

Stock Market

Dhaka stocks fall for 4th week as panic spreads

New Age, May 20, 2018

- Dhaka stocks in the past week extended the bearish streak to fourth week amid poor turnover as the panicked investors kept jittery share sales in all the trading sessions.
- DSEX, the key index of Dhaka Stock Exchange slumped 2.6 % or 143.91 points over the week to finish at 5,443.31 points on Thursday, the last trading session of the week. The DSEX dipped into a year low.
- The key index shed 400 points in the last four weeks with just two positive days.
- A total of BDT 20,270 crore has been wiped out during the four-week slide, which left many investors worried and wondering what to do.
- The DSEX did not see any positive session since April 25 until Thursday that provoked investors to accelerate share sales in the past week for avoiding further losses, market operators said.
- As a result, out of the 342 companies and mutual funds traded, 268 declined, 61 advanced, and 13 remained unchanged over the week.
- They said that the investors witnessed longest losing spell ever in the past four weeks as the market regulators and intermediaries did not intervene in the market as they used to do before.
- The investors became puzzled over the downward move of DSEX despite a Chinese consortium comprising Shenzhen Stock Exchange and Shanghai Stock Exchange has finally become the strategic partner of DSE and the governments' bailouts to revive financial sector, they said.

<http://www.newagebd.net/article/41642/dhaka-stocks-fall-for-4th-week-as-panic-spreads>

Building trust, injecting liquidity priorities of Chinese consortium

The Financial Express, May 18, 2018

- Dhaka stocks on Wednesday dropped for the 11th consecutive session, the longest ever downward
- They said investors were puzzled over the relentless market fall despite the fact that the DSE on Monday signed a strategic investment agreement with the Chinese consortium of Shanghai Stock Exchange and Shenzhen Stock Exchange.
- Lack of confidence and liquidity shortage are the main problems of the capital market in Bangladesh, and the first priorities of the consortium of Shanghai and Shenzhen stock exchanges would be to develop strategies in solving these problems.
- Chairman of supervisory board of Shanghai Stock Exchange Pan Xuexian said it to the FE in an interview on Tuesday.
- He was in the city to attend the deal signing ceremony with Dhaka Stock Exchange (DSE) that took place on Monday.
- The Chinese consortium, comprising Shenzhen Stock Exchange and Shanghai Stock Exchange, signed an agreement with the DSE to acquire its 25 % stake and become a strategic partner.
- Mr Pan said that bringing efficiency in the operations of the country's premier bourse and ensuring transparency are crucial to restore confidence of general investors and resolve the liquidity crisis.

<https://thefinancialexpress.com.bd/stock/building-trust-injecting-liquidity-priorities-of-chinese-consortium-1526635503>

Net foreign investment in stocks trebles in March

The Financial Express, May 18, 2018

- The net foreign investment in the country's capital market more than trebled year-on-year in March 2018 as overseas investors were tempted by the slump in the stock market, according to a quarterly review of a major trade body.
- The review by Metropolitan Chamber of Commerce & Industry, Dhaka (MCCI) on Economic Situation in Bangladesh for January-March 2018 (Q3 of FY18) said in March, foreign investors purchased shares worth above BDT 4.55 Bn and sold off shares worth above BDT 2.99 Bn.
- The net foreign investment in March thus rose to above BDT 1.56 Bn as compared to a negative of BDT 940 Mn in the previous month.
- "However, the net foreign investment in Q3 of FY18 decreased to above BDT 2.49 Bn from above BDT 7.54 Bn in the corresponding period of FY17," said the MCCI.
- It also said Dhaka stocks rebounded strongly on March 29 this year, the last working day of the quarter under review (Q3 of FY18), after breaking a three-day losing streak amid active participation by institutional and general investors.
- On that day, the benchmark index of the Dhaka Stock Exchange (DSE), DSEX, rose by 108.57 points or 1.97 % to close at 5,597.
- "It was the biggest single-day gain in the past one-and-a-half months since 11 February 2018, when DSEX surged 128 points or 2.15 %. The other two indices of the DSE also ended higher."

<https://thefinancialexpress.com.bd/stock/net-foreign-investment-in-stocks-trebles-in-march-1526622064>

ICB to waive BDT182cr in interest on 5,162 stock investors' loans

Dhaka Tribune, May 18, 2018

- The state-owned investment company Investment Corporation of Bangladesh (ICB) has initiated a move to waive BDT182 crore interest on margin loans that the entity provided to 5,162 investors affected by the 2010-11 market crash.
- ICB took the initiative so that investors can become active in trading. Of the investors, 5,162 will get 100% interest waiver as their portfolio turned negative due to the market fall since 2010-11 due to tough conditions.
- ICB decided to waive the perpetual interest of seven years and three months (from January 1, 2011 to March 31, 2018) for the rehabilitation of margin loan holders, in its 534th board meeting. The facility will be applicable to clients of ICB as well as its two subsidiaries ICB Securities Trading Company Limited and ICB Capital Management Limited.
- The affected investors will get a chance to turn around again. If the beneficiaries of this move are market-oriented, the overall impact of this on the stock market will be positive, said stakeholders.

