

Stock Market

Weekly analysis: Bearish spell continues for third straight week

DSEX sheds 299 points in three weeks as investors move to sidelines

The Financial Express, July 20, 2019

- Stocks witnessed yet another bearish week that ended on Thursday, extending the losing streak for the third straight week, as most investors moved to the sidelines, demonstrating low level of confidence in the market.
- Week on week, DSEX, the prime index of the Dhaka Stock Exchange (DSE), plunged 91.6 points or 1.75 % to settle at 5,130. In the past three consecutive weeks, the DSEX wiped off a total of 299 points or 5.5 %.
- The two other indices also ended lower. The DS30 index, comprising blue chips, fell 28.13 points to finish at 1,829 and the DSE Shariah Index lost 17.46 points to close at 1,176. The total turnover on the prime bourse stood at BDT 16.36 bn, down from BDT 21.12 bn in the week before.
- The daily turnover averaged out at BDT 3.27 bn, registering a decline of nearly 23 % over the previous week's average of BDT 4.22 bn. The market capitalisation of the DSE also came down 1.12 % to BDT 3,822 bn on Thursday from BDT 3,866 bn in the week before.
- Block trade contributed 2.6 % to the total week's total turnover where stocks like Fortune Shoes, Beacon Pharma, BRAC Bank, GP and Square Pharma Beximco dominated the block trade board. Losers outnumbered the gainers, as out of 354 issues traded, 273 closed lower, 66 ended higher and 15 issues remained unchanged on the DSE floor.
- Fortune Shoes dominated the week's turnover chart, with 25.19 mn shares worth BDT 965 mn changing hands. The company accounted for 5.89 % of the week's total turnover. SEML FBLSL Growth Fund was the week's best performer, posting a gain of 57.95 % while BIFC was the worst loser, plunging by 34.09 %.
- A new issue - Sea Pearl Beach Resort & Spa -- made trading debut on Tuesday last. The newcomer's share soared 262 % to close at BDT 36.20 each on Thursday.

<http://thefinancialexpress.com.bd/stock/weekly-analysis-bearish-spell-continues-for-third-straight-week-1563597200>

Berger EPS up 50.47pc

The Financial Express, July 20, 2019

- The consolidated earnings per share (EPS) (un-audited) of Berger Paints Bangladesh rose 50.47 % in April-June quarter year on year. The multinational company's consolidated EPS was BDT 11.12 for April-June 2019 as against BDT 7.39 for April-June 2018, said an official disclosure on Thursday.
- The company has informed that the earnings per share for the first quarter ending on June 30, 2019 (the company's year end is March 31) increased significantly from the same period of previous year due to decline in prices of key raw materials and an increase in net financial income.
- The net operating cash flow per share also increased significantly from same period of previous year mainly because of improvement in working capital management, said the company. The consolidated net operating cash flow per share (NOCFPS) was BDT 20.03 for April-June 2019 as against negative BDT 3.38 for April-June 2018.

- And the consolidated net asset value (NAV) per share was BDT 187.31 as on June 30, 2019 and BDT 176.18 as on March 31, 2019. On Thursday, the paint company's share traded between BDT 1,414 and BDT 1,446, before closing at BDT 1,434.50 each on the Dhaka Stock Exchange (DSE), gaining 2.55 % over the previous day.

<http://thefinancialexpress.com.bd/stock/berger-eps-up-5047pc-1563510886>

DSE mgmt likely to send back Coppertech listing issue to board

New Age, July 20, 2019

- The Dhaka Stock Exchange management is likely to send back the issue related to listing decision over Coppertech Industries as rules do not permit it to approve listing of the company after 75 days of closure of its IPO subscription.
- On July 11, the DSE board passed the listing decision to the management and directed the management to take decision in line with the rules and regulations. According to the securities rules, listing of a company must be completed within 75 days of its initial public offering subscription.
- The share subscription of Coppertech closed on April 9 and the scheduled time for listing of Coppertech with the DSE expired on June 23 amid controversy over fabrication of the company's financial statements. The bourse sought more time from the Bangladesh Securities and Exchange Commission for making a decision on the company's listing, but the regulator is yet to respond to the request.
- According to the demutualisation rules, if chief executive officer, any director or any committee member or officer of any stock exchange violates any rule consciously, the bourse might be fined BDT 10 lakh and the errant officer BDT 1 lakh and could be vacated from position.

