

## Stock Market

### Stocks gain on bargain hunting in late hour

New Age, August 16, 2018

- Dhaka stocks rebounded on Tuesday as bargain hunters were out in force in late trading after sluggish early hours on the day and a fall in the previous day amid investors' Eid-centric share sales. Eid-ul-Azha, one of the largest religious festivals of Muslims, will be celebrated across the country on August 22. Trading at the Dhaka Stock Exchange will remain closed from August 21 to 25 for Eid holidays and weekly holidays. DSEX, the key index of the DSE, advanced by 0.55 %, or 29.72 points, to close at 5,408.45 points on Tuesday after losing 28.45 points in the previous trading session. The market was slow and choppy from the beginning of the day and remained sluggish during most of the time of the session, market operators said.
- The market, however, finished with a notable gain due to investors' significant share buying in late hours, they said. Market operators said investors went for bargain hunting share purchasing after a decline in the previous session. The share prices of Grameenphone gained for the second session on Tuesday (by 2.76 %) after a heavy fall in a couple of days before Monday while Square Pharmaceuticals and Olympic Industries rebounded strongly by 3.15 % and 2.37 % respectively after falling heavily in the previous three consecutive sessions.
- The average share prices of telecommunication, energy, pharmaceuticals and non-bank financial institutions advanced by 2.3 %, 1.7 %, 1.3 % and 0.2 % respectively. Turnover on the DSE dropped further to BDT 580.19 crore on Tuesday compared with that of BDT 818.39 crore in the previous trading session. Market operators said a section of investors began to cash their investments in stocks to meet the Eid-centric expenses. They said a section of investors were also worried as most of the banks yet to bring down the lending rate to single digit. Finance minister AMA Muhith had announced August 9 as the fresh deadline for implementation of the rate cut decision after the banks had failed to do so by the previous deadline — July 1. Therefore, the average share prices of the bank sector dropped for another session by 0.4 %.

<http://www.newagebd.net/article/48448/stocks-gain-on-bargain-hunting-in-late-hour>

### DSE to seek BSEC guideline on cos' PSI

New Age, August 16, 2018

- Dhaka Stock Exchange mulls over seeking a guideline on disclosure of companies' price sensitive information from Bangladesh Securities and Exchange Commission as DSE has detected loopholes regarding the issue in the Dhaka Stock Exchange (Listing) Regulations 2015. DSE board of directors will submit its proposals in this regard to the BSEC after Eid holidays to combat the manipulation of shares, a senior DSE official said. Any information and decision that the issuers of securities are obliged to disclose according to Securities and Exchange Commission Rules 1995 and have potentiality to have their impacts on share prices are called price sensitive information (PSI).
- The DSE is planning to propose a guideline as it has detected ambiguity in the listing regulations that the companies misuse for illicit gain, he said. DSE is not going to seek an amendment to the listing regulations as it was formed just three years back, rather it would ask the BSEC for a new guideline regarding the PSI that would give solutions to the problems the DSE is facing, he said. There is a general trend that whenever the bourse asks any company whether it has any unpublished PSI behind irrational increase in the company's share prices, it denies any possibility of undisclosed PSI behind the price hike, the DSE official said.
- Therefore, the DSE will request to widen the disclosure requirements. It may propose to make it mandatory for companies to inform it about any informal decision that the board agreed to do in principle. According to the DSE

listing regulation, any listed company must disclose its price sensitive information within 30 minutes of the decision on such information to the exchange and the commission. As per the current rules, the companies cannot disclose any decision that is not accorded by board and don't have written declaration. Companies might work on a matter for months before final decision, but information on the matter often leaked out in the market, DSE officials said.

<http://www.newagebd.net/article/48508/dse-to-see-bsec-guideline-on-cos-psi>

## **Ten cos raise BDT 4.67b through IPOs in eight months this year**

### **21 more line up for approval**

The Financial Express, August 16, 2018

- Ten companies raised an aggregate amount of BDT 4.67 bn through initial public offerings (IPOs) in the first eight months of this calendar year. Market operators said the fund raising through the IPOs is going to surge this year, after hitting a ten-year low in 2017, as some 21 companies already applied for raising BDT 13.07 bn through the IPOs. In 2017, six companies and a mutual fund raised only BDT 2.19 bn through IPOs, according to statistics from the Dhaka Stock Exchange (DSE). According to officials of the securities regulator, 21 more companies submitted applications to the Bangladesh Securities and Exchange Commission (BSEC) for raising funds both through the fixed price and book-building method.
- The companies include textile, power, real estate, ceramic, engineering, automobile, pharmaceuticals, IT and insurance sectors. Of the firms, 11 companies submitted their applications to collect more than BDT 10.66 bn under the book building method. STS Holding sought to raise BDT 750 mn, Shamsual Alamin Real Estate BDT 800 mn, Esquire Knit Composite BDT 1.50 bn, Runner Automobiles BDT 1.0 bn, ADN Telecom BDT 570 mn, Popular Pharmaceuticals BDT 700 mn. Delta Hospital BDT 500 mn, Index Agro BDT 500 mn, Energypac Power Generation BDT 1.50 bn, Star Ceramics BDT 600 mn and Baraka Patenga Power BDT 2.25 bn.
- Of the companies, BSEC allowed Esquire Knit Composite, Runner Automobile and ADN Telecom to explore IPO cut-off price - a requirement for going public under the book building method. And rest 10 companies would raise BDT 2.40 bn under the fixed price method. New Line Clothing applied for raising BDT 300 mn, Silco Pharmaceuticals BDT 300 mn, Electro Battery Company BDT 225 mn, Mohammed Elias Brothers BDT 250 mn and SS Steel BDT 250 mn under the fixed price method.

