

Stock Market

Stocks gain in post-Eid thin trading

New Age, August 19, 2019

- Dhaka stocks on Sunday gained marginally amid poor participation of investors as trading resumed on the bourse after a 9-day Eid holiday.
- DSEX, the key index of the Dhaka Stock Exchange, added 0.29 %, or 15.11 points, to close at 5,216.53 points on Sunday after gaining 14.22 points in the previous session.
- Average share prices of general insurance, pharmaceuticals, energy and engineering sectors advanced by 3.71 %, 0.99 %, 0.65 % and 0.58 % respectively.
- Besides, share prices of most of the multinational companies advanced on the day that also supported the index to remain afloat on the day. The MNCs declared higher profits in April-June period compared with that period in the previous year.
- Out of the 353 scrips traded on Sunday, 184 advanced, 123 declined and 45 remained unchanged. Turnover on the bourse dropped to BDT 323.70 crore on Sunday from BDT 410.56 crore in the previous session. DS30, the blue-chip index of the DSE, gained 0.22 %, or 4.04 points, to close at 1,841.79 points.
- DSE Shariah index DSES added 0.44 %, or 5.34 points, to close at 1,197.56 points. Khulna Power Company led the turnover chart with its shares worth BDT 25.68 crore changing hands.
- United Power Generation Company, Beacon Pharmaceuticals, Monno Ceramics, Coppertech Industries, Global Insurance, Doreen Power, Fortune Shoes and Bangladesh Submarine Cable Company were the other turnover leaders.
- ACI Formula gained the most on the day with a 10-% increase in its share prices while VFS Thread dyeing was the worst loser, shedding 8.86 %.

<http://www.newagebd.net/article/81821/stocks-gain-in-post-eid-thin-trading>

MNCs rule the roost in distributing dividends

The Financial Express, August 18, 2019

- The listed multinational companies (MNCs) have continued their dominance in distributing dividends. The MNCs were the majority in the chart of top 20 listed companies which distributed dividends for the year ended on June 30 and December 31, 2018.
- Of top 20 companies, 10 were MNCs which disbursed dividends ranging between 75 % and 700 %. On the other hand, the local companies, which were in the chart of top 20 companies, distributed dividends ranging between 48 % and 140 %.
- The MNCs which disbursed significant amount of dividends are Reckitt Benckiser (Bangladesh), Marico Bangladesh, GlaxoSmithKline (GSK), British American Tobacco Bangladesh Company, Linde Bangladesh, Bata Shoe Company, Grameenphone, Berger Paints Bangladesh, Renata and Heidelberg Cement Bangladesh.
- Of these companies, Reckitt Benckiser (Bangladesh) disbursed 700 % cash dividend for the year ended on December 31, 2018. The company's EPS, however, declined to BDT. 70.22 for 2018 from BDT. 80.63 reported in the previous year.

- The amount of total cash dividend distributed by the Marico Bangladesh stood at 650 %, including 600 % interim dividend for the financial year 2018-2019. Later, in July last the company declared 250 % interim cash dividend based on three months financials for the period ended on June 30, 2019.
- GlaxoSmithKline (GSK) disbursed 530 % cash dividend for the year ended on December 31, 2018. British American Tobacco Bangladesh Company (BATBC) disbursed 500 % cash and issued 200 % stock dividend for the year ended on December 31, 2018.
- Bata Shoe Company distributed a total of 345 % cash dividend, including 240 % interim cash dividend, for the year ended on December 31, 2018. The total amount of cash dividend distributed by Grameenphone was 280 %, including 125 % interim cash dividend, for the year 2018.

<http://thefinancialexpress.com.bd/stock/mncs-rule-the-roost-in-distributing-dividends-1566101261>

Saifuddin re-appointed BGIC MD and CEO

New Age, August 19, 2019

- Ahmed Saifuddin Chowdhury has been reappointed as managing director and CEO of Bangladesh General Insurance Company for three more years (2019-22), for the 3rd consecutive term, said a press release. Saifuddin joined BGIC head office in Dhaka in the year 1986.
- He was posted to Chattogram office as over-all in-charge. After getting promotion he accorded the post of additional managing director (operation) including the responsibilities of company secretary, the release said. He became managing director and CEO of BGIC for the first term on August 1, 2013, said the release.