<http://www.newagebd.net/article/79144/dse-mgmt-likely-to-send-back-coppertech-listing-issue-to-board>

Eighteen steps to develop bond market recommended

New Age, July 20, 2019

- A finance ministry committee has made 18-point recommendations to develop the country's bond market, including rationalisation of taxation and process simplification.
- The interministerial committee, headed by finance ministry's Financial Institutions Division senior secretary, has recently submitted its recommendations to the finance ministry on how to develop the country's long-term financing and the capital market.
- The FID on July 8 asked several government agencies to take necessary steps on an emergency basis to implement the recommendations. In letters to the Bangladesh Bank, National Board of Revenue, Bangladesh Securities and Exchange Commission, Finance Division, Internal Resources Division and Insurance Development and Regulatory Authority, the division said that implementation of the recommendations was essential for development of the country's long-term financing and the capital market.
- The committee was formed with representation from the finance ministry, Bangladesh Bank, NBR, BSEC, IDRA, Dhaka Stock Exchange, Federation of Bangladesh Chambers of Commerce and Industry and Association of Bankers.

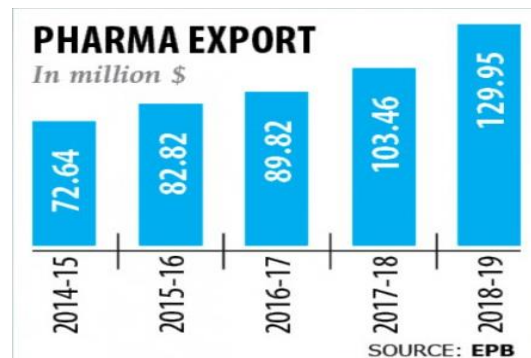
- The committee also recommended excluding the capital market exposure calculation for banks in case of investment in bonds and simplifying the bond approval process by avoiding delay caused by dual scrutiny by the BSEC and the central bank.
- According to the existing procedures, the BESC approval of bond issuance is sent to the central bank for no-objection certificate causing delay in the approval process due to the dual scrutiny of the same activities, the committee mentioned.

<http://www.newagebd.net/article/79142/eighteen-steps-to-develop-bond-market-recommended>

Pharma exports soar 26pc

The Daily Star, July 21, 2019

- Bangladesh's medicine exports soared 25.60 % year-on-year to \$130 mn last fiscal year thanks to continuous improvement of product quality and government support.
- Local players dominate Bangladesh's pharmaceutical industry. Square Pharmaceuticals is the major player with 18.8 % share, followed by Incepta at 10.2 %, Beximco 8.5 %, Opsonin 5.6 %, Renata 5.1 % and Eskayef 4.5 %, according to the Bangladesh Association of Pharmaceuticals Industries (BAPA).
- Multinational companies Radiant, Sanofi and Novo Nordisk also have significant presence with their specialised products. According to BAPA, Bangladesh exports pharma products to 144 countries and caters to 97 % of the domestic market.
- In 2017, the per capita consumption of medicine in Bangladesh was about \$15.36. In 2012, the local market size stood at about BDT 9,390. In 2017, it stood at BDT 18,755.6 crore, according to IMS Health Care Report. In 2015, the US Food and Drug Administration gave approval to Square Pharmaceuticals and Beximco Pharmaceuticals after inspecting the oral solid dosage facilities of the two companies.



<https://www.thedailystar.net/business/news/pharma-exports-soar-26pc-1774678>

1.37 lakh BO accounts closed in June-July

New Age, July 20, 2019

- A total of 1,37,464 beneficiary owners' accounts were closed in the last one and a half months due mainly to non-payment of annual account renewal fees by the accountholders. A prolonged downward trend at the market was also a factor, sources said.
- The number of active BO accounts was 28,45,026 on May 31, but the figure declined to 27,07,562 on July 15, Central Depository of Bangladesh Limited data showed. Of the annulled BO accounts, most of them became void as the accountholders failed to pay the annual fees by the June 30 deadline set by the CDBL.
- Opening a BO account with the CDBL through a depository participant is a must for trading shares at the Dhaka and Chittagong stock exchanges.

- In 2016, the Bangladesh Securities and Exchange Commission reduced the renewal fee to BDT 450 from BDT 500 for each BO account with the aim of reducing financial burden on investors. But the impact of the reduction was not significant.
- Of the BDT 450, the CDBL gets BDT 100, while the government, DP and BSEC get BDT 200, BDT 100 and BDT 50 respectively. Of the current active BO accounts, individual investors operate 17,09,730 BO accounts, investors jointly operate 9,84,631 BO accounts and 13,201 accounts are operated by different companies, the CDBL data showed.
- Of the accounts (excluding the company-operated BO accounts), 25,36,601 BO accounts are owned by Bangladeshi investors and 1,57,760 accounts by non-resident Bangladeshi investors, it showed. Of the 26,94,361 accounts, 19,77,616 are owned by male investors and 7,16,745 by female investors.

