

Stock Market

Stocks inch up as institutional investors keep supporting market

New Age, July 18, 2019

- Dhaka stocks inched up on Wednesday, adding to the previous day's gains, as some institutional investors continued to give support to the volatile market. DSEX, the key index of Dhaka Stock Exchange, added 0.16 %, or 8.68 points, to close at 5,133.13 points on Wednesday after gaining 32.96 points in the previous session.
- Before the two-day gain, DSEX had lost 289 points in seven-day rout over a number of issues including the Bangladesh Bank move to liquidate the crisis-hit Peoples Leasing and Financial Services. The trading was choppy throughout Wednesday as the DSEX finished the session with a marginal gain as some investors, especially the institutional ones like Investment Corporation of Bangladesh, gave the market support by buying shares whenever the index went into negative, said market operators.
- Some investors also went into bargain hunting share purchase following Bangladesh Securities and Exchange Commission decision to tighten the public issue rules and bar mutual funds from disbursing stock dividend. BSEC on Tuesday brought changes to public issue rules, tightening initial public offering process, raising IPO quota facility for the general investors and putting a two-year 'lock-in' on placement shares.
- Average share prices of telecommunication and food sectors dropped by 0.7 % and 0.5 % respectively. Turnover on the bourse increased slightly to BDT 309.60 crore on Wednesday from BDT 271.76 crore in the previous session. Out of the 353 scrips traded on the day, 196 advanced, 118 declined and 38 remained unchanged.
- DS30, the blue-chip index of DSE, added 0.02 %, or 0.54 points, to close at 1,830.02 points. DSE Shariah index DSES gained 0.13 %, or 1.59 points, to close at 1,176.88 points. Fortune Shoes led the turnover chart with its shares worth BDT 23.19 crore changing hands.
- Eastern Insurance Company gained the most on the day with a 9.90-% increase in its share price while Bangladesh Industrial Finance was the worst loser, shedding 8.57 %.

<http://www.newagebd.net/article/78795/stocks-inch-up-as-institutional-investors-keep-supporting-market>

BSEC approves draft prospectus of new mutual fund

The Financial Express, July 18, 2019

- The securities regulator has approved the draft prospectus of an open-ended mutual fund, Capitec Popular Life Unit Fund, with an initial target size of BDT 250 mn.
- Of the target size, sponsor-directors will provide BDT 50 mn, while the remaining BDT 200 mn will be collected from general investors by selling its units. The face value of each of the unit will be BDT 10.
- The Capitec Asset Management Ltd. will act as the asset manager of the fund while the ICB is acting as trustee and custodian of the fund and the Popular Life Insurance Company Ltd is the sponsor.

- At the meeting, the BSEC also approved a non-convertible subordinate bond worth BDT 5.0 bn in favour of Bank Asia. The purpose of the bond issue is to strengthen the capital base (Tier-11) of the company. The tenure of the bond will be seven years. Per unit price of the bond will be BDT 10 mn.
- The bond units will be sold to banks, financial institutions, insurance companies, corporate bodies, asset management companies, mutual funds and high net-worth individuals through private placements. The Standard Chartered Bangladesh and the Green Delta Insurance Company will act as the lead arranger and trustee of the bond respectively.

<http://thefinancialexpress.com.bd/stock/bsec-approves-draft-prospectus-of-new-mutual-fund-1563338688>

BTRC restores GP, Robi bandwidth

To stop issuing NOC over unpaid audit claims

New Age, July 18, 2019

- The Bangladesh Telecommunication Regulatory Commission on Wednesday restored Grameenphone and Robi's bandwidth it had blocked to realise unpaid audit claims. After the announcement of Jahurul, the commission on Wednesday issued two separate letters to the International Internet Gateways asking them to release the bandwidth of GP and Robi.
- BTRC on July 4 reduced internet bandwidth capacity of GP by 30 % over BDT 12,579.95 crore unpaid audit claim and Robi by 15 % over BDT 867 crore audit claim. Mobile operators were supposed to take NOCs from the commission for launching new package, setting up new towers and to import equipment for tower maintenance.
- Speaking about the operator's demand for settling the audit claims under arbitration, the BTRC chairman iterated that there was no such scope in the telecom law.

