

Stock Market

Dhaka stocks' rally extends to 5th week

New Age, January 20, 2019

- Dhaka stocks continued with gains in the past week to extend the bull run to the fifth week as investors kept injecting funds, especially into the financial scrips, while a some others went for profit taking share sales. The daily average turnover on Dhaka Stock Exchange increased further by 7 % to BDT 1,054.33 crore in the last week from BDT 985.12 crore in the previous week.
- DSEX, the key index of DSE, advanced 0.49 %, or 28.27 points, to close at 5,7825.57 points on Thursday, the last trading session of the week. The DSEX gained 573.72 points in the last five weeks. The capital bourse of the country witnessed positive movement in the first three sessions of the week but it went into red zone in the last two sessions amid profit booking tendency among investors, said EBL Securities in its weekly market commentary.
- During the week, investors opted for profit booking on shares that witnessed price appreciation in the recent upbeat momentum while some took positions in fundamental stocks ahead of earnings declarations, it said. The financial sector led the surge for another week with a gain in share prices of non-bank financial institutions and bank by 2.6 % and 0.7 % respectively, stockbrokers said.
- Average share prices of insurance sector continued to surge for the third consecutive week. Share prices of general insurance sector shot up by 13.6 % and life insurance soared by 4.0 % last week and out of 47 insurance scrips, 44 advanced in the week. Of the top ten gainers of the week, nine were from the insurance sector, which was a substantial comeback for the sector after remaining out of sight for a long time.
- On the other hand, average share prices of telecommunication, textile and pharmaceutical sectors dropped by 3.4 %, 2.0 % and 0.1 % respectively.
- Out of the 348 traded issues, 160 advanced, 170 declined and 18 remained unchanged. DS30, the blue-chip index of DSE, however dropped 0.11 %, or 2.26 points, over the week to close at 2,009.49 points. Shariah index DSES also declined 0.67 %, or 8.86 points, to close at 1,309.80 points.
- Khulna Power Company led the turnover chart with its shares worth BDT 171.57 crore changing hands in the week. BBS Cables, Olympic Industries, JMI Syringes & Medical Devices, United Power Generation Company, BRAC Bank, Singer Bangladesh, Active Fine Chemicals, Dhaka Bank and Al-Haj Textile Mills were the other turnover leaders. Agrani Insurance Company gained the most in the week with a 53.59-% increase in its share prices, while Meghna Pet Industries was the worst loser, shedding 22.48 %.

<http://www.newagebd.net/article/62310/dhaka-stocks-rally-extends-to-5th-week>

Stockbrokers seek liquidation rules for delisted firms

New Age, January 20, 2019

- Dhaka Stock Exchange Brokers Association has requested market regulator Bangladesh Securities and Exchange Commission to set liquidator with the task of liquidating a delisted company, paying back its loans and buying back its public shares.
- It said that liquidation of a company after being delisted from the stock exchange was an international practice and the association was making the proposal following international standards. DBA mentioned that India's market regulator, Securities and Exchange Board of India, has regulations to liquidate delisted companies and keep the companies' sponsors away from the capital market for a specific period of time.

- It made the appeal as the country's premier bourse has started delisting non-performing and erring companies from the market and the general shareholders of the companies risk losing their investments when the companies would be delisted due to lack of proper rules in this regard, DBA officials said.
- On July 18 last year, DSE delisted two companies —Rahima Food and Modern Dyeing — and are reviewing 15 more companies to decide on their fate. The officials said that it would be an opportunity for many companies to get delisted as they are not strictly bound by law to liquidate their assets or buy back shares after forced delisting.
- The sponsors, directors and promoters of the delisted companies easily can sell their shares and assets and flee, giving nothing to the public shareholders, they said, adding that the lenders (banks and non-bank financial institutions) would find it tough to get their loans back.
- Therefore, there should be liquidator with the task of paying back bank loans and other debts of the company and buying back shares from the public shareholders of the company, they said. DBA president Shakil Rizvi told New Age that in line with the international practice, there should be liquidator in the market to make an exit plan for the delisted companies as some companies might be delisted for their poor performance.

