

Stock Market

Stocks keep sinking despite ADR cut, Kamal's meeting

New Age, September 18, 2019

- Dhaka stocks plunged to a 33-month low on Wednesday on panic selling as the latest government efforts to stabilise the market failed to restore the investors' confidence. DSEX, the prime index of Dhaka Stock Exchange, lost 0.83 %, or 40.96 points, to close at 4,888.01 points on Wednesday after losing 30.74 points in the previous session.
- The index hit its lowest after December 12, 2016 when it was at 4,869.59 points. After a slight gain at the beginning on Wednesday, the market began to fall and descended more firmly as the session progressed amid late hour selling pressure, market operators said.
- The average share prices of textile sector dropped by 1.7 %, telecommunication 1.4 %, non-bank financial institution 0.3 % and bank 0.1 %. Out of the 352 scrips traded on Wednesday, 214 declined, 97 advanced and 41 remained unchanged.
- Turnover on the bourse plunged to BDT 371.53 crore on Wednesday from BDT 435.56 crore in the previous session. DS30, the blue-chip index of the DSE, slumped by 0.91 %, or 15.96 points, to close at 1,735.85 points. DSE Shariah index DSES shed 1.42 %, or 16.34 points, to close at 1,130.63 points.
- National Tubes led the turnover chart with its shares worth BDT 20.05 crore changing hands. Monno Jute Staffers, Square Pharmaceuticals, Sino Bangla Industries, Legacy Footwear, Stylecraft, JMI Syringe, Fortune Shoes, Global Insurance and United Power Generation Company were the other turnover leaders.
- Global Insurance Company gained the most on the day with an 8.86-% increase in its share prices while Monno Ceramic Industries was the worst loser, shedding 9.05 %.

<http://www.newagebd.net/article/84959/stocks-keep-sinking-despite-adr-cut-kamals-meeting>

Merger between BSRML and BSRM Steel Mills in the offing

BSRML, BSRM Steels recommend 25pc dividend each

The Financial Express, September 18, 2019

- Bangladesh Steel Re-Rolling Mills Ltd (BSRML) is set to merge with BSRM Steel Mills Ltd under the provision of section 228 and 229 of the Companies Act 1994. The merger and acquisition is subject to the consent of shareholders and approval from the High Court division of Supreme Court, said an official disclosure on Tuesday.
- Bangladesh Steel Re-Rolling Mills (a listed entity) is currently holding around 44.97 % stake in the (non-listed) BSRM Steel Mills Ltd.
- The board has decided to acquire 100 % stake of BSRM Steel Mills by Bangladesh Steel Re-Rolling Mills paving the way for merger of BSRM Steel Mills with Bangladesh Steel Re-Rolling Mills by issuing shares against rest of the stakes (around 55.03 %) of BSRM Steel Mills after completion of all legal and regulatory formalities.
- Meanwhile, the boards of directors of Bangladesh Steel Re-rolling Mills and BSRM Steels Ltd have recommended 25 % cash dividend each for the year ended on June 30, 2019. Re-rolling Mills: Bangladesh Steel Re-rolling Mills has recommended 25 % cash dividend for the year ended on June 30, 2019.

- The company has also reported consolidated earnings per share (EPS) of BDT 7.88, consolidated net asset value (NAV) per share of BDT 97.46 and consolidated net operating cash flow per share (NOCFPS) of BDT 39.62 for the year ended on June 30, 2019 as against BDT 11.77, BDT. 63.70 and negative BDT 37.39 respectively for the same period of the previous year.

<http://thefinancialexpress.com.bd/stock/merger-between-bsrml-and-bsrm-steel-mills-in-the-offing-1568782078>

IMF projects GDP growth rate at 7.6pc

The Financial Express, September 19, 2019

- The International Monetary Fund (IMF) projected that the economy of Bangladesh would grow 7.6 % in fiscal year (FY) 2019-20. The IMF projected the GDP growth rate at 8.0 % for FY 2018-19, according to the IMF's latest Staff Report on Article IV Consultation of Bangladesh released on Wednesday.
- The Washington-based global monetary watchdog also projected that Bangladesh's inflation, as measured by the consumers' price index (CPI), rose to 5.6 % in the FY '20 on annual average basis from 5.5 % of the previous fiscal. Meanwhile, the current account deficit is projected to be around 2.0 % of GDP, according to the IMF near-term outlook.

<http://thefinancialexpress.com.bd/economy/bangladesh/imf-projects-gdp-growth-rate-at-76pc-1568866433>

Changes in laws to put lid on SoCBs' NPL buildup

Kamal says after meeting with banks' top officials

The Financial Express, September 19, 2019

- Finance Minister AHM Mustafa Kamal said on Tuesday they would bring necessary changes in the existing laws to prevent possible buildup of bad loans in the state-owned commercial banks (SoCBs). The meeting was held at the National Economic Council (NEC) conference hall in the capital with the top brass from Sonali, Agrani, Rupali and Janata banks attending it.
- In the meeting, the four SoCBs gave a work plan for effective functioning of the banks and targets for enhancing operational profits through reducing the expenses. The finance minister also informed reporters that they would sit again after three months for evaluating performances of the banks.
- By the end of June this year, the aggregate volume of defaulted loans of six SoCBs, including BDBL and BASIC banks, stood at BDT 537.44 bn or 31.58 % of their total loans disbursed.

