

Stock Market

Stocks stay afloat in nervy trading

New Age, June 20, 2019

- Dhaka stocks rose marginally for the second day on Wednesday amid nervy trading as investors awaited the government move to review the proposed tax on listed companies' reserve. DSEX, the key index of Dhaka Stock Exchange, added 0.20 %, or 11.16 points, to close at 5,411.40 points on Wednesday after gaining 24.94 points in the previous day.
- Market operators said that investors remained cautious as they awaited the government move to review the proposed taxes on listed companies. Following intense criticisms, National Board of Revenue chairman Mosharraf Hossain Bhuiyan on Monday said that the 5 % tax on listed companies' reserve and retained earnings would be reconsidered that has lessened worries among investors, they said.
- Finance minister AHM Mustafa Kamal on June 13 in the proposed national budget for the fiscal year of 2019-20 slapped 15 % tax on retained earnings and reserve of a listed company if the figures exceed 50 % of the paid-up capital of the company. He also proposed imposition of tax on the value of stock dividend at the rate of 15 %, which will be collected from the listed companies within sixty days of such dividend declaration.
- The turnover at the bourse increased to BDT 554.04 crore on Wednesday from BDT 528.82 crore in the previous session. Eastern Insurance, JMI Syringe, Nurani Dyeing, Sonar Bangla Insurance, Rupali Life Insurance, Global Insurance, Dragon Sweater, Eastland Insurance and Pragati Life Insurance were the other turnover leaders.

<http://www.newagebd.net/article/75907/stocks-stay-afloat-in-nervy-trading>

Budget positive for motorcycle makers

The Daily Star, June 20, 2019

- Local motorcycle assemblers and manufacturers welcome the proposed duty benefit on import of raw materials for two-wheelers. The continuation of concessionary duties on raw material import for motorcycle manufacturers into fiscal 2019-20 would help the fast-growing sector, said market players.
- Furthermore, Finance Minister AHM Mustafa Kamal added three new raw materials into the list for concessionary duty, which has been around since fiscal 2017-18. "This is great news for the automobile sector," said Hafizur Rahman Khan, chairman of Runner Automobiles, one of the leading motorcycle manufacturers.
- He, however, called for a long-term policy for the sector, as the constant change in rules leaves investors in a state of confusion and scares off potential ones.
- The government's move to declare it a thrust sector would help expand motor bike assemblers and manufacturers' business, said Abul Kasem Khan, former president of the Dhaka Chamber of Commerce and Industry.
- Abdul Matlub Ahmed, chairman of Nitol-Niloy Group that manufactures the Indian brand Hero's motorcycles in Bangladesh, echoed the same.
- About 4 lakh units of motorcycles were sold last year, and the annual sales figure will cross 15 lakh units by 2025.
- The motorcycle market size reached approximately BDT 4,000 crore in 2018, according to an estimate of the market players. At present, local manufactures caters to 40 % of the total demand for motorcycles in Bangladesh.

<https://www.thedailystar.net/business/bangladesh-budget-2019-20-is-positive-motorcycle-makers-1759726>

Pran-RFL clarifies

The Daily Star, June 20, 2019

- Pran-RFL Group yesterday said Pran Dairy has not dodged taxes as opposed to claims after cement was found in 30 containers in place of raw materials for plastic products. "This incident is not an attempt to dodge tax at all," the group said in a statement.
- It came after the Customs House in Chattogram filed a case against Pran Dairy alleging that it tried to dodge paying BDT 2.88 crore in duty by falsely declaring 30 containers of imported cement as raw materials for plastic products.
- In a statement, Pran-RFL Group said Pran Dairy opened a 180-day deferred letter of credit in favour of GPG Middle East General Trading LLC of United Arab Emirates on March 21 this year with Mutual Trust Bank in order to import 510 tonnes of HDPE resin.
- Subsequently, the resin arrived at the Chattogram port on May 26 through Everbest Logistics, the local agent of SK Shipping Line. But the clearing agent informed Pran Dairy that cement bags were found in place of resin during unloading of the containers on June 1.
- Pran Dairy immediately informed all stakeholders, including the supplier, the shipping line, the Customs House of Chattogram and the port authorities, stating that the goods were not supplied as per the purchase order, according to the statement.

<https://www.thedailystar.net/business/news/pran-rfl-clarifies-1759720>

Economy

Bangladesh fastest economy in Asia-Pacific: ADB

The Daily Star, June 20, 2019

- Bangladesh has achieved the fastest growth in the Asia-Pacific economies comprised of 45 countries, according to the Asian Development Bank (ADB). The country attained 7.9 % growth which was the fastest expansion since 1974 in the outgoing fiscal year of 2018-19, according to the Manila-based donor.
- The bank predicted that the growth will be 8 % in the FY2019 and FY2020, terming it a new record. The ADO, the annual publication of the ADB, evaluates and forecasts economic performance of the 45 Asian and Pacific countries.
- It said the growth will be moderate across most of developing Asia -- 5.7 % in 2019 and 5.6 % in 2020 from 6.2 % in 2017 and 5.9 % in 2018. South Asia will see buck trend of slowing growth in Asia -- 6.8 % in 2019 and 6.9 % in 2020.
- The ADO said the key attributors of this growth are strong leadership, good governance, stable government and continued political calm, sound macroeconomic policy and right development priorities.
- The drivers of the growth have been identified as higher public investment, stronger consumption demand, revival in exports, improved power supply and higher growth in private sector credit.
- The ADO pointed out that Bangladesh has favourable trade prospects despite a weaker global growth while exports and remittances are likely to increase further.
- It also mentioned that strong public investment due to continued policy environment and expeditious implementation of large infrastructure projects and higher tax collection with expanded tax base will move Bangladesh economy further.