<http://www.newagebd.net/article/62307/stockbrokers-look-for-liquidation-rules-for-delisted-firms>

SS Steel spikes 401pc in trading debut

The Financial Express, January 18, 2019

- SS Steel Limited made a flying trading debut as its share price jumped 401 % to BDT 50.10 on the Dhaka Stock Exchange (DSE) on Thursday. The engineering sector company made its share trading debut on both the stock exchanges in the country under "N" category.
- Its share traded between BDT 44 and BDT 55, before closing at BDT 50.10 each on the DSE. Its issue price was BDT 10 each. The SS Steel also dominated the turnover chart on the prime bourse, with 7.54 mn shares worth nearly BDT 382 mn changing hands, accounting for 3.78 % of the day's total turnover. At the Chittagong Stock Exchange (CSE), the company's share price also climbed 390 % to close at BDT 49.
- The SS Steel was also among the most traded stocks on the CSE, with around 2.36 mn shares of BDT 118 mn changing hands. The investors showed great enthusiasm for the newly listed stock amid short-term speculation. It created hype among the investors on the very first day of its trading, said a leading broker.
- The company raised a capital worth BDT 250 mn from the capital market by offloading 25 mn ordinary shares using the fixed price method. The securities regulator -- Bangladesh Securities and Exchange Commission (BSEC) -- approved the company's IPO proposal on July 17 last year to raise the said amount.
- The IPO subscription of the company's shares was held between October 28 and November 07, 2018. The IPO proceeds will be utilised for purchasing machinery and plant (85.73 %), construction of a four-storied building and 60-feet high steel structure shed (6.05 %) and bear the IPO expenses (8.22 %), according to the company's IPO prospectus.
- As per un-audited financial statements of the company for the three-month period ending on 30 September 2018, its net profit was BDT 78.15 mn, pre-IPO earning per share (EPS) was BDT 0.36 and post-IPO EPS was BDT 0.32. The net asset value (NAV) per share was BDT 17.15 (with revaluation) and BDT 13.86 (without revaluation) as of September 30, 2018. The Citizen Securities & Investment acted as the issue manager of SS Steel IPO.

<http://thefinancialexpress.com.bd/stock/ss-steel-spikes-401pc-in-trading-debut-1547786076>

MI Cement looks to expand production capacity

The Financial Express, January 19, 2019

- The board of directors of MI Cement Factory Ltd., which produces Crown brand cement, has decided to expand its production capacity, officials said. The decision was taken at a meeting of the board of directors on Thursday.
- As per the decision, the company will set up its 6th cement unit at Muktagachha in Munshiganj at a cost of BDT 6.0 bn. The new production line with a capacity of 8,400 tonnes per day is expected to go into commercial operation by 2021.
- After completion of the new unit, the total production capacity of the company would increase by 76 % to 19,400 tonnes per day from 11,000 tonnes. An official of the company said the growing demand for their cement has encouraged its board of directors to expand the production capacity.
- The Crown cement has been used in several big infrastructure projects, he said, adding that the brand has also gained traction in northeastern states of India because of its good quality. Each share of the company, listed on the Dhaka Stock Exchange (DSE) in 2011, closed at BDT 72.40 on Thursday. In the last one year, its share hovered between BDT 65 and BDT 87.50 each.
- The cement maker disbursed 15 % cash dividend for the year ending on June 30, 2018. The company paid 20 % cash dividend in the previous year. The company has also reported earnings per share (EPS) at BDT 0.47 for July-September 2018 as against BDT 0.47 for July-September 2017. Its net operating cash flow per share (NOCFPS) was BDT 0.68 for July-September 2018 as against BDT 5.36 in the negative for July-September 2017.
- The net asset value (NAV) per share was BDT 48.46 as on September 30, 2018 and BDT 47.98 as on June 30, 2018. The company's paid-up capital is BDT 1.48 bn and authorised capital is BDT 5.0 bn, while the total number of securities is 148.50 mn. The sponsor-directors own 67.08 % stake in the company while institutional investors own 17.25 %, foreign investors 0.31 % and the general public 15.36 % as on December 31, 2018, the DSE data show.
- The Credit Rating Agency of Bangladesh (CRAB) has assigned the entity rating (surveillance) of 'AA2' to the company along with a stable outlook based on audited financial statements up to June 30, 2018, bank liability position as on November 30, 2018 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