<http://www.newagebd.net/article/78792/btrc-restores-gp-robi-bandwidth>

BSEC revises auditors' panel for listed companies

Ahmad & Akhtar dropped from the list

The Financial Express, July 18, 2019

- The securities regulator on Tuesday approved and published the revised auditors' panel list for the listed companies, dropping Ahmad & Akhtar Chartered Accountants from the list. According to the revised list, 39 chartered accountants firms are now eligible for auditing financial statements of the listed securities.
- In 2016, the Bangladesh Securities and Exchange Commission (BSEC) formed a panel of 40 auditors to audit financial statements of the listed firms.
- The BSEC has now revised the list, dropping one firm, as the Institute of Chartered Accountants of Bangladesh (ICAB) has recently decided not to renew the licence of Kanchi Lal Das, managing partner of Ahmad & Akhtar Chartered Accountants.
- The ICAB took such a decision as Kanchi Lal Das refused to cooperate with the ICAB in reviewing the financial report of Coppertech Industries, which has filed for listing on the Dhaka Stock Exchange. M/S Ahmad & Akhtar is the auditor of the much-talked-about Coppertech Industries.

- Only the commission-assigned 39 firms are now eligible to audit the listed companies' financial statements. Currently, 319 companies are listed with the DSE.

<http://thefinancialexpress.com.bd/stock/bsec-revises-auditors-panel-for-listed-companies-1563424057>

DSE rearranges DS30 Index

Five cos in, five others out

The Financial Express, July 18, 2019

- The Dhaka Stock Exchange (DSE) has rearranged its blue chip index (DS30) as part of its semi-annual rebalancing of indices.
- After the rebalancing of DS30, carried out as per the criteria set by S&P Dow Jones Indices, the prime bourse will add five new companies to the DS30 index, a list of blue-chip companies, replacing five existing companies, with effect from July 21.
- The five new companies are Islami Bank Bangladesh, The ACME Laboratories, Meghna Petroleum, Active Fine Chemicals and Bangladesh Submarine Cable Company, said a DSE statement on Wednesday. At the same time, five companies will be dropped from the DS30 as they failed to meet regulatory criteria. The companies are Pubali Bank, Padma Oil Company, BSRM Steels, RAK Ceramics (BD) and ACI Limited.
- The DSE rebalanced the indices in line with the DSE Bangladesh Index Methodology designed by S&P Dow Jones Indices, a global leader in providing investable and benchmark indices to the financial markets. The methodology is also supervised by a DSE panel.
- The DSE also rebalanced quarterly IPO addition in the DSE Broad Index (DSEX), but no company is qualified as eligible constituents of DSEX for quarterly IPO addition in the DSEX for July 2019 re-balancing. Currently, the DSE Broad Index (DSEX) comprises 282 securities.

<http://thefinancialexpress.com.bd/stock/dse-rearranges-ds30-index-1563423976>

Sea Pearl Beach Resort jumps 261pc on DSE trading debut

The Financial Express, July 18, 2019

- Sea Pearl Beach Resort & Spa Ltd. made a flying trading debut on both the bourses on Tuesday as its share price jumped as high as 261 % riding on the investors' 'irrational hype' over the new issue. The 'Travel & Leisure' sector company's share was traded between BDT 25.10 and BDT 38.70, before closing at 36.40 each on the Dhaka Stock Exchange (DSE). Its issue price was BDT 10.
- The company also topped the turnover chart on the prime bourse, with 5.01 mn shares worth BDT 154 mn changing hands. On the Chittagong Stock Exchange (CSE), the company's share price soared 257 % to close at BDT 35.70 each.
- The debutant was also the most traded stock on the port city's bourse with about 1.71 mn shares of BDT 54.07 mn changing hands on the day. The Sea Pearl Beach, the owner of "Royal Tulip Sea Pearl Beach Resort & Spa in Cox's Bazar", is a luxury hotel in Bangladesh, which started commercial operation on September 17, 2015.

- The company raised a fund worth BDT 150 mn from the capital market by floating 15 mn ordinary shares at a face value of BDT 10 each using the fixed-price method. The company will use the IPO fund for interior, finishing, furniture & fixture (157 rooms), acquisition of land, and bearing the IPO expenses.

<http://thefinancialexpress.com.bd/stock/sea-pearl-beach-resort-jumps-261pc-on-dse-trading-debut-1563338794>

Runner signs distributorship agreement with IVECO

New Age, July 18, 2019

- Runner Group of Companies has signed recently an agreement with European company IVECO, which is engaged in manufacturing of industrial and commercial vehicles, said a press release on Wednesday.
- Under the agreement, Runner Trading, a major concern of Runner Group, will act as an authorised distributor of the Italy- based multinational brand to sell and promote different models of IVECO branded commercial vehicles like industrial trucks, general and luxury minibus and also to provide after-sales services and supply genuine spare parts in Bangladesh market, it said.
- In addition to manufacturing different types and capacities of minibuses, ambulances and light commercial vehicles to be used for diversified applications, IVECO also manufactures tourist and city buses as well as different models of medium and heavy duty industrial trucks ranging from 18 to 130 Tonnage capacities, said the release.

