

Stock Market & Company

Dhaka stocks add 12 points in 3 days amid choppy trading

New Age, November 20, 2019

- Dhaka stocks ended flat on Tuesday, gaining 12 points in last three trading sessions as a section of investors kept buying undervalued stocks while many others remained cautious on the trading floor. DSEX, the key index of Dhaka Stock Exchange, inched up by 0.01 per cent, or 0.35 points, to close at 4,722.37 points on Tuesday.
- Trading at the market was slow and choppy throughout the session as investors were unsettled on the trading floor, market operators said. Some investors continued with bargain hunting after share prices of most of the companies declined to the lowest level in the recent plunge, they said.
- Share prices of Grameenphone surged by 3.8 per cent as investors expected that prolonged tussle of the mobile operator with the Bangladesh Telecommunication Regulatory Commission over audit claim might be settled soon. The GP surge contributed most to keeping the index afloat, market operators said.
- Turnover on the bourse declined to BDT 380.83 crore on Tuesday from BDT 409.61 crore in the previous day. Out of the 350 scrips traded on the day, 174 declined, 124 advanced and 36 remained unchanged. Grameenphone led the turnover chart with its shares worth BDT 24.11 crore changing hands on the day.
- National Tubes, Standard Ceramics, Sonar Bangla Insurance, Stylecraft, Monno Jute Stafflers, Bangladesh Submarine Cable Company, Nitol Insurance Company, BRAC Bank and Active Fin Chemicals were the other turnover leaders. Beacon Pharmaceuticals gained the most on the day with a 9.82-per cent increase in its share prices while Pacific Denims performed the worst, losing 15.12 per cent.

<http://www.newagebd.net/article/91115/dhaka-stocks-add-12-points-in-3-days-amid-choppy-trading>

Economy and Industry

Rise in issuance of T-bonds, bills pushes up yield curves

Net issuance of T-bonds up 300pc, T-bills 900pc in FY 19

The Financial Express, November 20, 2019

- The increase in issuance of T-bonds and T-bills propelled their yield curves upward in last fiscal year (FY), 2018-19, according to the Bangladesh Bank (BB) statistics. Yield curve has direct relationship with issuance of treasury securities at a given time. It also helps increase the yield rates of such securities in the market.
- In FY 19, the government had borrowed more through issuance of treasury bills and bonds over the previous FY. It means that the government had much appetite for funds for its budget implementation, experts told the FE.
- The net issuance of T-bonds was BDT 198.64 bn in 2018-19, up by 300 per cent over the previous FY, according to the central bank.
- On the other hand, the net worth of T-bills issued in FY 19 was BDT 177.31 bn, nearly 900 per cent higher than that of FY 18.

- The BB officials told the FE that the primary market yield curves of T-bills and bonds are being widely used for valuation of the financial market instruments.
- The cut-off yield of 2-year bond rose by over 51 per cent to 7.55 per cent (annualised), of five-year bond by 33 per cent to 8.10 per cent, of 10-year bond by 13 per cent to 8.44 per cent, of 15-year bond by 10 per cent to 8.9 per cent, and of 20-year bond by 4.35 per cent to 9.29 per cent, according to the BB statistics.
- The statistics also showed that the cut-off yield of 91-day T-bills rose by 57 per cent to 7.19 per cent (annualised), 182-day bills by 61 per cent to 7.35 per cent, and 364-day bills by 48 per cent to 7.39 per cent.

<https://thefinancialexpress.com.bd/economy/bangladesh/rise-in-issuance-of-t-bonds-bills-pushes-up-yield-curves-1574224491>

BB cuts interest rate for export dev fund

The Daily Star, November 20, 2019

- The central bank yesterday cut interest rate on its export development fund (EDF) by 1 percentage point with a view to giving a boost to sluggish export earnings.
- As per a notice issued by the Bangladesh Bank, manufacturers who export will now be able to borrow foreign currency loans at LIBOR (London Interbank Offered Rate) plus 1.5 percent, down from 2.5 percent previously.
- LIBOR, which serves as a global benchmark for short-term interest rates, has been hovering between 1.90 percent to 1.92 percent for the last few days, meaning the cost of foreign currency loans will remain at about 3.42 percent.
- The banking regulator also cut the interest rate for banks as they will be charged LIBOR plus 0.50 percent from the previous rate of LIBOR plus 1 percent.
- Exporters initially apply to banks for the loans, after which lenders request the central bank to provide the fund.
- The latest central bank decision will encourage exporters as their production cost will decrease significantly, said a Bangladesh Bank official. This will have a positive impact on the decreasing trend of export earnings, he said.
- In the first four months of the fiscal year export receipts fell short of target by USD14.33 bn by nearly 7 percent, according to data from the Export Promotion Bureau. Furthermore, last month exports raked in USD3.07 bn, down 17 percent year-on-year.