<https://www.thedailystar.net/business/bangladesh-fastest-growing-economy-in-asia-pacific-adb-1759753>

New VAT system to bring in BDT 11,000cr more

Sohel Parvez

- The National Board of Revenue expects to collect about BDT 11,000 crore more for imposition of VAT on various goods and services and increasing rates on many others, said its officials.
- It also aims to register BDT 5,000 crore by ensuring use of electronic sales registers -- electronic fiscal device (EFDs), sales data controller (SDC) or point of sales -- by 25 types of businesses, including grocery stores, hotels and restaurants, sweetmeat shops, clothing stores, furniture sellers, jewellers, electronics sellers, and large and medium wholesalers.
- The NBR's collection target from VAT in the incoming fiscal year is BDT 117,672 crore. This year, it is expecting to collect BDT 81,820 crore, meaning it has to come up with new ways to bring home an additional BDT 35,852 crore in fiscal 2019-20.
- Apart from the VAT measures, the hike in supplementary duty on cigarettes and tobacco products and mobile usage will bring in more than BDT 8,000 crore, according to an estimate of the NBR.
- "We expect to achieve nearly half of our additional collection target by introducing four main VAT rates and specific tax under the new law," said a senior official of the NBR. The government proposed multiple rates of VAT under the VAT and Supplementary Duty Act 2012, diverting much from the spirit of the law when it was formulated in 2011.
- The government proposed slapping 5 %, 7.5 % and 10 % VAT on specific goods and services apart from the standard VAT rate of 15 %, which has been in existence for nearly three decades now.____

<https://www.thedailystar.net/business/news/new-vat-system-bring-BDT-11000cr-more-1759729>

IMF seeks clarification of 'wilful defaulters'

- The International Monetary Fund (IMF) has expressed interest to know about the definition of wilful loan defaulters, which will be used for identifying them legally. The visiting IMF mission's interest was shown at a meeting held at the Bangladesh Bank (BB) headquarters in Dhaka on Wednesday with BB Banking Reforms Advisor SK Sur Chowdhury in the chair.
- The BB officials told the meeting the central bank has initially set four criteria to identify the wilful loan defaulters who might face stern action. For example, if a borrower who has the ability to repay the loan, but avoids repayment will be treated as wilful defaulter.
- Similarly, if the borrower sells the mortgaged property without consent of the banks, he or she will be deemed wilful loan defaulter. A high-powered committee, headed by Ahmed Jamal, deputy governor of the BB, is now working on the issue, the central bankers said.
- Senior bankers, however, urged the authorities concerned to issue a guideline defining habitual or wilful loan defaulter immediately. Currently, there is no guideline to detect wilful or habitual loan defaulter legally, according to bankers.
- The volume of defaulted loans climbed by more than 18 % to BDT 1,108.73 bn in the first quarter (Q1) of the year from BDT 939.11 bn in the earlier quarter, according to figures available with the central bank.

<http://thefinancialexpress.com.bd/economy/bangladesh/imf-seeks-clarification-of-wilful-defaulters-1561001010>

International

China's Belt and Road can speed dev, needs transparency: WB

New Age, June 20, 2019

- China's massive Belt and Road infrastructure drive could speed up economic development and reduce poverty for dozens of developing countries, the World Bank said on Tuesday in a new report that called for deep policy reforms and more transparency for the initiative.
- The long-delayed report said that the Belt and Road - a string of ports, railways, roads and bridges and other investments connecting China to Europe via central and southern Asia - could lift 32 mn people out of moderate poverty conditions if implemented fully. Still, there are 'significant risks,' the World Bank said.
- 'Achieving the ambitions of the Belt and Road Initiative will require equally ambitious reforms from participating countries,' Ceyla Pazarbasioglu, World Bank vice president for equitable growth, said in a statement. 'Improvements in data reporting and transparency - especially around debt - open government procurement, and adherence to the highest social and environmental standards will help significantly,' she added.
- The World Bank's new president, David Malpass, skipped China's second Belt and Road summit in Beijing in April to take his first foreign trip to Africa instead. Malpass was a critic of Belt and Road when he was an official at the US Department of the Treasury, arguing that it was saddling some countries with unsustainable debts.

<http://www.newagebd.net/article/75697/us-businesses-beq-to-be-left-off-trumps-tariff-list>

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