<http://www.newagebd.net/article/78801/runner-signs-distributorship-agreement-with-iveco>

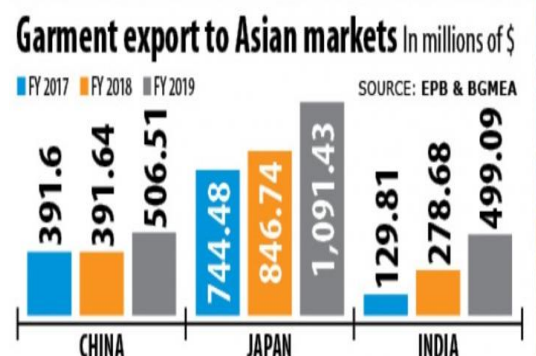
Economy

RMG exporters looking East

Shipments to India, China and Japan going up

The Daily Star, July 18, 2019

- Three Asian nations -- India, China and Japan -- are fast emerging as major apparel export destinations for Bangladesh after a jump in orders in the immediate past fiscal year. For instance, Japan became the first country in Asia to receive more than \$1 bn of apparel shipments from Bangladesh last fiscal year.
- Bangladesh exported garment items worth \$1.09 bn to Japan in fiscal 2018-19, up 28.90 % year-on-year, according to data from the Export Promotion Bureau (EPB).
- Currently, nearly 80 % of the demand for apparel is met by Chinese manufacturers, said industry insiders. And Japan is keen to reduce the dependence on China. The China plus one policy promotes shifting of production from China to other nations such as Bangladesh.



- Similarly, garment exports to India swelled 79.09 % year-on-year to \$499.09 mn last fiscal year. Since 2011 Bangladesh has been enjoying duty-free benefit, which prompted many international retailers like H&M, Zara, Mango, Marks & Spencer that have presence in India to source directly from Bangladesh for the stores.
- China, the largest garment supplier worldwide, has been turning into a major export destination for Bangladesh too as it looks to shift production of more sophisticated and heavy items. Garment export from Bangladesh to China grew 29.33 % year-on-year to \$506.51 mn last fiscal year.

<https://www.thedailystar.net/business/news/rmg-exporters-looking-east-1773241>

Flawed corporate guarantee results in defaulted loans

The Financial Express, July 18, 2019

- Bankers and academics at a discussion stressed the need for distinguishing rightly 'corporation' and the 'business group' in Artha Rin Adalat (money loan court) law to help secure bank loans against corporate guarantee.
- They blamed the loopholes in corporate guarantee and the opaque definition of corporate and business group in the law for the rising volume of non-performing loans.
- The banking professionals said financial reporting system and the central bank's Credit Information Bureau (CIB) should be strengthened so that banks can rely on reports and provide loans against corporate guarantee.
- The bankers said relevant laws and clauses need to clarify how to encash a corporate guarantee in case of failure of a corporate borrower to repay bank loans. The fear was expressed at a roundtable discussion organised by Bangladesh Institute of Bank Management (BIBM) in Dhaka on Wednesday.

<http://thefinancialexpress.com.bd/trade/flawed-corporate-guarantee-results-in-defaulted-loans-1563422051>

BD gets \$6.21b foreign aid, \$9.78b pledged in FY '19

The Financial Express, July 18, 2019

- Bangladesh received foreign assistance amounting to US\$ 6.21 bn in the last fiscal year (FY), 2018-19, which was nearly \$150 mn lower than that of the previous fiscal, official data showed on Monday.
- In FY 18, the overseas development partners disbursed \$6.37 bn as concessional medium- and long-term (MLT) assistance. According to the Economic Relations Division's (ERD) provisional data, the government received \$5.94 bn as concessional loan and \$256 mn as grant from July 2018 to June 2019.
- Meanwhile, commitment worth \$9.78 bn foreign assistance from different development partners, including the World Bank (WB), the Asian Development Bank (ADB) and the Japan International Cooperation Agency (JICA), was received in last FY, the ERD data showed.
- In FY 18, the commitment was \$12.27 bn, as the government signed some big loan deals with China and India. Since the amount of foreign aid commitment to Bangladesh is maintaining a higher trend over the last few years, the amount of foreign aid disbursement is also continuing in a vigorous way, which is playing a vital role in the country's development.

- Out of the payments, it repaid \$1.18 bn worth of principal and \$387 mn worth of interest from July 2018 to June 2019. In the previous FY, the government repaid debt worth \$1.41 bn against its outstanding loans. Of the payment, it gave \$1.11 bn as principal of loans along with \$299 mn as interest.