<https://www.thedailystar.net/business/news/bb-cuts-interest-rate-export-dev-fund-1829446>

Housing sector gets a shot in the arm

Home loans ceiling raised to BDT 2cr

The Daily Star, November 20, 2019

- The central bank yesterday increased the ceiling for home loans by 66.66 percent to help the expanding middle class buy properties and build houses amid the price hike of construction materials.
- As a result, a single client will be able to avail a maximum of BDT 2 crore in home loans compared to BDT 1.20 crore previously, according a central bank notice sent out to all lenders.

- The Bangladesh Bank, however, kept unchanged the debt-equity ratio at 70:30, meaning clients will be allowed to receive up to 70 percent of the total construction cost of homes from commercial banks.
- As per the central bank notice, rising per capita income, the growing middle class, and the price increase of construction materials motivated the decision.
- This came in response to a request of the Association of Bankers, Bangladesh (ABB), a forum of managing directors of commercial banks. On November 7, the platform, at a meeting with the BB, called for raising the credit ceiling for the housing sector.
- The increase in the credit ceiling would give a fillip to the sector, which has been recovering from a slowdown, he said. The housing market went on a downturn in 2012 for intermittent political instability, a bearish stock market and the government's apathy towards providing gas connections to new buildings.
- As of June 2018, total outstanding home loans from banks and financial institutions were BDT 81,520 crore, according to data from the BB.

<https://www.thedailystar.net/business/news/housing-sector-gets-shot-the-arm-1829440>

Agri food processors eye USD1b in exports

The Daily Star, November 20, 2019

- Agricultural food-processing entrepreneurs yesterday said they can raise their annual exports by more than 40 percent to USD1 bn within 2021 through adoption of advanced technology. Shipment by the agricultural food-processing sector stood at around USD700 mn in the last fiscal year.
- "The agro-food processing sector needs to adopt advanced technology to fulfill the plan of exporting products worth USD1 bn a year," said Ahsan Khan Chowdhury, chairman and chief executive of Pran-RFL Group, the largest agriculture food processor in Bangladesh.
- Bangladesh itself has a large market for processed foods. "There is a huge potential within the country," Chowdhury said. SM Jahangir Hossain, vice-president of the Bapa, said the country needs to diversify export items apart from apparels.

<https://www.thedailystar.net/business/news/agri-food-processors-eye-1b-exports-1829437>

International

Indian banks report USD13b frauds in six months

The Daily Star, November 20, 2019

- India's state-run banks reported fraud worth 957.6 bn rupees (USD13.34 bn) in the first six months of the fiscal year 2019/20 ending in March, finance minister told lawmakers on Tuesday.
- The number of fraud cases touched 5,743 during April-Sept. period. "Government has taken comprehensive measures to curb the incidence of fraud in banks," Nirmala Sitharaman, India's finance minister told the upper house of parliament.

- The measures included the freezing of 338,000 bank accounts of inoperative companies in the last two financial years and an enactment of a law with a provision to confiscate the property of economic offenders.

<https://www.thedailystar.net/business/news/indian-banks-report-13b-frauds-six-months-1829386>

Global debt to top record USD255 trillion by year's end

The Financial Express, November 20, 2019

- Global debt is on course to end 2019 at a record high of more than USD255 trillion, the Institute of International Finance estimated on Friday — nearly USD32,500 for each of the 7.7 bn people on planet.
- The amount, which is also more than three times the world's annual economic output, has been driven by a USD7.5 trillion surge in the first half of the year that shows no signs of slowing, Reuters reports.
- Around 60 per cent of that jump came from the United States and China. Government debt alone is set to top USD70 trillion this year, as will overall debt (government, corporate and financial sector) of emerging-market countries.
- "With few signs of slowdown in the pace of debt accumulation, we estimate that global debt will surpass USD255 trillion this year," the IIF said in a report.
- Across sectors, government debt saw the biggest rise in the first half of the year, increasing by 1.5 percentage points, followed by non-financial companies, with a 1 percentage point rise.
- Moreover, with state-owned companies now accounting for over half of non-financial corporate debt in emerging markets, sovereign-related borrowing has been the single most important driver of global debt over the past decade.

<https://thefinancialexpress.com.bd/economy/global/global-debt-to-top-record-255-trillion-by-years-end-1573889267>

Alibaba starts listing in Hong Kong

The Financial Express, November 20, 2019

- Chinese e-commerce giant Alibaba Group Holding Ltd. started listing on the main board of Hong Kong stock exchange on Friday.
- The e-commerce giant will issue 12.5 mn new shares at a price no higher than 188 Hong Kong dollars (about 24 US dollars) per share. Its international offering of 487.5 mn shares will be priced on Wednesday.
- It will become another Hong Kong-listed company that has weighted voting rights structures, following smartphone maker Xiaomi and group buying website Meituan Dianping.
- Shares of Alibaba are expected to be included in the Stock Connect, a programme that allows investors from the Chinese mainland and Hong Kong to invest in the market of the other side.
- Alibaba CEO Zhang Yong said encouraging reforms took place in Hong Kong's capital market in recent years, and the company still believes in the bright future of Hong Kong and hopes to participate in its development.

<https://thefinancialexpress.com.bd/stock/global/alibaba-starts-listing-in-hong-kong-1573817646>

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