

Stock Market

Dhaka stocks extend gaining streak to 3rd week on bank gains

New Age, August 19, 2018

- Dhaka stocks advanced in last week, extending the gaining streak to the third consecutive week, as financial stocks and Grameenphone soared on the investors' increased attention to the scrips. The week was shortened to four trading sessions at the Dhaka Stock Exchange due to a public holiday on August 15.
- DSEX, the key index of the DSE, advanced by 1.12%, or 60.74 points, over the week to finish at 5,467.74 points on Thursday, the last trading session of the week. The index gained 162 in last three weeks.
- The market was mostly negative in the first two trading sessions of the week because of pre-Eid sales pressure from investors, market operators said. However, the market surged in the last two sessions of the week as investors went for fresh investments amid optimism over post-Eid market prospect, they said.
- The share prices of banks and non-bank financial institutions soared by 5.2% and 3.1% respectively in the week. Out of the 30 traded bank scrips, all but one advanced while out of the 23 NBFIs, 19 advanced, just two declined and two remained unchanged. The investors' focus shifted to bank stocks after the DSE declared to take tough action against 15 more junk companies after delisting two such firms, market operators said.
- The media reported on Thursday that the Bangladesh Telecommunication Regulatory Commission estimated that GP's monthly revenue would increase by 54.93% to BDT 617.04 crore from BDT 398.26 crore because of the recently introduced uniform minimum call rate at BDT 0.45 per minute that overshadowed the BTRC's claim on the mobile operator of BDT 11,530 crore in dues to the government.
- The daily average turnover on the bourse dropped to BDT 656.89 crore in last week from BDT 687.48 crore in the previous week.
- IFAD Autos, Shepherd Industries, Saiham Textile Mills, Hamid Fabrics, Dragon Sweater, AB Bank, Legacy Footwear, LankaBangla Finance and United Power Generation Company were the other turnover leaders.

<http://www.newagebd.net/article/48757/dhaka-stocks-extend-gaining-streak-to-3rd-week-on-bank-gains>

Regulator suspends trading of three stocks

New Age, August 19, 2018

- The capital market regulator has suspended trading of stocks of Monno Jute Staffers, Bangladesh Autocars and Legacy Footwear with effect from today for 30 workdays due to their abnormal price hike. Price of Monno Jute's share jumped 5.7 times to BDT 4,639 in six months while Legacy Footwear rose four times to BDT 272 and Bangladesh Autocars three times to BDT 457 in only four months.
- On Thursday, the Bangladesh Securities and Exchange Commission (BSEC) gave the order in line with the Securities and Exchange Ordinance, 1969. The regulator also formed a two-member committee and asked it to find in 30 workdays the reasons behind the abnormal price hike of Bangladesh Autocars and Legacy Footwear.
- Another investigation was conducted for Monno Jute's rise and the regulator would disclose the report soon. However, the authorities of all the three companies denied having any price sensitive information which could have fuelled the prices.
- The stockmarket watchdog also decided to send five companies—Monno Ceramic Industries, Kay & Que (Bangladesh), Aziz Pipes, Stylecraft, and Dragon Sweater—to "spot trading" due to their abnormal price hike.
- In spot trading, an investor is allowed to purchase shares of a company only when his account has cash money. No one is allowed to purchase shares against sales of shares or loan. Normally, the BSEC sends a company for spot trading to rein in its trading.

- Monno Ceramic's price doubled to BDT 387 while Kay & Que soared 66% to BDT 233, Aziz Pipes 89% to BDT 269, Stylecraft 126% to BDT 2,995 and Dragon Sweater 177% to BDT 50.

<https://www.thedailystar.net/news/business/regulator-suspends-trading-three-stocks-1622857>