<http://thefinancialexpress.com.bd/economy/bangladesh/bd-gets-621b-foreign-aid-978b-pledged-in-fy-19-1563335833>

International

Mixed earnings at large US banks as Fed rate cut looms

The Daily Star, July 18, 2019

- JPMorgan Chase reported record quarterly profits on Tuesday behind strong consumer businesses, but shares were volatile amid worries over expected Federal Reserve interest rate cuts on a day of mixed results by large banks.
- Wells Fargo also notched higher profits, while Goldman Sachs reported a dip in earnings but still topped analyst expectations. The trio of results moved markets into the heart of second-quarter earnings season, which comes against a backdrop of uncertainty over international trade and an anticipated loosening of monetary policy, with the Fed expected to cut interest rates later this month.
- Bank profits have been boosted the last few years from a series of interest rate hikes. But the Fed has pivoted away from that stance and is now expected to cut interest rates as soon as this month. Lower interest rates are generally viewed as a drag for large banks because it reduces the net interest income of financial companies -- the difference between the interest rates it charges consumers for loans and the interest it must pay for deposits.
- At JPMorgan, key areas of strength included consumer banking, where it scored from higher net interest income. JPMorgan also generated increased revenues connected to the credit card business and higher auto loans and lease originations. Net profit came in at \$9.7 bn, up 16.1 % and a company record. Revenues were up 4.1 % to \$29.6 bn.
- At Goldman Sachs, net income was \$2.2 bn, down 6.4 % from the year-ago period. Revenues dropped 1.8 % to \$9.5 bn. Goldman suffered from a decline in fixed income, currency and commodity trading, a weakness at other large banks.

<https://www.thedailystar.net/business/news/mixed-earnings-large-us-banks-fed-rate-cut-looms-1773253>

Disclaimer

This document has been prepared by Bank Asia Securities Ltd (BASL) based on publicly available data for information purpose only and does not solicit any action based on the material contained herein and should not be construed as an offer or solicitation to buy or sell or subscribe to any security. Neither BASL nor any of its directors, shareholders, member of the management or employee represents or warrants expressly or impliedly that the information or data of the sources used in the documents are genuine, accurate, complete, authentic and correct. However, all reasonable care has been taken to ensure the accuracy of the contents of this document. BASL or Research & Development Department will not take any responsibility for any decisions made based on the information herein. As this document has been made for the Traders of BASL and strongly prohibited for circulation to any clients, investors or any other persons from outside of BASL.

About Bank Asia Securities Ltd

Bank Asia Securities Limited (BASL) is one of the leading full-service brokerage companies in Bangladesh. The company was formed in 2009 and running its operation as a majority owned subsidiary of Bank Asia Limited. BASL offers full-fledged standard brokerage services for retail, institutional and foreign clients with a dedicated team of skilled professionals. The company is currently providing the brokerage services under the membership of Dhaka Stock Exchange Limited (DSE).

BASL Research Team

Mr. Shariful Alam Chowdhury
Head of Research & Investments

tushar@basl-bd.com, tusharbd@bloomberg.net

Mr. Shohidul Islam
Research Analyst

shohidul@basl-bd.com, shohidulbd@bloomberg.net

Tanzin Naher
Research Associate

tanzin@basl-bd.com

BASL Networks

Head Office

Hadi Mansion (7th Floor)
2, Dilkusha Commercial Area
Dhaka-1000, Bangladesh
Phone: +88-02-9515826-28
Fax: +88-02-9567884

Modhumita Extension Office

158-160 Modhumita Building
(5th Floor)
Motijheel C/A, Dhaka-1000
Phone: +88-01819118893

Dhanmondi Branch

Meher Plaza (1st Floor),
House # 13/A, Road # 05
Dhanmondi, Dhaka - 1207
Phone: +8802-8624874-5

Mirpur Branch

Nishi Plaza, plot # 01,
Avenue-04, Section-06,
Block-C
Mirpur, Dhaka - 1216
Phone: +88-02-9013841

Uttara Branch

House # 79/A, (4th Floor),
Road # 07, Sector # 04
Uttara Model Town, Dhaka-
1230
Phone: +88-02-8958371

Banani Branch

Nur Empori, Plot # 77 (1st
Floor), Road No # 11,
Banani,
Dhaka-1213
Phone: +8801716180767

Khulna Branch

28, Sir Iqbal Road (1st Floor)
Khulna
Phone: +88-041-731208-9

For International Trade & Sales, Please call at +8801993111666, +880 02 9515826, Ext: 101 at Business hour. For further query, write to us at research@basl-bd.com.