

Stock Market

Dhaka stocks inch up for 2nd day

New Age, December 20, 2018

- Dhaka stocks inched up for the second day on Wednesday as a section of investors continued buying shares after a seven-day fall amid polls-centric tensions. DSEX, the key index of Dhaka Stock Exchange, added 0.17 per cent, or 8.96 points, to close at 5,242.56 points on Wednesday after gaining 15.58 points in the previous session.
- Before the two-day gains, the DSEX had lost 143 points in the previous seven sessions. The DSEX went through a choppy session and finished the day with a brief gain as a section of investors continued buying shares to avail lower prices of stocks after the recent fall, market operators said.
- They said that the institutional investors came forward to inject funds in the bearish market with an expectation of better market after the national election scheduled for December 30. Average share prices of food, engineering, textile and non-bank financial institution advanced by 1.3 per cent, 0.8 per cent, 0.7 per cent and 0.6 per cent respectively.
- Trading at the market was choppy as many investors hesitated to invest as the market remained volatile for a couple of weeks amid polls-centric cautiousness, market operators said. Besides, attacks on leaders and activists of opposition political parties during their electioneering in favour of their candidates in the 11th parliamentary elections at different places in the country made investors nervous, they said.
- The turnover on DSE inched up to Tk 397.93 crore on Wednesday compared with that of Tk 334.09 crore in the previous trading session. Average share prices of telecommunication, bank and pharmaceutical sectors decreased by 0.8 per cent, 0.3 per cent and 0.1 per cent respectively.
- The textile sector led the turnover chart on Wednesday by holding 16.5 per cent of the day's total turnover. Among the large capitalised scrips, a plunge in share prices of Grameenphone, Square Pharmaceuticals, BRAC Bank and United Power Generation Company capped the gains on the day.
- Of the 336 companies and mutual funds traded on Wednesday, 209 advanced, 78 declined and 54 remained unchanged. DSE blue-chip index DS30, however, shed 0.38 per cent, or 7.16 points, to close at 1,836.24 points. Shariah index DSES lost 0.02 cent, or 0.31 points, to finish at 1,204.88 points.

<http://www.newagebd.net/article/59317/dhaka-stocks-inch-up-for-2nd-day>

BSEC okays Silco Pharma's Tk 30cr IPO

New Age, December 20, 2018

- Bangladesh Securities and Exchange Commission on Wednesday approved Silco Pharmaceuticals Limited's proposal to raise Tk 30 crore from the capital market through an initial public offering. The pharmaceutical company will float three crore shares at an issue price of Tk 10 each.
- A BSEC meeting, presided over by its chairman M Khairul Hossain, approved the IPO proposal, said a BSEC press release. The pharmaceutical company will use the IPO fund for purchasing capital machinery and equipment, constructing factory building and meeting IPO expenses.
- As per the entity's audited financial statements for the year ended on June 30, 2017, Silco's net asset value per share and weighted average earnings per share were Tk 25.41 and Tk 1.46 respectively. City Bank Capital Resources Limited, EBL Investment, and Citizen Securities and Investment Limited are the issue managers of the company's IPO.

<http://www.newagebd.net/article/59319/bsec-okays-silco-pharmas-tk-30cr-ipo>

Govt earnings from DSE fall 19pc in November

The Financial Express, December 19, 2018

- The government revenue earnings from the Dhaka Stock Exchange (DSE) fell 19 per cent month-on-month in November this year on the back of falling trade volumes. Market insiders said sluggish market trend coupled with low share sales by sponsor-directors and placement holders continued affecting the government revenue earnings from the prime bourse.