DSE wants cos inspection power without BSEC consent

CSE gets BSEC nod to inspect 3 cos

New Age, August 19, 2018

- The Dhaka Stock Exchange is going to request the Bangladesh Securities and Exchange Commission to give the bourse authority to inspect offices and factories of the listed companies and investigate their business affairs without prior permission of the regulator.
- The bourse thinks that seeking BSEC permission before conducting such drive kills time and thus it allows the companies concerned to cover up their non-compliances, DSE officials said.
- According to the DSE listing regulations, the stock exchange, on cause, may inspect at any time, if it is necessary to conduct an inspection for the interest of investors, the affairs of any issuer of listed securities with prior approval of the commission.
- The bourse has to request the commission in writing if it desires to inquire into documents, information or explanation relating to the affairs of the issuer of listed securities. According to a number of senior DSE officials, when the stock exchange requests for permission of inquiry into companies, it takes more than two-three weeks to get the permission from the regulator and the time is enough for companies to do facelift jobs.
- There are a good number of listed companies which are running their business with violation of corporate governance guidelines, irregularities and mismanagement and have remained out of accountability and trial, the officials said.
- Meanwhile, the BSEC has given permission to the Chittagong Stock Exchange to inspect offices and factories of three out-of-operation companies — Emerald Oil Industries, Beach Hatchery and C&A Textiles — due to not holding annual general meetings and submitting various financial reports.

<http://www.newagebd.net/article/48658/dse-wants-cos-inspection-power-without-bsec-consent>

Economy

Bangladesh set to cut RMG export tax by 40pc, corporate tax by 20pc

New Age, August 19, 2018

- The government is set to cut the source tax on export earnings for readymade garment sector by 40% and exporters' corporate tax by 20% amid hectic lobbying by them. The source tax on RMG export earnings will be cut to 0.60% from the existing 1% while corporate income tax rate for the RMG manufacturers and exporters is also likely to be cut to 12% from 15%, said finance ministry officials.
- National Board of Revenue already sent a summery to law ministry for vetting after government high-ups made a decision on the issue, finance ministry officials involved with the development told New Age on Thursday.
- They said that the government decided to cut the export tax rate and restore the corporate tax rate for apparel industry after exporters intensified their pressure putting forth possible increase in their cost of production due to implementation of upcoming new wages for workers.

- Apparel exporters also argue that Bangladeshi exporters are facing stiff competition in global market for the rise in production cost. The government may have considered the issues while deciding tax rate cut, they think. The probable reduced source tax will also be applicable for all other exporters like frozen food and leather sectors. The rate of export source tax was 0.70% for the sector in the last FY 2018.
- NBR officials said that the government would offer the benefit with retrospective effect from July 1. Source tax deduction authorities, mainly banks, will adjust the amount deducted in the last one and a half month from the applicable tax in coming days.
- The government in the budget for the current fiscal year 2018-2019 increased the withholding tax, known as source tax, on export earnings for apparel sector to 1% in a bid to boost revenue generation from the sector.

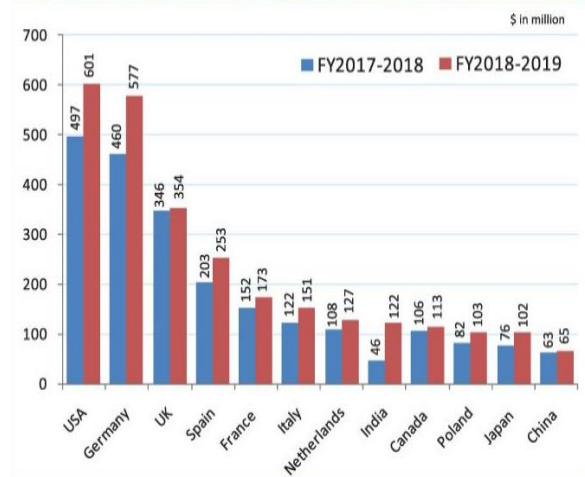
<http://www.newagebd.net/article/48753/bangladesh-set-to-cut-rmg-export-tax-by-40pc-corporate-tax-by-20pc>

