BASL DAILY NEWS BUZZ

January 19, 2019

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Stock Market & Company

Stocks dip for 2nd week amid govt move to stabilise market

NewAge, January 19, 2019

- Dhaka stocks dropped in the past week for the second week but the market was saved from a crash in the last two sessions as the government moved to stabilise the market. DSEX, the key index of the Dhaka Stock Exchange, shed 47.56 points or 1.13 per cent, to close at 4,149 points on Thursday, the last trading session of the past week, after losing 261.9 points in the week before.
- The market lost 582 points in the last seven weeks with just one positive week. Although the market gained in three sessions in the past fiveday week, it ended in the negative zone due to a sharp decline of 176 points in two sessions.
- Panicked investors went for indiscriminate sell-offs on Monday and Tuesday as they found no action from the government and the market regulators to stablise the market despite consistent volatility in the last 11 months.
- Gloomy economic indicators and the government's decision to implement the 9-per cent lending rate from April 1 amplified share sales in the recent days. After the market hit a 56-month low on Tuesday, the government and the market regulator at last swung into action to instil confidence among the investors.
- The investors put a pause on the panic sales on Wednesday after Bangladesh Bank governor Fazle Kabir said on the day before that the central bank would extend whatever support was needed to stabilise the stock market.The BB on Thursday encouraged five commercial banks to invest in the capital market.
- Financial institution division senior secretary Ashadul Islam at a meeting with the Bangladesh Merchant Bankers' Association on the same day said that the ministry had asked four state-owned banks to invest in the capital market to increase fund flow.
- Two members of parliament on Wednesday criticised the government over the stock market plunge that was expected to put pressure on the government to take immediate measures to recoup the market.
- Investors' participation in the market was very poor as many of them remained on the side lines to observe how the market would perform.

https://www.newagebd.net/article/96997/stocks-dip-for-2nd-week-amid-govt-move-to-stabilise-market

40 cos eye BDT 3,000cr thru IPOs

NewAge, January 19, 2019

- Forty companies are waiting to raise around BDT 3,000 crore from the country's capital market by floating initial public offerings. Of the firms, 12 companies are expected to raise BDT 1,568 crore in total under the IPO book building method, while the rest 28 would raise BDT 1,400 crore under the fixed price method.
- Of the IPO seeking companies, most of them are poor- and small-capitalised companies as good companies including multinational and state-owned ones are reluctant to come to the capital market as they prefer banks for meeting their financial need. Delay in IPO approval, widespread anomalies on the market, poor

regulatory control, unpredictable regulations and asymmetrical regulatory approach towards the companies and institutions were the other reasons for the companies' reluctance.

- Of the 40 companies, Hajj Finance Company would raise BDT 15 crore, Anik Trims BDT 30 crore, Three Angle Marine BDT 32 crore, Taufica Foods and Agro BDT 30 crore, Karim Spinning Mills BDT 15 crore, Electro Battery BDT 22 crore, Crystal Insurance BDT 16 crore, Desh General Insurance BDT 16 crore, Al-Faruque Bags BDT 30 crore, BD Paints BDT 20 crore, SF Textile BDT 18 crore and Bonito Accessories Industries BDT 30 crore under the fixed price method. Robi Axiata has recently signed an agreement with IDLC Investment to raise around BDT 500 crore under the fixed price method. Badar Spinning Mills and Virgo Pharmaceuticals also planned for raising funds through IPO.
- Besides, PEB Steel Alliance would raise BDT 15 crore, ACHIA Sea Food BDT 20 crore, Sonali Life Insurance BDT 19 crore, Associated Oxygen BDT 15 crore, Gardenia Wears BDT 20 crore, Mohammed Elias Brothers Poy BDT 25 crore, BD Thai Food and Beverage BDT 15 croe, AFC Health BDT 17 crore and Oryza Agro Industries BDT 25 crore, Express Insurance Limited BDT 26.79 crore, Desh General Insurance BDT 16 crore and Crystal Insurance BDT 16 crore under the fixed price method of IPO.
- Under the book building method of IPO, Modern Steel intends to raise BDT 200 crore, JMI Hospital Requisite Manufacturing BDT 75 crore, Aman Tex BDT 200 crore, Omera Petroleum BDT 238 crore, Shamsual Alamin Real Estate BDT 80 crore, Delta Hospital BDT 50 crore, Index Agro BDT 50 crore, Energypac Power Generation BDT 149.86 crore and Baraka Patenga Power BDT 225 crore. Lub-rref (Bangladesh) has applied to raise BDT 150 crore, Walton High-Tech Industries BDT 100 crore and Mir Akhter Hossain BDT 125 crore under the book building method.