Revenue earnings from DSE in five months

Fiscal Year-2018-19		Fiscal Year-2017-18	
July	Tk 225m	July	Tk 252m
August	Tk 142m	August	Tk 271m
September	Tk 215m	September	Tk 308m
October	Tk 189m	October	Tk 233m
November	Tk 153m	November	Tk 231m
Total	Tk 924m	Total	Tk 1295m

Source: DSE

- The government collected tax worth Tk 153 million in November against Tk 189 million in October 2018, falling more than 19 per cent, the DSE data shows. The government earnings from the DSE also fell 28 per cent in five months of the current fiscal year (FY) compared to the same period of the previous fiscal.
- The government bagged revenue worth Tk 924 million in July-November period of the FY 2018-19 against Tk 1,295 million in same period of the previous fiscal, the DSE data shows. The government earned the amount on TREC (trading right entitlement certificate) holders' commission and share sales by sponsor-directors and placement holders.
- The DSE, on behalf of the government, collects tax as TREC (trading right entitlement certificate) holders' commission and share sales by sponsor-directors and placement holders at the rate of 0.05 per cent and 5.0 per cent respectively and deposits the amount to the government exchequer.
- Of the total earnings in November, Tk 117 million came from the TREC holders' commission, popularly known as brokerage commission, while Tk 36 million came from the share sales by sponsor-directors and placement holders, the DSE data shows. In October, Tk 62 million came from the share sales by sponsor-directors and placement holders.
- The daily average turnover in November stood at Tk 5.43 billion while average turnover was Tk 5.18 billion in October. Between January 01 and November 30, 2018, DSEX, the prime index of the DSE, also eroded 963 points or 15.42 per cent. Bearish market trend coupled with low the share sales by sponsor-directors and placement holders hit the government earnings from the DSE, said a DSE director.

<http://thefinancialexpress.com.bd/stock/govt-earnings-from-dse-fall-19pc-in-november-1545193951>

Stockbrokers get 2yrs more to complete provisioning

New Age, December 20, 2018

- Bangladesh Securities and Exchange Commission on Wednesday extended the deadline by another two years for keeping provision against unrealised losses in portfolios of merchant banks, stock dealers and their clients.
- The extension came following a plea from DSE Brokers Association of Bangladesh. BSEC extended the facility to December 31, 2020 after DSE Brokers Association on December 9 urged the commission to extend it by three more years, mentioning the bearish trend at the capital market.
- The unrealised losses took place due to revaluation of portfolios of the merchant banks and stock dealers and their clients, said the regulator in a statement. In 2017, BSEC set December 31, 2018 as the deadline for provisioning the unrealised losses. Before the extension, the deadline was extended for a number of times.

- The time has been extended considering the present market situation and in response to the appeal of the merchant banks and stock dealers, said a BSEC official.

<http://www.newagebd.net/article/59314/stockbrokers-get-2yrs-more-to-complete-provisioning>

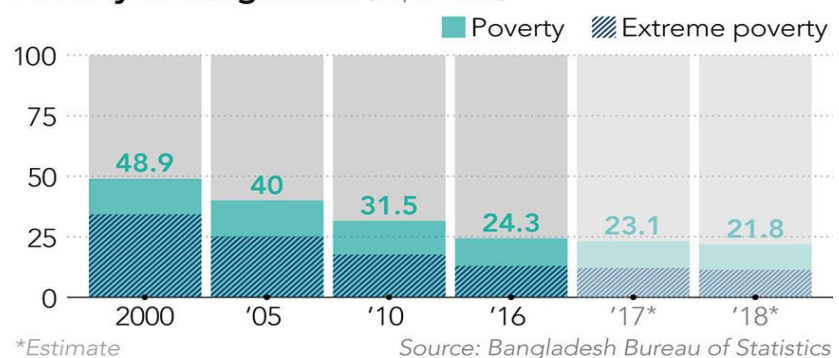
Economy

BD economy witnesses 'rise and rise': Nikkei Asian Review

The Financial Express, December 20, 2018

- Japan-based global economic journal Nikkei Asian Review has said Bangladesh continued to witness 'rise and rise' with booming economy. The journal made the statement in its cover story titled 'The rise and rise of Bangladesh', published on Wednesday, based on an extensive study on Bangladesh, reports BSS.
- As the author the story, Editor-at-large of the journal Gwen Robinson wrote, "With remarkably little international attention, Bangladesh has also become one of the world's economic success stories". The report also mentioned that ruling Awami League's victory in the upcoming elections would keep up the development spree.
- According to the story, the analysis said after two consecutive five-year terms for the ruling party, analysts point to a palpable "anti-incumbency" sentiment among some voters but "from an economic standpoint, many agree that a ruling party victory would support further development".
- Earlier this year, Bangladesh celebrated a pivotal moment when it met United Nations criteria for graduating from least developed country (LDC) status by 2024.
- A vast community of about 2.5 million Bangladeshi overseas workers further buoys the economy with remittances that jumped an annual 18 per cent to top \$15 billion in 2018, it said, adding that but Hasina also knows the country needs to move up the industrial value chain. Chinese investors also bought 25 per cent of the Dhaka Stock Exchange in 2018, and Bangladesh is now the second-largest importer of Chinese military hardware after Pakistan.