<http://thefinancialexpress.com.bd/economy/changes-in-laws-to-put-lid-on-socbs-npl-buildup-1568781224>

GP, Robi audit claims dispute to be solved mutually in 2-3 weeks

Finance minister says after meeting with stakeholders

New Age, September 18, 2019

- Finance minister AHM Mustafa Kamal on Wednesday said they would solve the problems involving payment of audit claims by two leading mobile phone operators —Grameenphone and Robi — ‘mutually’ through discussion, backtracking on the government’s earlier stance on realising the dues as per the audit reports.
- As part of regulatory measures to realise the audit claims BDT 13,447 crore, the Bangladesh Telecommunication Regulatory Commission on September 5 served two separate show-cause notices to GP and Robi asking the operators to explain in 30 days why their 2G and 3G licences would not be cancelled.
- In August this year, both the operators filed lawsuits with a Dhaka court raising legality of the BTRC audit claims. In July, 2018, the commission issued a demand letter to Robi claiming BDT 867 crore in dues based on an audit report on the entity’s information system.
- On April 2 this year, the commission issued to GP a BDT 12,579.95-crore demand letter based on an audit. Although the operators were asked to pay the money in two weeks, they are yet to clear the money raising question over the audit findings. Instead, the operators proposed discussions with the regulator for resolving the issue.
- The telecom ministry and the BTRC, however, rejected the operators’ proposal saying that there was no scope for further discussion on the matter and the operators must pay the dues as per the audit claims.
- On July 4 this year, the BTRC reduced internet bandwidth capacity of GP by 30 % and Robi by 15 % over the unpaid audit claims but restored the capacity on July 17 considering the sufferings of the customers

<http://www.newagebd.net/article/84937/gp-robi-audit-claims-dispute-to-be-solved-mutually-in-2-3-weeks>

BSEC directs DSE to inspect Monno Ceramic, Monno Stafflers

New Age, September 18, 2019

- The Bangladesh Securities and Exchange Commission on Wednesday directed the Dhaka Stock Exchange to visit Monno Ceramic Industries and Monno Jute Stafflers to inspect their activities amid manipulation of share prices of the companies.
- The regulator also asked the bourse to complete the investigation within the next 14 working days and submit reports to the commission. The DSE has recently submitted a report regarding manipulation of share prices of the two companies, and the BSEC on September 12 punished a number of manipulators and also sent Monno Ceramics to the spot market from the public market.
- Share prices of Monno Jute Stafflers shot up by 195 % to BDT 2,032 per share on September 11 from BDT 687 per share on July 21. Share prices of the company crossed BDT 5,600 per share in November last year and dropped to BDT 1,300 due to the adjustment of 350 % bonus shares.
- Share prices of Monno Ceramics also soared by 75 % in the period between July 22 and September 8. The shares of the two companies have become ‘gambling items’ at the market. The BSEC at the meeting also allowed Standard Bank to float non-convertible subordinated bond worth BDT 500 crore.

- As per the BSEC approval, the bank will float fully redeemable non-convertible floating rate subordinated bond worth BDT 500 crore. The face value of each unit of the bond will be BDT 1 crore and the bond will be fully redeemable in seven years.
- MTB Capital Limited acts as the trustee for the bond while City Bank Capital Resources Limited and SBL Capital Management Limited are the mandated joint arrangers for the bond.

<http://www.newagebd.net/article/84960/bsec-directs-dse-to-inspect-monno-ceramic-monno-stafflers>

BSEC approves Standard Bank's subordinated bond of BDT500cr

The Dhaka Tribune, September 18, 2019

- The Bangladesh Securities and Exchange Commission (BSEC) on Wednesday approved a fully redeemable Non-convertible Subordinated Bond of BDT500 crore in favour of Standard Bank Limited. The approval was given at a commission meeting, presided over by BSEC Chairman M Khairul Hossain, held at its headquarters, said a BSEC statement yesterday.
- The purpose of the issuance is to strengthen the capital base (Tier-2) of the company. The tenure of the Standard Bank bonds will be seven years. The per-unit price of the Bond has been fixed at BDT1 crore. The 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.
- MTB Capital Limited will act as the trustee and City Bank Capital Resources Limited arranger for the Bond. Standard Bank was incorporated on May 11, 1999 as a commercial bank. The bank was listed at the Dhaka Stock Exchange (DSE) in 2003.
- In yesterday's meeting, the commission also decided to ask the Dhaka Stock Exchange authorities to submit a report within 14 days regarding the alleged share manipulation of Monno Ceramics and Monno Jute Stafflers.