<http://www.newagebd.net/article/78994/137-lakh-bo-accounts-closed-in-june-july>

Future uncertain for PLFS staff

The Daily Star, July 21, 2019

- Uncertainty continues to loom over the fate of 185 employees of People's Leasing and Financial Services (PLFS) as its liquidation process began last week with the appointment of a Bangladesh Bank official as liquidator.
- In global practice, the start of the liquidation process ushers in dismissal of staff. Of the employees of PLFS, 100 are permanent and the rest on contractual basis.
- The Daily Star talked to another mid-level employee who had also left a top non-bank financial institution (NBFi) but now repenting the move. A central bank official involved with the liquidation process said there would definitely be job cuts.
- The NBFi's problems came to the surface in 2013-14, when some of its directors made off with BDT 570 crore by way of submitting fake documents, according to a central bank inspection report. Later, the central bank removed four directors from its board in 2015 and a group of new faces joined.

<https://www.thedailystar.net/business/news/future-uncertain-plfs-staff-1774666>

Economy

Bangladesh scraps record 156 ships in 6 months despite concerns

New Age, July 20, 2019

- Bangladesh has become the top dumping ground for discarded ships in the world with the country dismantling the highest number of vessels in the first half (January-June) of the current year, according to a report of the NGO Shipbreaking Platform, a leading NGO coalition campaigning for clean and safe ship recycling.
- The latest figures released by the platform showed that there were a total of 374 ships broken in the first half of 2019 and of those, highest 156 vessels were broken in Bangladesh causing irreversible damages to both human health and the environment.

- The data showed that the number of ships broken in the first half of 2019 grew by 67.74 % from 93 vessels dismantled in the same period of last year. Between January and June, at least eight workers lost their lives when breaking ships on the beach of Chattogram in Bangladesh.
- A total of 16 ships were broken in Pakistan in the first half of the current year while the number was 56 in the same period of 2018. The data showed that 288 discarded vessels were sold to yards on the beaches of South Asia in the first half of 2019 and the number was 321 in the same period of last year.
- The platform termed the current shipbreaking practices in Bangladesh dirty and dangerous and said that poor enforcement of national and international environmental and labour laws caused irreparable damages to the environment, workers and local communities.

<http://www.newagebd.net/article/79141/bangladesh-scrap-record-156-ships-in-6-months-despite-concerns>

BB bent on 9-6pc interest rates

Economists and bankers say dictated interest rates will affect the sector

The Daily Star, July 21, 2019

- The central bank is adamant about having 9 % and 6 % interest rates respectively for lending and deposits in the banking sector, slapping the 46 errant banks with warning letters recently.
- The higher rates are not acceptable given the commitment made by the sponsors of private banks in August last year, the Bangladesh Bank said in the letter on July 8 to 46 banks whose interest rates are well above the specified rates.
- The interest rate of the national savings instrument ranges from 11.04 % to 11.76 % while banks offer a maximum of 7-8.50 %. In June, the interest rates on both lending and deposit of 31 banks exceeded the 9-6 % bounds, according to data from the central bank.
- Some 12 banks failed to offer the 9 % interest rate on lending, while four banks' offered more than 6 % interest for deposits.
- Besides, the ministry also decided to deposit 50 % of the government agencies' funds with private banks, up from 25 % previously. The high volume of default loans has pushed the lending rates up, he said, adding that the operational costs also should be reduced.

KEY POINTS

46 banks failed to maintain 9-6% rates for lending and deposit respectively

The issue will be discussed at a bankers' meeting today

Liquidity crisis to worsen if the rates are followed, bankers say

In April, excess liquidity stood at Tk 66,760cr, down 8.23pc year-on-year

No govt entity shows interest in parking fund with banks at 6pc

<https://www.thedailystar.net/business/news/bb-bent-9-6pc-interest-rates-1774681>

International

China opens up finance sector to more foreign investment

New Age, July 21, 2019

- China lifted some restrictions on foreign investment in the financial sector Saturday, as the world's second largest economy fights slowing growth at home and a damaging trade war with the US.
- China will remove shareholding limits on foreign ownership of securities, insurance and fund management firms in 2020, a year earlier than originally planned, the Financial Stability and Development Committee said in a statement posted by the central bank Saturday.
- Beijing has long promised to further open up its economy to foreign business participation and investment but has generally dragged its feet in implementing the moves -- a major point of contention with Washington and Brussels.
- Saturday's announcement followed a Friday meeting chaired by economic czar Liu He where policymakers focused on tackling financial risk and financial contagion and pledged new steps to support growth, according to a state council statement.
- Additional measures include scrapping entry barriers for foreign insurance companies like a requirement of 30 years of business operations and cancelling a 25 % equity cap on foreign ownership of insurance asset management firms.

<http://www.newagebd.net/article/79151/china-opens-up-finance-sector-to-more-foreign-investment>

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