the reports disseminated by the BFIU.
- The reporting agencies -- banks, non-bank financial institutions, money changers and capital market intermediaries -- reported 5,422 suspicious transactions worth BDT 921.75 crore last year. The number of reported suspicious transaction was 3,736 worth BDT 1,163 crore in fiscal 2016-17.
- The global community always accept the rise in STRs and SARs positively as they think that this is an indication of the financial organisations' compliance with corporate governance, said Hassan, also a former deputy governor of the central bank.

<https://www.thedailystar.net/business/news/suspicious-transactions-go-64pc-1743793>

Cash use costs Bangladesh BDT 9,000cr every year

The Daily Star, May 16, 2019

- The country has to count more than BDT 9,000 crore a year because of its heavy dependence on cash, further depicting the necessity to move towards a cashless society.
- The maintenance cost of the printed money is nearly 0.50 % of the country's GDP, according to the central bank report styled 'Reducing the Cash Transaction'. The Bangladesh Bank calculated the cost based on a survey by US consultancy firm McKinsey & Company.
- Shops and banks have to bear most of the cost for the use of cash at 33 % each, followed by corporate entities at 13 %, the government at 10 % and individuals at 6 %, according to the report.
- Meanwhile, the central bank's expenditure on printing and circulation of cash has been on the rise for years with the growth of the economy. For instance, in fiscal 2016-17 the BB spent BDT 450 crore for this end, up 22 % from four years earlier.

- Quoting an analysis of Moody's Investors Service, the central bank report said that the rise in the use of credit and debit cards, which are considered major components of a cashless society, gives momentum to GDP growth.

<https://www.thedailystar.net/business/banking/cash-use-costs-bangladesh-BDT-9000cr-every-year-1744354>

International

No easy options for China as trade war, US pressure bite

New Age, May 16, 2019

- China is running out of options to hit back at the United States without hurting its own interests, as Washington intensifies pressure on Beijing to correct trade imbalances in a challenge to China's state-led economic model.
- China said this week it would impose higher tariffs on most US imports on a revised \$60 bn target list. That's a much shorter list compared with the \$200 bn of Chinese products on which Washington has hiked tariffs.
- As the pressure mounts, Chinese leaders are pressing ahead to seal a deal and avoid a drawn-out trade war that risks stalling China's long-term economic development, according to people familiar with their thinking.
- Since July last year, China has cumulatively imposed additional retaliatory tariffs of up to 25 % on about \$110 bn of US goods. Based on 2018 US Census Bureau trade data, China would only have about \$10 bn of US products, such as crude oil and big aircraft, left to levy duties on in retaliation for any future US tariffs.
- In contrast, US president Donald Trump is threatening tariffs on a further \$300 bn of Chinese goods. The only other items Beijing could tax would be imports of US services. The United States had a services trade surplus with China of \$40.5 bn in 2018.
- But China does not have as much leverage over the United States as it might seem because large parts of that surplus are in tourism and education, areas that would be more difficult for the Chinese government to significantly roll back, James Green, a senior adviser at McLarty Associates, told Reuters.

<http://www.newagebd.net/article/72545/no-easy-options-for-china-as-trade-war-us-pressure-bite>

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