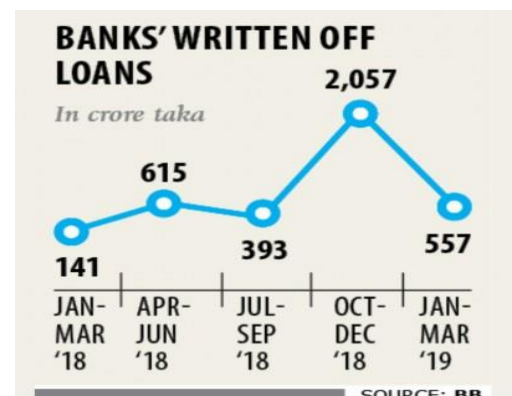
<http://www.newagebd.net/article/81829/saifuddin-re-appointed-bgic-md-and-ceo>

Economy

BB policy sparks flurry of loan write-offs

The Daily Star, August 19, 2019

- Loan write-offs almost quadrupled in the first quarter of the year on the back of the central bank's easing of rules, in a sobering reminder of the banking sector's deteriorating financial health. Between January and March, BDT 557.30 crore was written-off, in contrast to BDT 141.26 crore a year earlier, according to data from Bangladesh Bank.
- Earlier in February, the central bank revised its policy to allow banks to write-off default loans that have been languishing in the bad category for three years, down from five years previously.
- Banks usually write off a maximum amount of default loans in the last quarter of the year with a view to cleaning up their balance sheets. Between October and December last year, banks wrote off BDT 2,057 crore. At the end of March, default loans in banks stood at BDT 110,874 crore, up 25.15 % year-on-year.



- Of the banks that took the facility to clean up their balance sheets, Dutch-Bangla Bank topped the chart, writing off BDT 290.55 crore. It was followed by Jamuna Bank, which wrote off BDT 191 crore. With the latest round, a total of BDT 53,258 crore has been written-off since the facility was introduced in January 2003 by the central bank to show lower amounts of default loans in banks' balance sheets.
- Of the amount, 76 % has remained outstanding to date, meaning banks' efforts to recover the loans did not yield much. As of March, the state-owned banks have written off BDT 23,187 crore and private banks BDT 28,342 crore.

<https://www.thedailystar.net/business/banking/news/bb-policy-sparks-flurry-loan-write-offs-1787005>

Rural bank branch Percentage falls by 11.5 in 18 years

New Age, August 19, 2019

- Bank branches in rural areas as opposed to urban areas declined by 11.5 %age points in the past 18 years despite the central bank's initiatives to ensure rural people's access to finance.
- A Bangladesh Bank research, 'Survey on Impact Analysis of Access to Finance in Bangladesh banks', shows that in 2000, there were 6,119 bank branches, with 2,460, accounting for 40.2 %, in urban areas and 3,659 in rural areas, accounting for 59.8 %.
- However, the %age of bank branches in urban areas increased to 51.7, with the %age of branches in rural areas declining to 48.3 as of June 2018. But the total number of branches increased by 65.3 % to 10,114 in 18 years — with 3,944 in urban areas and 4,890 in rural areas.
- The distribution of bank branches in rural and urban areas implies that the branches were largely concentrated in the urban areas, the BB report said.
- Former chairman of Association of Bankers, Bangladesh Mohammed Nurul Amin told New Age that the banks were mainly focused in expanding their branches into areas where the branch would become profitable quickly.

<http://www.newagebd.net/article/81819/rural-bank-branch-%age-falls-by-115-in-18-years>

Non-compliant hotels risk ruining tourism prospects

Costs here much higher than in Asian neighbours

The Financial Express, August 18, 2019

- Scores of posh hotels, motels and resorts have skipped star ratings from the ministry of Civil Aviation and Tourism to avoid duty, taxes and other 'hassles'. However, many of these hotels claim to have three to four star facilities.
- As per the list available with the Civil Aviation and Tourism Ministry, eight five-star hotels are in Dhaka, five in Chattogram and Cox's Bazar and one each in Moulvibazar, Bogura and Jashore. There are only four registered four-star hotels in the country. One of them is in Dhaka, two are in Chattogram and one in Sylhet.
- When it comes to registered three-star hotels, there are only eight in Dhaka, seven in Chattogram, two in Khulna and one each in Bogura and Barishal.