<http://thefinancialexpress.com.bd/stock/mi-cement-looks-to-expand-production-capacity-1547872128>

Northern Jute sees strong growth in Q2 EPS

The Financial Express, January 18, 2019

- Northern Jute Manufacturing Company has posted a significant growth in earnings in the October-December (Q2) period of financial year 2018-19 against the loss incurred in the same period of the previous fiscal. This time, the company witnessed a significant growth in EPS (earnings per share), as raw jutes were purchased at a lower price and the export prices went up, officials said.
- The company reported an EPS of BDT 9.06 for October-December 2018 as against a loss of BDT 3.08 per share for October-December 2017, according to a disclosure posted on the website of Dhaka Stock Exchange (DSE). The company's EPS was BDT 11.09 for July-December 2018 as against a loss of BDT 6.45 for July-December 2017. According to a directive issued by the securities regulator on September 27, 2009, the issuer company will provide reasons in case of significant deviation in any parameter between the quarterly periods.
- But the reason for significant deviation witnessed in EPS by Northern Jute Manufacturing Company was not mentioned in the company's disclosure posted on the DSE website. Contacted, company secretary of Northern Jute

Ujjal Kanti Dhar said the reason behind significant deviation in EPS was mentioned in the quarterly statement for October-December 2018.

- The company's board of directors recommended no dividend for the year ending on June 30, 2018. It reported a loss of BDT 17.15 per share for the year ending on June 30, 2018 as against the EPS of BDT 4.27 for the same period of the previous year. The share of Northern Jute Manufacturing Company closed at BDT 1388.90 each on Thursday on the Dhaka Stock Exchange, losing 0.51 % or BDT 7.20 over the previous day.

<http://thefinancialexpress.com.bd/stock/northern-jute-sees-strong-growth-in-q2-eps-1547785951>

IDLC to enhance bond issue size to BDT 7.55b

The Financial Express, January 17, 2019

- IDLC Finance has decided to enhance issue size of the said non-convertible zero coupon bonds of BDT 7.55 bn from BDT 5.0 bn. Earlier on November 25 last year, the board of directors of IDLC Finance decided to issue non-convertible zero coupon bonds of BDT 5.00 bn in face value.
- Denomination of the bond is BDT 1.0 mn each with tenor up to five years, said an official disclosure on Thursday. The non-bank financial institutions will issue the bond through private placement. The bond issue is subject to the approval of regulatory authorities like Bangladesh Bank (BB) and Bangladesh Securities and Exchange Commission (BSEC).
- Each share of the company, which was listed on the Dhaka Stock Exchange (DSE) in 1992, closed at BDT 74.20 on Wednesday. Its share traded between BDT 57 and BDT 84 in the last one year. The company's consolidated earnings per share (EPS) stood at BDT 1.88 for July-September 2018 as against BDT 1.73 for July-September 2017.
- The consolidated EPS was BDT 4.83 in nine months for January-September 2018 as against BDT 4.90 for January-September 2017. The consolidated net operating cash flow per share (NOCFPS) was BDT 27.06 for January-September 2018 as against BDT 23.08 for January-September 2017.
- The consolidated net asset value (NAV) per share was BDT 35.24 as on September 30, 2018 and BDT 33.41 as on December 31, 2017. The company disbursed 30 % cash dividend for the year ended on December 31, 2017. The company's paid-up capital is BDT 3.77 bn and authorised capital is BDT 10 bn, while the number of securities is 377.05 bn. The sponsor-directors own 56.66 % stake in the company, while institutional investors own 17.54 %, foreign 13.82 % and the general public 11.98 % as on December 31, 2018.