RMG drives export earnings growth from US to 21pc in July

New Age, August 19, 2018

- Bangladesh's export earnings from the United States in the first month (July) of the current financial year 2018-19 rebounded overcoming the sluggish growth in last few months as the export orders for readymade garment products from the US started increasing.
- Export to India in July of FY19 achieved more than 165% growth due to excellent performance of RMG products as the Indian and global brands set up a good number of retail shops in the neighbouring country and increased their procurement from Bangladesh.
- According to the Export promotion Bureau data, export to the US in July of FY19 grew by 20.93% to \$601.48 mn from \$497.35 mn in the same month of FY18.
- RMG export to the US increased by 20.33% to \$538.46 mn from \$447.47 mn.
- Experts and exporters said that export orders from the US and India increased in recent times but it would not be wise to assume the overall growth trend based on one month's data.
- 'The US economy is running strong and export orders from the market increased a little bit but the earnings witnessed a 20.93-% growth in the month of July as a good number of consignments of the month of June were shipped in July due to the Eid-ul-Fitr holidays in June,' Ahsan H Mansur, executive director of Policy Research Institute of Bangladesh, told New Age on Saturday.
- EPB data showed export earnings from India in July of FY19 increased by 165.85% to \$121.76 mn from \$45.80 mn in the same period of FY18. RMG export to India increased by 156.67% to \$44.87 mn from \$17.48 mn. Export earnings from the United Kingdom in July of the current fiscal year, however, witnessed a minimal growth of 2.26% to stand at \$354.50 mn, up from \$346.64 mn in the same month of FY18.

Export earnings from major destinations, China in July



<http://www.newagebd.net/article/48756/rmg-drives-export-earnings-growth-from-us-to-21pc-in-july>

Commercial vehicle sales growing rapidly

The Daily Star, August 17, 2018

- Sales of commercial vehicles are growing rapidly in Bangladesh thanks to the increasing economic activities in the last one decade. At least 35,000 units of commercial vehicles such as bus, truck, auto-rickshaw, cargo van, human-hauler, pickup and tanker were sold last year, way higher than 2,000 units 10 years ago, said Abdul Matlub Ahmad, chairman of Nitol-Niloy Group. At present, the market size of commercial vehicle is about BDT 4,200 crore whereas it was about BDT 2,000 crore a decade ago, he said.
- “Bangladesh is a potential market for commercial vehicles as the economy is booming,” said Hafizur Rahman Khan, chairman of Runner Group. The market size of commercial vehicles grew 15% to 20% every year over the last one decade, he said.
- Data from the Bangladesh Road Transport Authority (BRTA) showed it registered 7,808 units of truck in the seven months to July this year. The number stood at 10,353 units in the full year of 2017; 7,275 in 2016; 6,330 in 2015 and 8,136 in 2014. The state agency this year registered 1,980 units of bus as of July while the figure hit 3,760 in the 12 months of 2017. Some 282,354 units of commercial and passengers cars were registered till July in 2018 and the number stood at 420,398 units in 2017.
- The automotive industry in Bangladesh is largely dominated by imports of reconditioned and new vehicles, mostly from Japan, China, and India and a few from Europe and the US. Commercial vehicles are imported from India mainly due to competitive pricing and availability of spare parts, Ahmad said.
- Now, Runner Motors, Nitol Tata, Ifad Autos and Rangs Motors have set up small-scale assembly plant in collaboration with foreign companies such as Hino, Mitsubishi, Tata Motors, and Ashok Leyland to assemble cars, trucks, pickups and buses. In the commercial vehicle segment, Nitol has 40% market share, Ifad Auto holds 38% and Runner Motors 10%, according to the IDLC review. Khan of Runner Group said local entrepreneurs will soon go for automobile manufacturing in the country.
- There are 14-16 large automobile retailers in Bangladesh. Of them, 5-6 have assembly facilities, while the rest are sole distributors or importers, according to the industry insiders. Ifad Autos, Aftab Auto, Navana, Rangs, Rancon Motors, Nitol Motors, Runner Motors and AG automobiles are the major distributors.

<https://www.thedailystar.net/news/business/commercial-vehicle-sales-growing-rapidly-1621984>

Written-off loans reach BDT 48,053cr

The Daily Star, August 19, 2018

- The amount of loans written off by banks increased six times year-on-year to BDT 141 crore in the first quarter of 2018 as the lenders used a central bank policy to clean up their books. This took the total written-off loans figure to BDT 48,053 crore since January 2003 when the policy was introduced.
- BDT 24.76 crore was written off in the January-March quarter last year, according to Bangladesh Bank data. Of the six banks that used the facility to clean up their balance sheets, Premier Bank topped the chart as it removed bad debts worth BDT 64 crore from its book. Eastern Bank wrote off BDT 55.42 crore.
- State-owned banks wrote off BDT 22,618 crore and private banks BDT 23,825 crore in the quarter. Two state-run specialised banks—Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank—wrote off BDT 555 crore and foreign commercial banks BDT 1,055 crore.
- Between January 2003 and March 2018, BDT 48,053 crore were written off. Of the amount, 78% remained outstanding, meaning banks' efforts to recover the bad loans haven't paid off.