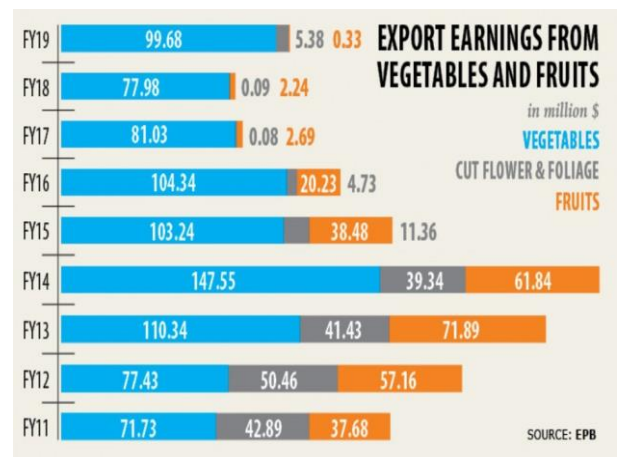
- But an online search has revealed that about one hundred hotels located in Dhaka claim to have high star ratings despite having no registration to that effect. The picture is almost similar in Cox's Bazar, Sylhet and Chattogram.
- There are many hotels that even do not know why the licence of the ministry is required. Even it has happened that a hotel has got varying ratings of travel promotion agencies. Hoteliers, however, say most of the hotels, motels and resorts providing excellent services to customers are reluctant to obtain licences from the ministry conforming to their star ratings due to various hassles.

<http://thefinancialexpress.com.bd/trade/non-compliant-hotels-risk-ruining-tourism-prospects-1566186203>

Vegetable exports rebound after four years

The Daily Star, August 19, 2019

- Fresh fruits and vegetables export bounced back in fiscal 2018-19, ending four straight years of slump, thanks to higher demand and efforts to improve farming and packaging practices in order to produce and ship disease-free crops.
- Shipment of fresh produce, including potato, rose 31 % year-on-year to \$105.39 mn in the last fiscal year, according to the Export Promotion Bureau (EPB).
- In volume, exports of vegetables also soared, showed data compiled by the Plant Quarantine Wing of the Department of Agricultural Extension. Exporters shipped 17,487 tonnes of domestically grown vegetables, up 18 % year-on-year.
- The Middle Eastern countries, home to more than five mn Bangladeshi migrant workers, are the biggest destination for the vegetables and fruits grown in the country, followed by Europe.
- But the shipment to Europe had come to a halt after the government voluntarily imposed the ban on the exports a couple of years ago in the face of repeated detection of pest in the consignment from Bangladesh by the regulators in the EU.



<https://www.thedailystar.net/business/news/vegetable-exports-rebound-after-four-years-1787014>

International

China to lower real interest rates

The Financial Express, August 18, 2019

- China will take market-oriented reform measures to meaningfully reduce real interest rates and ease financing difficulties, the State Council's executive meeting chaired by Premier Li Keqiang decided on Friday.
- The Chinese government puts high emphasis on work related to lowering real interest rates and financing costs for businesses, particularly private, micro and small firms. Since the beginning of this year, the overall financing interest rate in China has steadily declined.
- Attendees at the Friday meeting pointed out that it is important to keep liquidity reasonably sufficient, and take reform measures to notably lower real interest rates.
- It was decided at the meeting to reform and improve the loan prime rate (LPR) mechanism. An above-five-year LPR will be made available in addition to the current one-year LPR to serve as pricing references for new bank lending. The purpose is to catalyze further reductions in real interest rates.
- It is important to make lending rates and fees more open and transparent. Charges by financial institutions will be strictly regulated and intermediate agencies will be urged to cut fees.

<http://thefinancialexpress.com.bd/economy/global/china-to-lower-real-interest-rates-1566042133>

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