<http://thefinancialexpress.com.bd/stock/idlc-to-enhance-bond-issue-size-to-BDT-755b-1547705282>

Move to bring quality IPOs

The Financial Express, January 17, 2019

- The stakeholders have moved jointly to bring 'quality' IPOs (initial public offering) for enhancing the depth of the country's capital market. As part of joint move, they will fix a work plan identifying the reasons behind the unwillingness of the companies having good fundamentals to go public.
- In this regard, the representatives of DSE Brokers Association of Bangladesh (DBA) and Bangladesh Merchant Bankers Association (BMBA) held a meeting on Wednesday at BMBA office. Mohammed Nasir Uddin Chowdhury, managing director at LankaBangla Capital Market Operations, chaired the meeting attended by DBA President Md. Shakil Rizvi and other representatives of both the associations.

- Experts repeatedly had stressed on quality IPOs to increase the depth of the country's capital market. In January last, the chairman of the securities regulator warned merchant banks of 'scrapping' their IPO quota if they fail to carry out stipulated roles in bringing IPOs.
- As per Wednesday's decision, a 12-member body will be formed comprising the representatives of DBA and BMBA for preparing work plan on quality IPOs. Later, both the associations will sit with the regulatory bodies including the Bangladesh Securities and Exchange Commission (BSEC) to implement their plan.
- DBA President Md. Shakil Rizvi told the meeting that the chaotic environment observed at many companies' annual general meetings (AGMs) is one of the reasons that discourages a company to go public.
- Others said some companies are not willing to go public as they prefer hiding financials. Mohammad Ali, CEO at Dhaka Bank Securities, stressed on a mandatory provision of offloading shares by a company if its annual turnover exceeds a certain limit.

<http://thefinancialexpress.com.bd/stock/move-to-bring-quality-ipos-1547700056>

Economy

Fall in remittance from Italy likely this year

The Financial Express, January 19, 2019

- Remittance inflow may see a significant fall this calendar year for taxing expats' cash transfer by Italy, a major source of remittance earnings for Bangladesh. Bangladeshi migrants send home \$550-670 mn every fiscal year from the European country, officials said
- The country bagged \$662 mn from Italy, the ninth-largest amount of such money among 30 nations in fiscal year (FY) 2017-18, according to the central bank data. Bangladeshi workers started working in Italy in 1999. But their number now stands at an estimated 55,518 till 2018, showed the data of the Bureau of Manpower, Employment and Training.
- The Italian government introduced a 1.5 % tax on the hard-earned remittance back home by expatriates which took effect on January 01, 2019. The Bangladesh embassy in Rome recently sent a letter to expatriate welfare and overseas employment ministry, seeking necessary steps to this end. It voiced concern that remittance inflow through legal channel might fall from Italy in future for such larger tax imposition, a ministry source said
- The government here is already working on the issue. It is taking steps to overcome the situation. Expatriate welfare ministry has sought necessary cooperation from finance ministry to take urgent measures in this connection. Earlier, an expatriate could remit 999 euro from Italy a week by commissioning only 4-7 euro. Now, the remitter has to count an additional 15 euro to send home 999 with existing charge that totals 22 euro.
- Experts think Bangladeshi expatriates in Italy may have a tendency to send home money through illegal hundi and other channels to save remittance costs. This trend might hit hard remittance earnings from the European country by the end of 2018, they opined. Bangladesh received \$374.11 mn during the July-December period in the ongoing fiscal. It bagged \$510.78 mn in FY 2016-17. The country received \$14.98 bn in remittance in FY 2017-18.

<http://thefinancialexpress.com.bd/economy/bangladesh/fall-in-remittance-from-italy-likely-this-year-1547871286>

Largest private economic zone to be ready this year

The Daily Star, January 20, 2019

- The country's largest private economic zone, Sirajganj Economic Zone Ltd (SEZL), may open for entrepreneurs within this year. The zone is expected to create employment opportunities for five lakh people and bring in over \$2 bn in investments. Its architectural layout designates space for 400 industries.