https://www.newagebd.net/article/96938/40-cos-eye-BDT-3000cr-thru-ipos

Obaidul joins Bank Asia as DMD
NewAge, January 17, 2019

- Md Obaidul Haque has recently joined Bank Asia as deputy managing director, said a press release.
- Prior to joining the bank, Obaidul was the senior executive vice president and head of Khulna and Barishal regions of Islami Bank Bangladesh, it said.
- He started his career in 1984 as a trainee manager at Grameen Bank and joined Islami Bank Bangladesh as senior officer in 1985.
- During his 35 years of service at Islami Bank Bangladesh, he worked at numerous departments with a range of responsibilities, specialising in rural development.
- Obaidul obtained his bachelor's and master's degrees in economics from Rajshahi University.

https://www.newagebd.net/article/96816/obaidul-joins-bank-asia-as-dmd

Grameenphone's first Bangladeshi CEO
The Daily Star, January 18, 2019

- Grameenphone yesterday announced Yasir Azman as its new chief executive officer, making him the first Bangladeshi national to assume the role.

- Azman, who would be helming the country's leading mobile operator from February 1, served in various positions within Telenor since 2010 and is currently the deputy CEO.

https://www.thedailystar.net/business/news/grameenphones-first-bangladeshi-ceo-1855252

Economy and Industry

Bangladesh economy to grow 7.8pc in FY20: UN

NewAge, January 19, 2019

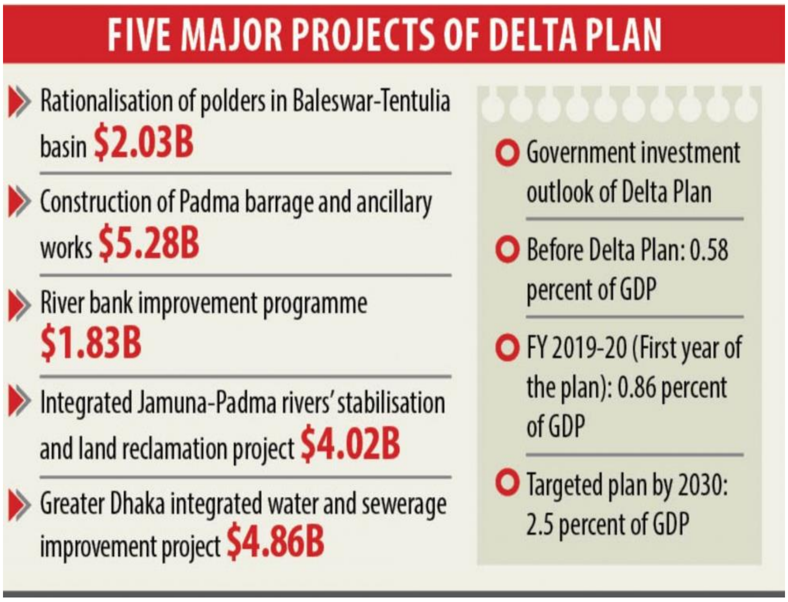
- The United Nations on Saturday projected that Bangladesh's economy would grow by 7.8 per cent in the current fiscal year of 2019-2020, lower than the country's GDP growth of 8.15 per cent in the previous FY 2018-2019.
- Earlier on January 9, the World Bank in its report titled 'Global Economic Prospects, January 2020' also projected a slower pace of gross domestic product (GDP) growth at 7.2 per cent for the FY2020.
- The UN, in its latest World Economic Situation and Prospects report released on the day, also mentioned that Bangladesh's strong dependence on the textiles and garment industry was a major weakness of the economy.
- The drivers of the current economic growth of Bangladesh and some other South Asian countries also exposed significant weaknesses as all of these countries rely heavily on a small number of sectors for their economic development, it said.
- 'Bangladesh continues to depend strongly on the textiles and garment industry, a sector that ranks poorly in terms of product complexity, rendering the country's economy among the least complex in the world and leaving it highly exposed to external shocks,' the report said.
- Bangladesh, Bhutan and Maldives, however, have taken advantage of significant economic opportunities created by global trade disputes and geopolitical tensions, it added.
- 'Driven by the expansion of its garment industry, which has prospered partially as a result of trade disputes between the United States and China, Bangladesh enjoyed exceptional GDP growth of 8.1 per cent in 2019,' said the report.