Poverty in Bangladesh (in per cent)



<http://thefinancialexpress.com.bd/economy/bangladesh/bd-economy-witnesses-rise-and-rise-nikkei-asian-review-1545228732>

BB steps in to clear backlog of cases

Over Tk 75,000cr loans stuck in 55,500 cases

The Daily Star, December 20, 2018

- The central bank has agreed to sit with the Law Commission after top bankers called for steps to bail banks out of a huge backlog of court cases related to nonperforming loans. Bangladesh Bank took the decision yesterday at a quarterly meeting with the Association of Bankers, Bangladesh (ABB), a forum of the managing directors of banks, at the BB headquarters.

- As of June 2018, more than 55,500 cases involving Tk 75,000 crore in default loans are pending with the courts, according to BB data. The rising NPL also concerned BB Governor Fazle Kabir. He asked bankers to bring down the NPL to 10 percent by intensifying recovery efforts.
- Data showed NPL increased to Tk 99,370 crore, which is 11.45 percent of the outstanding loans in September this year, up from 10.41 percent in June. The amount will be much higher if loans written-off and rescheduled are taken into account, according to bankers.
- The central bank asked the banks, which faced provisioning shortfall against their disbursed loans, to take up a detail plan to manage the deficit, said Rahman, also the managing director of Dhaka Bank. The BB ordered the lenders to increase use of electronic payment channels such as the Real-Time Gross Settlement and the Bangladesh Electronic Fund Transfer Network, to establish a cashless society. The ABB requested the central bank to relax the selling rate of the bills for collection—used for import payments—to cool down the foreign exchange market.

<https://www.thedailystar.net/business/banking/news/bb-steps-clear-backlog-cases-1676098>

Power sector 'distortions' cost Bangladesh \$11.2b a year: WB

New Age, December 20, 2018

- Distortions in the power sector impose a total economic cost of roughly \$11.2 billion (around Tk 93,000 crore) or 5 per cent of Bangladesh's gross domestic product, on the country's economy in a year, according to a World Bank publication. The greatest source of the fiscal cost occurs in the upstream gas sector as selling gas at artificially low prices costs Bangladesh an estimated \$4.5 billion a year, said the publication released on December 12.
- The regulatory cost of gas underpricing could be even higher if its adverse effect on long-term growth were considered, said the report titled 'In the dark, how much do power sector distortions cost South Asia'. The global lender estimated the cost for the fiscal year 2016 and said that the analysis applied generally conservative assumptions.
- The cost of distortions in the power sector was \$86.1 billion in India in FY 2016 and \$17.69 in Pakistan in FY 2015. This cost consists of both the income foregone by the approximately 8.2 million households that still live without access to grid electrify and the revenue loss by firms that suffer from lower productivity and higher production costs as a result of electricity outages, the report observed.
- Power shortages also negatively affect education, health and women's empowerment but these effects are difficult to quantify and are not included in the estimation. Cost of inefficient dispatch of electricity is estimated at \$1.65 billion a year, according to the report.
- The Global Competitiveness Report-2018 placed Bangladesh at 101th in the ranking of the reliability of electricity supply. Over the decade ending in 2016, Bangladesh more than doubled its power-generation capacity but less than 80 per cent of available capacity was operational most of the time.