- Other facilities include dormitories and housing of five-star or equivalent standards for workers, one-stop administrative and logistic amenities, health and day care centres and technical institutions. The zone will have its own means of sourcing water and will generate steam through a dedicated plant. It will very soon start setting up a 300-MW power plant for uninterrupted electricity supply while availing natural gas from the government.
- The SEZL will dispose of its industrial waste through a common effluent treatment plant (CETP) characterised by zero discharge. The construction of these facilities will start gradually after work on the power plant begins, said the zone's general manager, Md Shahidur Rahman.
- The zone's development cost, minus the power and steam plants and the CETP, is projected to be about BDT 2,800 crore. It is being borne by a consortium of nine companies and two businesspersons, Mohammad Kamruzzaman and Ehsan Habib.
- The companies are Knit Asia, Rising Holdings, Mahmud Fashion, Ratul Knitwear, SM Holdings, Paragon Feed, Texttown, Manami Fashions and Change Bangladesh. They got the final licence from the Bangladesh Economic Zones Authority (Beza) on October 4, 2018. Apart from road and rail connectivity, the zone has access to waterways for it lies on the banks of the river Jamuna. Sirajganj is the gateway to northern Bangladesh.

<https://www.thedailystar.net/business/economy/news/largest-private-economic-zone-be-ready-year-1690039>

BPO showing great promise

The sector grew 20pc year-on-year in 2018

- The business process outsourcing (BPO) sector grew 20 % year-on-year to about \$300 mn last year riding on a few government services, said industry insiders. In recent times, the National Board of Revenue has opened up its back office to the private sector, said Wahidur Rahman Sharif, president of the Bangladesh Association of Call Centre and Outsourcing (BACCO).
- Although the private sector is running the popular government calling services 999 and 333, there are other call-based services that have not been offered to it yet, Sharif said. Most of the banks are now running their own call centres and are not getting much response from their customers.
- The BPOs' expertise might reduce the banks' costs too, according to Sharif, also the owner of Digicon Technologies, a leading BPO in Bangladesh. In 2018, the BPO industry earned about \$300 mn. Of the international work orders, most come from North American brands to maintain their back office.
- Currently, more than 40,000 young people work in about 100 BPO companies. By 2021, the sector is expected to employ 100,000, according to Hossain. However, the sector also faces some challenges, especially when it comes to skilled human resources. When the business idea was first introduced in 2008, the sector made only \$4 mn in revenues.
- Many companies took licences from the telecom regulator then, but most of them closed operations later. This led Bangladesh Telecommunication Regulatory Commission to bring in changes to some of its rules for the sake of the sector's survival, Hossain said. As a result, the sector's earnings have increased more than 17 times since 2012, when it was only \$12 mn.



<https://www.thedailystar.net/business/news/bpo-showing-great-promise-1690048>

International

Germany, China pledge to open markets, deepen financial cooperation

New Age, January 20, 2019

- Germany and China on Friday signed agreements to strengthen coordination in banking, finance and capital markets, and pledged to further open market access and deepen cooperation to broaden economic ties. The agreements were reached after a two-day visit to Beijing by German finance minister Olaf Scholz for talks with vice premier Liu He, who is president Xi Jinping's top economic adviser.
- Both sides reaffirmed that 'they will strengthen macroeconomic policy coordination and pragmatic cooperation in the fiscal and financial fields and expand strategic cooperation,' according to a joint statement after the talks. Trade between the two nations has softened amid uncertainty caused by the US-China trade war, but both have shown a willingness to demonstrate that the world remains multilateral.
- They agreed to work to improve international economic governance, maintain the global multilateral system, fight trade protectionism and support a rule-based multilateral trading system through the World Trade Organization.

<http://www.newagebd.net/article/62291/germany-china-pledge-to-open-markets-deepen-financial-cooperation>

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