https://www.newagebd.net/article/96993/bangladesh-economy-to-grow-78pc-in-fy20-un

Higher allocation for Delta Plan

The Daily Star, January 19, 2019

- The government has increased the allocation for the Delta Plan 2100 to 0.86 percent of the gross domestic product this fiscal year, which was 0.58 percent in the previous year. It has also selected some 80 projects to be implemented on a priority basis, for which about USD37 bn or 2.5 percent of the GDP will be spent by 2030.



- Bangladesh's GDP stood at BDT 2,536,177 crore in 2018-19. The allocation was raised following an assessment of the plan taken in September 2018 with the view to ensuring food and water security and fight disasters.
- Under the plan, coastal, varendra (barind), drought- and flood-prone areas along with haor, Chittagong Hill Tracts, riverine and urban areas will get priority.
- The USD4.02 bn Integrated Jamuna-Padma Rivers Stabilisation and Land Reclamation project is one of the major ones taken under the plan, said Shamsul Alam, a member of the General Economics Division, adding that the World Bank has already showed interest in providing USD2 bn for the project.
- Another USD5.28 bn project titled 'Construction of Padma Barrage and Ancillary Works' has been added to the list. The project will be implemented after Bangladesh sits and discusses with the country where the river originates from, Alam said, adding that the GDP will grow at 1.5 percent every year if the plan is implemented. If not implemented, the government will fail to reach its target to bring down the poverty level to zero by 2027, he said.

https://www.thedailystar.net/business/news/higher-allocation-delta-plan-1855249

Govt borrows from banks at above 9pc, belies its rate stance

NewAge, January 19, 2019

- The government is borrowing funds from banks at more than 9 per cent interest rates against treasury bills and bonds, which contradicts its move to force banks to implement 9 per cent lending rate. As per rules, lending to the government or even against any government guarantee does not create any financial vulnerability to banks as it is considered risk-free, said Bangladesh Bank officials.
- The central bank does not include any amount of lending to the government in banks' risk weighted assets, meaning that the banks are exempted from keeping any capital against such borrowing. But, banks' lending to the private sectors is considered risky as there are always risks of defaulting, the officials said.
- The scarcity of funds in the country's banking sector, caused by lower deposit growth and high non-performing loans, has forced the government to borrow funds from the banks at above 9 per cent interest rate against long-term securities, taking the market situation into consideration, said bankers.
- Even a year ago, the government had borrowed funds at less than 5 per cent interest rate when the fund flow in the banking sector was a bit better and the government's bank borrowing was less, reflecting the dominance of demand and supply situation in determining the lending and deposit rates, they said.

- As per the BB data, the government in December last year borrowed BDT 4,002.51 crore from the country's banks including the central bank at above 9 per cent interest rates against 10-year, 15-year and 20-year treasury bills and bonds.
- Of the amount borrowed, the central bank, which was then working on issuing an instruction to banks to implement 9 per cent lending rate, provided BDT 1,255.09 crore in December. The rest BDT 2,747.42 crore was provided by the commercial banks.
- The government borrowed against 20-year treasury bonds at the rate of 9.43 per cent, 15-year treasury bonds at the rate of 9.33 per cent and 10-year treasury bonds at the rate of 9.23 per cent. Besides, banks issued BDT 2,000 crore in credit to the government against five-year treasury bonds at the rate of 8.97 per cent in last month.

https://www.newagebd.net/article/96990/govt-borrows-from-banks-at-above-9pc-belies-its-rate-stance