- However, toxic loans that cannot be collected or are difficult to recover reflect very poorly on a bank's balance sheets and can divert resources from more productive activity. This leads banks to remove bad loans from their balance sheets and thus reduce tax liability.
- The banking sector wrote off BDT 1,875 crore in the October-December quarter last year. As per BB rules, loans are written off after making adequate provisions to take advantage of tax benefits. But banks are obligated to continue their recovery efforts.

<https://www.thedailystar.net/news/business/written-loans-reach-BDT-48053cr-1622860>

Mitsubishi Corp to acquire 25pc stake in Summit LNG terminal in Bangladesh

New Age, August 19, 2018

- Japan's Mitsubishi Corp on Friday said it has agreed to acquire 25% of Bangladesh's Summit Liquefied Natural Gas (LNG) terminal and plans to help develop an offshore receiving site in the South Asian country.
- The other 75% of the Summit LNG terminal will remain with Summit Corp. Summit LNG's project plans call for a floating storage and regasification unit to be installed off the coast of Moheshkali, where it will receive and regasify LNG procured by Petrobangla, the country's national oil and gas company.
- Construction of the terminal has already begun, with commercial operation expected to start in March 2019. The planned LNG import volumes are about 3.5 mn tonnes per annum, Mitsubishi said.
- Mitsubishi did not state the investment cost in the release, but an industry source close to the matter said it is investing about \$20 mn to \$25 mn for the 25% equity.
- Bangladesh's economic growth rose by 7.28% in the financial year through mid-2017, and its population is expected to climb to over 185 mn people by 2030, boosting demand for electricity and LNG for power generation.
- In March this year, the two companies signed a memorandum of understanding to jointly pursue an integrated LNG-to-power development consisting of an on-shore LNG receiving terminal, associated LNG supply and construction of 2,400-megawatt gas-powered thermal power plant.

<http://www.newagebd.net/article/48656/mitsubishi-corp-to-acquire-25pc-stake-in-summit-lng-terminal-in-bangladesh>

International

India's oil import bill soars on rupee fall

The Daily Star, August 17, 2018

- The sharply falling value of the Indian rupee vis-a-vis the US dollar will push up the country's crude oil import bill by about \$16 bn in the 2018-19 financial year, officials said yesterday. India, which imports over 80% of its oil needs, spent \$87.7 bn on importing 220.43 mn tonnes of crude oil in 2017-18. For 2018-19, the imports are projected at almost 227 mn tonnes.
- But the exchange rate has been at an average of Rs 67.6 for one dollar till August 14. If the rupee was to stay around 70 per dollar for the rest of the ongoing fiscal year, the oil import bill will be \$114 bn, he said. The rupee has been among the worst performing currencies in Asia, witnessing a 8.6% slump this year.
- Fanned by a higher oil import bill, India's trade deficit widened to \$18 bn in July, the highest in more than five years.

<https://www.thedailystar.net/news/business/global-business/indias-oil-import-bill-soars-rupee-fall-1621906>

India's forex reserves may fall below \$400b mark

The Financial Express, August 16, 2018

- The foreign exchange reserves of India has come within striking distance of falling below the \$400 bn mark as the rupee coming under severe pressure due to meltdown in the Turkish lira.
- The FX reserves of the sixth-largest economic country fell \$1.8 bn in the week to August 10 to \$400.88 bn, according to the Reserve Bank of India (RBI) data. The RBI was seen selling dollars to prevent the local currency from falling freely, foreign exchange dealers said.
- They said the country's trade deficit hit a 5-year high of \$18.02 bn in July, putting added pressure on the local currency. It has fallen about \$26 bn from the record high level of \$426.082 bn seen on April 13, reports the Economic Times.
- The central bank sold \$14.4 bn in first quarter of the year as against a cumulative purchase of \$8.8 bn in the corresponding quarter last year, Care Ratings said in a research note. Foreign investment flows, however, turned positive after being negative in the first three months of the year. The debt and equity markets saw \$941 mn inflows in August so far, Care Ratings said.

<https://thefinancialexpress.com.bd/economy/global/indias-forex-reserves-may-fall-below-400b-mark-1534574081>

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