<https://thefinancialexpress.com.bd/stock/ten-cos-raise-BDT-467b-through-ipos-in-eight-months-this-year-1534357871>

## **Economy**

### **NBR moves to streamline customs procedure codes**

New Age, August 16, 2018

- The National Board of Revenue has taken a move to streamline the existing customs procedure codes (CPC) suspecting huge amount of revenue loss due to misuse of the codes. Customs officials said many of the importers are availing duty and tax benefits on import of some of the goods, for which they are not entitled to get the benefits, because of mismatch between the CPCs and NBR orders on duty exemption on import of goods. They said field level offices have recently identified such cases. CPCs are generated by NBR at the Asycuda World System (a global data system) against every statutory regulatory order (SRO) and special order and other gazette notifications offering duty and tax benefits, either fully or partially, for import of goods and services.

- Currently, there are more than 220 CPCs in the system. Customs wing of NBR on July 31 formed a six-member committee to examine the authenticity of the CPCs as per SROs, orders and other notifications related to tax benefits. The committee comprising officials from customs, income tax, VAT and information technology wings of NBR will match the codes with the SROs and orders. It will also prepare a draft order by updating the CPC list. Customs officials said that field offices identified some cases where the CPCs were offering duty benefits in excess to the original scheme offered through SROs and other orders. Such mismatch is causing revenue loss of the government, they said.
- Benapole Customs House commissioner Belal Hossain Chowdhury in last week told New Age that they detected that importers had been availing exemption of advance trade VAT and advance income tax on raw materials of biscuits for years under a CPC containing duty waiver. But, the items were not supposed to get the benefit, he said, adding that NBR would get at least BDT 100 crore from the sector. Earlier he made a proposal to NBR to address the problems through issuing a separate order containing specific CPC for all SROs on duty benefits.

<http://www.newagebd.net/article/48506/nbr-moves-to-streamline-customs-procedure-codes>

## **Bangladesh Bank allows forex clearing account in Chinese yuan**

New Age, August 16, 2018

- Bangladesh Bank on Tuesday announced that it would allow banks to open foreign currency clearing account with the central bank in Chinese yuan (renminbi). To this end, the central bank's foreign exchange policy department issued a circular on the day keeping other provisions of the Guidelines for Foreign Exchange Transactions-2018 unchanged. Officials of central bank said that the central bank's approval in this regard would help bilateral trade between Bangladesh and China.
- Exporters and importers would be able to get rid of the costs that arise due to exchange of currency from Chinese yuan to the US dollar and then to Bangladeshi currency taka while conducting bilateral trade, they said. Opening letters of credit in the Chinese currency against import might help contain the growing pressure over the US dollar on the back of sharp increase in import payments, they said. The growing pressure over the dollar and the subsequent increase in the currency's exchange rate were also amplifying risk of inflation, the BB officials said.
- Due to huge import pressure, the interbank dollar exchange rate increased to BDT 83.75 on Monday from BDT 78 in January, 2016. The country's import payments increased by 25.23 % to USD54.463 bn in last financial year of 2017-2018 against USD43.491 bn in FY17. Apart from the benefits for business to business trade, the government to government payments would also be benefited due to the new facility of opening foreign currency clearing account in Chinese yuan, they added.

<http://www.newagebd.net/article/48452/bangladesh-bank-allows-forex-clearing-account-in-chinese-yuan>

## **International**

### **China vows to control debt despite fresh stimulus for cooling economy**

The Daily Star, August 16, 2018

- China's state planner pledged on Wednesday to keep debt levels under control even as Beijing rolls out fresh stimulus to support the stumbling economy as a trade war with the US deepens. The comments by the National Development and Reform Commission (NDRC) came a day after China reported surprisingly weak data that showed investment growth has slowed to a record low. To stabilize business conditions and weather the trade war, Beijing is stepping up infrastructure spending and injecting more funds into the banking system, which is lowering borrowing costs. New loans by China's largely state-backed banks surged 75 % in July from a year earlier.

- But some China watchers fear Beijing's shift in priorities may mark a return to its unrestrained, credit-fueled growth, reversing years of work by regulators to reduce risks in the financial system and stem a rapid build-up in debt. NDRC spokesman Cong Liang told a media briefing that new spending on roads, railways, elderly care and education will not be as heavy as in the past and will aim to meet real demand, reducing the risk of over-capacity. Authorities are also hoping to attract private investment in such projects to reduce the government's debt burden, he said, noting that regulators are relaxing restrictions on local governments' ability to sell special bonds to fund projects.
- Several large rail projects have been announced in just the last few days. On Wednesday, the NDRC gave Jiangsu Communications Holdings the green-light to sell up to 20 bn yuan (USD2.90 bn) of so-called enterprise bonds, or debt issued by state-owned firms. Of the proceeds, 12 bn yuan will be used to finance high-speed railway and toll road projects. The issuance was the biggest enterprise bond approved by the NDRC since mid-June. In a more tangible sign of pump-priming, builders and engineers started work on a revamp of a train station in southwest Beijing on Monday. The station is said to be the biggest in Asia by size, and the project is budgeted to cost 7.2 bn yuan.
- However, analysts such as Capital Economics have cautioned that new projects are unlikely to put a floor under economic growth until the middle of next year. Cong reiterated a pledge made by the ruling Communist Party's Politburo last month that China will still meet this year's economic growth target of around 6.5 %, despite the trade war.

<https://www.thedailystar.net/news/business/global-business/china-vows-control-debt-despite-fresh-stimulus-cooling-economy-1621321>

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