Govt's bank borrowing exceeds entire FY's target in six months

NewAge, January 18, 2019

- The government has exhausted its net borrowing target for the fiscal year of 2019-20 from the banking system in just six months (July-December) with the net borrowing reaching BDT 48,015.81 crore in the period.
- In the budget for the fiscal year 2019-2020, the government had projected to borrow BDT 47,364 crore from the banking sector. The latest borrowing figure shows that the government's bank borrowing has already exceeded by BDT 651.81 crore with another six months of the fiscal year to spare.
- According to Bangladesh Bank data, the government's net outstanding borrowing from the banking sector increased to BDT 1,56,111.51 crore at the end of December 2019 from BDT 1,08,095.7 crore on June 30, 2019.
- Policy Research Institute executive director Ahsan H Mansur told New Age that the government's bank borrowing would exceed BDT one lakh crore at the end of the current fiscal year mainly for the dismal revenue collection and sharp fall in sales of national savings certificates.
- Revenue collection by the National Board of Revenue fell short of target by BDT 26,876 crore in the first five months of the fiscal year 2019-2020. The NBR managed to collect BDT 83,692 crore in July-November of FY20 against a collection target of BDT 1,10,568 crore for the period.
- Apart from the dismal revenue collection, the sales of NSC, another source of borrowing money for the government, also dropped significantly. During July-November of FY20, net sales of NSCs dropped by 73.03 per cent to BDT 5,841.64 crore from BDT 21,661.93 crore during the same period of last fiscal year.
- To get rid of the money crisis for the implementation of budget, the government has drafted a law to ensure submission of money of different government entities including autonomous, semi-autonomous and statutory bodies to the government exchequer.
- As per a statistics, the agencies have over BDT 2.18 lakh crore deposits on their own accounts and the finance ministry was hopeful to get at least BDT 30,000 crore from the agencies by the current fiscal year. Economists cautioned that the government's high borrowing from the banking sector has squeezed credit flow to the industries.

- 'A very poor state of revenue collection and a drastic fall in the sales of national savings certificates due to the taxation measures have forced the government to borrow from the banking sector,' former interim government adviser AB Mirza Azizul Islam told New Age recently.
- Heavy borrowing from the banking sector by the government would squeeze further the banks' scope for lending the private sector, Mirza Aziz said, adding that the businesses would not be able to expand their business if they failed to avail required funds.

https://www.newagebd.net/article/96906/govts-bank-borrowing-exceeds-entire-fys-target-in-six-months

International

China GDP grew 6.1pc in 2019, slowest in three decades

The Daily Star, January 19, 2019

- China's economy weakened to its slowest pace in three decades in 2019 as weaker domestic demand and trade tensions with the United States took their toll, official data showed Friday.
- The world's second-largest economy grew by 6.1 percent last year, its worst performance since 1990, according to the National Bureau of Statistics.
- The figure matches an AFP analyst forecast and is within Beijing's official target of 6.0-6.5 percent. But last year's growth was down from 6.6 percent in 2018.
- While China's economy had been gradually losing steam over the first three quarters, growth stabilised at 6.0 percent in the last three months of 2019 -- the same pace as in the third quarter, according to the National Bureau of Statistics (NBS).
- The World Bank said in a report this month that weakening exports in China had compounded the impact of its ongoing slowdown in domestic demand.
- Policy uncertainty and higher tariffs on exports to the US also cast a pall on manufacturing activity and investor sentiment, it added.
- The latest data showed that China's industrial production grew by 5.7 percent last year, down from 6.2 percent in 2018.

https://www.thedailystar.net/business/news/china-gdp-grew-61pc-2019-slowest-three-decades-1855957

Global stocks burst higher on trade deal

NewAge, January 18, 2019

- Global equities rose on Friday as investors, still buoyed by a landmark China-US trade deal, turned their focus to the earnings season and the global outlook, while also cheered by Chinese economic data.
- In early afternoon European trade, London rose 1.0 per cent, Frankfurt jumped 0.7 per cent and Paris added 0.9 per cent, aided by news that China's economy appears to be stabilising.
- 'Stock markets in Europe are higher this morning as the bullish move in Asia overnight has influenced traders in this part of the world,' said CMC Markets analyst David Madden.
- 'China released some broadly positive economic reports, which has boosted sentiment around the globe.'

- All three main indices on Wall Street ended at record highs on Thursday, boosted by the Senate's approval of a new North American free-trade deal, while Google parent Alphabet joined Apple and Microsoft to become a trillion-dollar firm for the first time.
- The positive energy funnelled through to Asia on Friday as Asian equities rose with investors, still buoyed by the China-US trade deal, turned their focus to earnings season and the global outlook, while they were also cheered by data indicating China's economy appears to be stabilising.
- Hong Kong on the day gained 0.6 per cent, Tokyo ended 0.5 per cent higher, Shanghai rose 0.1 per cent and Sydney added 0.3 per cent.

https://www.newagebd.net/article/96956/global-stocks-burst-higher-on-trade-deal

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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 (2nd 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

Bijoynagar Extension
Prime Tower (3rd Floor), 180-181
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.