<https://www.dhakatribune.com/business/stock/2019/09/19/bsec-approves-standard-bank-s-subordinated-bond-of-BDT500cr>

Economy

Sanofi staff rally against its exit plan

New Age, September 18, 2019

- Employees of Sanofi Bangladesh, a subsidiary of multinational pharmaceutical Sanofi, on Wednesday went out on demonstration in front its office at Segunbagicha in Dhaka amid the company's move to leave the country.
- During the demonstration, the employees, mostly sales executives, of Sanofi Bangladesh locked the main gate of the officer for an hour.
- Sanofi Bangladesh is a joint venture company where the Bangladesh government holds 45.358 % stake, Bangladesh Chemical Industries Corporation's 19.962 % and industries ministry's 25.396 %, and Sanofi holds rest 54.642 %.

- The move of Sanofi came in around one year of another MNC GlaxoSmithKline Bangladesh Limited's move to leave the country on the same ground. Meanwhile, Ultratech, an Indian major market player, has initiated a move to sell its Bangladesh wing to Heidelberg Cement.
- Sanofi would convey formal notice related to the article 31, which was applicable to shut down business, would come in due course of time when Sanofi's internal process was cleared and it was ready for implementation, according to media reports.
- Each year, the company provides dividend to the national exchequer amounting to more than BDT 15 mn. The move of the MNCs came as a blow when the government has been trying to improve business environment to attract foreign direct investment for achieving development goals.

<http://www.newagebd.net/article/84956/sanofi-staff-rally-against-its-exit-plan>

All TV channels on board Bangabandhu Satellite

The Daily Star, September 18, 2019

- The commercial potential of Bangabandhu Satellite-1 is finally coming into being more than a year after its launch as all 34 local television channels are set to start commercial transmission through it from October 2.
- At present, six of the 30 private channels -- Deepto TV, Somoy TV, Jamuna TV, Bijoy TV, Bangla TV and MY TV -- and the four state-owned stations are broadcasting via the country's lone satellite, which was launched into orbit on May 12 last year under a project amounting to BDT 2,702 crore. The rest are doing test transmission from the satellite.
- To incentivise the local private channels to switch to Bangabandhu Satellite-1, its operator Bangladesh Communication Satellite Company Ltd (BCSCL) is offering a discounted rate, said the company's Chairman Shahjahan Mahmood.
- For the next one year, the BCSCL is offering BDT 1.57 lakh for per Megahertz (MHz) of spectrum a month, down from their regular rate of BDT 1.95 lakh. In contrast, Hong Kong-based Star Alliance, which the Bangladeshi TV channels used thus far, charges \$4,000 to \$5,000 (BDT 3.40 lakh to BDT 4.25 lakh).
- According to industry insiders, Star Alliance is now offering a discounted rate of \$2,000 per MHz to Bangladeshi channels to fight off competition from the BCSCL. But the TV channels are not renewing their contraBangladesh Army is in talks with the BCSCL to take two transponders, while VSATs, navy and air force will take one transponder each.

Total capacity: 40 transponders
DTH firm Akash took 6 transponders
TV stations to use 5.5 transponders
Army to take 2 , while Navy, Air Force and VSAT users 1 each
Cost recovery time of the Tk 2,702cr satellite is 8 years
Islands to get internet via the satellite
Projects on e-health, e-education underway

<https://www.thedailystar.net/business/news/all-tv-channels-board-bangabandhu-satellite-1802131>

Bangladesh leads world in green RMG production

It has highest number of platinum rated factories, BGMEA leader says

The Daily Star, September 18, 2019

- Bangladesh is now home to the highest number of platinum rated garment factories in the world, which portrays the country's strong footing in green production, a leader of the garment makers' platform said yesterday.
- Twenty-five Bangladeshi factories have achieved the highest certificate provided by the US Green Building Council (USGBC), a Washington-based non-profit organisation that promotes sustainability in building design, construction and operation.
- Currently, the total number of LEED certified green garment factories in Bangladesh is 91, which is also the highest in the world, he said, adding that the number will cross 100 if the green structures of other sectors are considered. Only a year ago, Bangladesh had 67 LEED certified green garment factories, Samad said. The BGMEA vice-president also said some 500 local garment factories have been waiting to be certified by the USGBC soon.
- However, the garment entrepreneurs are not getting the return from the investment in the green initiatives, he said. Neither the buyers nor the government has been paying incentives for such a huge spending in green factories, he said.

<https://www.thedailystar.net/business/news/bangladesh-leads-world-green-rmg-production-1802119>

International

Canada posts budget deficit of 10 bn USD in FY2018-19

The Financial Express, September 18, 2019

- Canada ended the fiscal year 2018-2019 with a deficit of 14 bn Canadian dollars (10.6 bn US dollars) on March 31, said the Finance Department Tuesday. In fiscal year 2017-2018, Canada saw a deficit of 19 bn Canadian dollars (14.33 bn US dollars), reports Xinhua.
- Total federal debt at the end of the 2018-2019 fiscal year came to 685.5 bn Canadian dollars (517.4 bn US dollars), compared with 671.3 bn Canadian dollars for the previous year. However, the country's federal debt-to-GDP ratio fell to 30.9 % from 31.3 % a year ago.

<http://thefinancialexpress.com.bd/economy/global/canada-posts-budget-deficit-of-10-bn-usd-in-fy2018-19-1568789439>

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 (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

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.