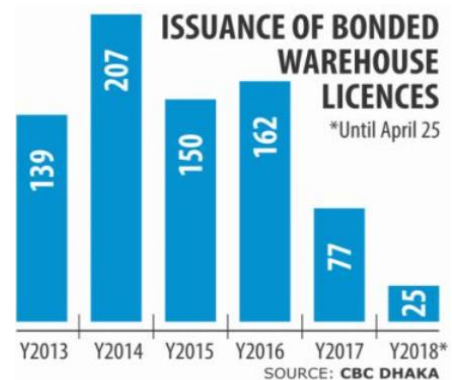
<https://www.dhakatribune.com/business/2018/05/20/icb-to-waive-BDT182cr-in-interest-on-5-162-stock-investors-loans>

Economy

Licences getting hard to come by

The Daily Star, May 20, 2018

- About 200 applicants, who have set up factories to make wares for export, are kicking their heels in frustration because of the Customs Bond Commissionerate's (CBC) apathy in giving out bonded warehouse licence, a duty-free privilege extended to exporters.
- The businessman has invested about BDT 150 crore for setting up a fully export-oriented denim factory, but in the absence of any production he now has to foot the costly bank instalments.
- Previously, licences were issued within a month of applying.



<https://www.thedailystar.net/business/licences-getting-hard-come-1578889>

Bangladesh exports to Turkey, once a promising market, set to fall for 4th yr

New Age, May 20, 2018

- Country's export earnings from Turkey has continued to decline since 2013-14 fiscal due to supplementary duty barrier on apparel products imposed by Turkey as safeguards to its local industry.
- Bangladesh's export to Turkey in the first 10 months of the current 2017-18 fiscal fell by 19.35 % to \$448.93 Mn from \$556.66 Mn in the same period of FY17, according to Export Promotion Bureau data.
- EPB officials said 10-month export data indicate that Bangladesh's earnings from Turkey would fall for the fourth year in the current fiscal year as the total earning in FY18 would be much lower than that of \$631.63 Mn in FY17.
- Exporters said that Bangladesh had lost its competitiveness in the Turkey market as the country imposed safeguard duty on apparel imports in 2011.
- Turkey was a very promising market for Bangladesh and only government initiatives could help regain the potentials of that market, they said.
- 'Turkey was a very good market for Bangladesh. A good quantity of apparels used to be re-exported to Russia from Turkey. Now they have stopped imports of almost all types of apparels to protect their local industry,' Shahidul said.
- Turkey imposed the safeguard duty at a rate of 17 % in September 2011 on apparel imports from the least developed countries, including Bangladesh.

<http://www.newagebd.net/article/41643/bangladesh-exports-to-turkey-once-a-promising-market-set-to-fall-for-4th-yr>

Central Pharma directors game the system

The Daily Star, May 20, 2018

- “On one hand, the government encourage On February 22, 2017, Central Pharmaceuticals informed through the Dhaka Stock Exchange that its sponsors' shares will be bought out by the directors of Alif Group gradually through the block market.
- The news was met with much cheer by the general investors, who forecasted the change in ownership and management would bring better performance from Central Pharmaceuticals. Subsequently, its share price soared from BDT 13.6 to BDT 36.1 in a space of four months.
- This prompted two opportunistic directors of Central Pharmaceuticals Md Rukunuzzaman and Parvez Ahmed Bhuiyan to stealthily sell off 18.85 lakh and 19.83 lakh of their shares respectively to the general public -- instead of Alif Group as agreed. In the process, the two made a killing.
- Rukunuzzaman and Bhuiyan had sold off their entire holdings in Central Pharmaceuticals without informing the DSE, breaching the Listing Regulations 2015.
- As per a directive of the Bangladesh Securities and Exchange Commission, the sponsors of a company must hold 30 % of the shares at any given moment.

<https://www.thedailystar.net/business/central-pharma-directors-game-the-system-1578886>

International

China agrees to import more from U.S., no sign of \$200 Bn figure

Reuters, May 19, 2018

- China has agreed to significantly increase its purchases of U.S. goods and services, the two countries said on Saturday, but made no mention of a \$200 Bn target the White House had touted earlier.
- Beijing and Washington agreed they would keep talking about measures under which China would import more energy and agricultural commodities from the United States to close the \$335 Bn annual U.S. goods and services trade deficit with China.
- A joint statement issued at the conclusion of intensive trade talks in Washington did not indicate whether the two countries would delay or drop their tariff threats on Bns of dollars worth of each country's goods, which has sparked fears of a wider trade war and roiled financial markets.
- “There was a consensus on taking effective measures to substantially reduce the United States' trade deficit in goods with China,” the joint statement said.
- “To meet the growing consumption needs of the Chinese people and the need for high-quality economic development, China will significantly increase purchases of United States goods and services.”

<https://www.reuters.com/article/us-usa-trade-china/china-agrees-to-import-more-from-u-s-no-sign-of-200-Bn-figure-idUSKCN1IK0PM>

Wall Street's 'Sell in May' could be fading away

Reuters, May 19, 2018

- “Sell in May and go away,” arguably the most well-worn axiom on Wall Street, has proven to be shrewd advice during previous midterm election years.
- Though the exact origins of the phrase are a bit murky, up until recently, stocks had underperformed in the six-month period starting in May, which coincides with vacation for many traders between the Memorial Day and Labor Day holidays.
- But this year, investors may be better served by eschewing the adage as stocks look positioned to buck that trend, with corporate profits coming off a banner quarter and as the U.S. economy continues to gain traction.
- According to the Stock Trader’s Almanac, the Dow Jones Industrial Average has lost 64.71 points from May through October since 1950 versus a gain of 20,790.89 for the November through April months.
- Over the same time frame, the S&P has gained 264.31 points during the May-October period, compared with a gain of 2,420.72 points during the other six months.

<https://www.reuters.com/article/us-usa-stocks-weekahead/wall-streets-sell-in-may-could-be-fading-away-idUSKCN1IJ2HE>

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