<http://www.newagebd.net/article/59311/power-sector-distortions-cost-bangladesh-112b-a-year-wb>

Power generation below half-mark of installed capacity

The Financial Express, December 20, 2018

- The state-run Bangladesh Power Development Board (BPDB) is keeping the country's overall electricity generation below the half mark of the installed capacity under a 'rationing' system in view of the sagging winter demand. Some power plants were asked to suspend operations and some were kept under maintenance work, he said.
- According to the BPDB statistics, the countrywide electricity generation during the evening peak hours on Tuesday (December 18) was 7,865 megawatts (MW), just 44.47 per cent of the country's total installed capacity of 17,685

MW. Power generation during the off-peak hours (day-time power generation) on the day was 6,301 MW. It was only 35.62 per cent of the total installed capacity.

- The country's overall electricity production just one month back on November 18 last was also below the half mark of the total installed capacity. The power generation then stood at 8,656 MW and 6,986 MW during peak hours and off-peak hours respectively, according to the BPDB. Electricity generation on October 18 last stood at 9,842 MW and 8,103 MW during peak hours and off-peak hours respectively.
- The power generation hit its highs at 11,184 MW and 9,373 MW during peak and off-peak hours respectively on July 18 last against the then installed capacity of 15,953 MW. The BPDB is the lone buyer of electricity from the power producers across the country. The state-entity then sells the electricity to the distribution companies that supply it to the end users.
- According to the Power Division under the Ministry of Power, Energy and Mineral Resources (MPEMR), the country's installed power generation capacity was 4,942 MW during 2009. The total power generation capacity including that from captive power plants owned by industry owners and renewable energy reached 20,343 MW, said officials.
- Currently, the electricity generation cost at a gas-fired independent power producer (IPP) plant is below Tk 3.0 per unit (1 kilowatt-hour). The cost at a state-run gas-fired power plant is around Tk 3.0 per unit and at a gas-fired rental power plant around Tk 4.0 per unit.
- The electricity generation cost at a government-owned furnace-oil fired power plant is Tk 13-16 per unit, at a rental or quick rental power plant Tk 9.5-13 per unit, and at an IPP plant Tk 9.0-14 per unit. The electricity generation cost at a state-owned diesel-fired power plant is Tk 15-32 per unit and at a diesel-fired rental power plant at Tk 23-33 per unit.

<http://thefinancialexpress.com.bd/trade/power-generation-below-half-mark-of-installed-capacity-1545279164>

International

German govt plans to relax rules to attract foreign workers

The Daily Star, December 20, 2018

- Worker-starved Germany plans to ease immigration rules to attract foreign jobseekers and replenish its fast ageing workforce, despite mounting public resistance against new arrivals. Germany's first ever immigration law, to be agreed by Chancellor Angela Merkel's cabinet on Wednesday, is eagerly anticipated by industries.
- But the law, which will have to be put to parliament, risks opening new fault lines in a country already deeply split over a record influx of more than a million mostly Muslim refugees and migrants since 2015. The German Trade Union Confederation has also warned that the eased access could lead to salary dumping and exploitation of foreign workers.
- Under the planned relaxed rules, jobseekers from outside the EU -- including, for example, cooks, metallurgy workers or IT technicians -- would be allowed to come to Germany for six months to try and find employment, provided they speak German and can financially support themselves.
- More controversial has been a plan to allow migrants already in Germany who are awaiting decisions on their asylum applications to stay if they are gainfully employed and can show they have joined the fabric of German society. Following an outcry from the more conservative wing of Merkel's CDU party, it was unclear whether ministers would water down elements of the draft proposal, especially on the issue of employment for rejected asylum seekers.
- Some 60 percent of companies see a worker shortage as a risk for the development of their businesses, according to the letter, which added that the number of unfilled apprenticeship posts surpasses the 33,000 applications that are

still being processed. Immigration has become a hot potato issue in recent years over the record influx of migrants, many fleeing war in Iraq or Syria.

- But Germany is also anxious to not leave thousands of migrants -- who may spend years waiting on a final decision on their asylum claims or deportation -- idle and susceptible to taking on jobs in the black market. The government ministers had stressed that the new immigration rules are not designed to allow failed asylum applicants to win residency in Germany by switching over to become employment migrants.

<https://www.thedailystar.net/business/global-business/news/german-govt-plans-relax-rules-attract-foreign-workers-1676080>

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