

Stock Market

Stocks dip for 2nd day as Runner debuts

ICB given BDT 760 crore to revive market

New Age, May 22, 2019

- Dhaka stocks dropped for the second day on Tuesday in cautious trading as investors kept selling shares since persisting liquidity concern coupled with trading debut of Runner Automobiles at the bearish market made the market volatile.
- DSEX, the key index of Dhaka Stock Exchange, declined by 0.74 %, or 39.29 points, to close at 5,236.84 points on Tuesday after losing 59.55 points in the previous session. Runner raised BDT 100 crore from the capital market by issuing its shares at BDT 67-75 each.
- The average share prices of telecommunication sector declined by 1.1 %, bank by 0.8 %, food by 0.5 % and energy by 0.5 %. Out of the 344 issues traded, 217 declined, 87 advanced and 43 remained unchanged. Turnover at the bourse also dipped to BDT 351.69 crore from BDT 387.73 crore in the previous session.
- DSE blue-chip index DS30 dropped by 0.57 %, or 10.58 points, to close at 1,822.78 points. Shariah index DSES shed 0.32 %, or 3.93 points, to finish at 1,195.22 points. Runner Automobiles led the chart of turnover leaders with its shares worth BDT 35.46 crore changing hands on the day.
- Fortune Shoes, SK Trims Ltd, Bangladesh Submarine Cable Company, BRAC Bank, Doreen Power, Eastern Cables, National Tubes, Esquire Knit Composite and Bangladesh Shipping Corporation were the other turnover leaders.
- Global Insurance Company gained the most on the day with a 9.85-% increase in its share prices while Uttara Bank was the worst loser, shedding 8.85 %. Bangladesh Bank going to deposit BDT 760 crore out of BDT 856 crore to state-run Investment Corporation of Bangladesh today to revive the capital market by injecting the fund.

<http://www.newagebd.net/article/73135/stocks-dip-for-2nd-day-as-runner-debuts>

BB offers BDT 761cr to revamp stocks

The Daily Star, May 22, 2019

- State-run Investment Corporation of Bangladesh (ICB) is set to get BDT 760.97 crore in funds from Bangladesh Bank today. The central bank on May 3 decided to allocate a revolving fund of BDT 856 crore in a bid to revamp the ailing stock market.
- Yesterday, the fund's surveillance committee recommended that Bangladesh Bank provide it to the ICB. Saifur Rahman, a committee member and an executive director of the Bangladesh Securities and Exchange Commission, said the ICB would utilise BDT 760.97 crore for the secondary market.

<https://www.thedailystar.net/business/news/bb-offers-BDT-761cr-revamp-stocks-1747093>

BMBA proposal on placement shares irks DSE

New Age, May 22, 2019

- Dhaka Stock Exchange stockbrokers are unhappy with the Bangladesh Merchant Bankers Association's proposal to keep the provision of placement shares. BMBA also proposed BSEC reinstate one-year lock-in for placement shares.
- Following a meeting with all the stakeholders including merchant bankers on April 29, BSEC issued a press release mentioning its decision that it would not accept any new application from the unlisted companies for the purpose of capital raising.
- The regulator also decided that from now on it would not accept any application from the unlisted companies for the purpose of capital raising. The commission made the decision as it faced complaints that companies sold share certificates to public showing the regulator's capital raising approval.
- BMBA in its letter to BSEC proposed the share lock-in period for placement shares minimum six to maximum 12 months as the association found that the lock-in for placement shares was lower than one year in the neighbouring countries.
- It also proposed making guidelines on the placement shares issuance to avoid any complexity. BMBA also requested the commission to let company raise BDT 30 crore through initial public offerings instead of the recent BSEC decision of allowing BDT 50 crore under the fixed price method and proposed making it mandatory for a company to have post-IPO paid up capital of BDT 50 crore.

<http://www.newagebd.net/article/73133/bmba-proposal-on-placement-shares-irks-dse>

ICB to get lion's portion of the fund

Capital market refinancing scheme

The Financial Express, May 21, 2019

- The state-run Investment Corporation of Bangladesh (ICB) will get the lion's portion of the fund to be disbursed for the second time under the capital market refinancing scheme. The other stakeholders of the capital market will also avail the fund facility on first come, first served basis.
- The loan worth BDT 8.56 bn, which has been repaid under the capital market refinancing scheme, will further be disbursed to the stakeholders including the ICB as part of market supportive measure. In 2013, the ICB received BDT 9.0 bn from the central bank through three installments under the capital market refinancing scheme.
- Of BDT 9.0 bn, BDT 8.56 bn, including interest, has so far been recovered by the concerned committee. The fund is yet to be deposited to the government's exchequer. Following the recent declining trend of the capital market, the ICB urged the government to disburse the fund for the second time at a minimum rate of interest.
- Following the ICB's plea, the government has extended the tenure of the capital market refinancing scheme till December 31, 2022. Initially, merchant banks and brokerage firms disbursed the funds against the portfolios of affected investors at an interest of 9.0 %.

<http://thefinancialexpress.com.bd/stock/icb-to-get-lions-portion-of-the-fund-1558414234>

Bonus share, directors' shareholding rules tightened

BSEC decides to suspend or revoke licence of Alliance Securities

New Age, May 22, 2019

- Bangladesh Securities and Exchange Commission on Tuesday tightened issuance of bonus shares by companies saying that no listed company can declare stock dividend except the reasons for business expansion, modernisation, reform and development of its quality.
- The company must declare reasons for declaration of bonus shares and mention sectors to use preserved funds against the stock dividends in its price sensitive information.
- The new notification will have a provision that the directors excluding independent directors who are non-compliant with 30 % joint shareholding rules cannot sell, transfer or mortgage shares. But, if a director dies, his/her shares can be transferred.
- The companies non-compliant with 30 % shareholding rules cannot raise capital through right shares, repeat public offer, bonus shares, amalgamation or any other capital raising means.
- A company or institution can nominate a person for directorship at a listed company for holding minimum 2 % shares of the listed company. If any director fails to hold 2 % shares, it will result in casual vacancy at the board. The position must be filled up within 30 working days with a shareholder who holds 2 % shares of the company.
- The two stock exchanges will create separate category at their trading board for the companies whose directors fail to maintain 30 % shares jointly.

<http://www.newagebd.net/article/73132/bonus-share-directors-shareholding-rules-tightened>

Economy

Bankers in fear of huge pressure on call money market ahead of Eid

Dhaka Tribune, May 22, 2019

- Bankers are in fear of more pressure on call money market ahead of Eid-ul-Fitr amid persisting liquidity crisis in banks, which has reduced investment funds and increased the tendency to borrow from the call money market.
- Most of the banks are facing cash crisis due to slow deposits growth and lacklustre loans recovery. On the call money market due to liquidity crisis and it will increase in the coming days ahead of Eid. According to Bangladesh Bank data, inter-bank call money rate was 4.56% (weighted average) on 19 May, with the rate remaining above 4% for the last few days.
- Repo is a short-term fund that the central bank gives to commercial banks in case of cash shortfall at the current rate of 6%, while reverse repo is excess money that banks keep with the central bank. Currently, most of the banks are facing fund crisis due to huge amount of defaulted loans. Unsatisfactory recovery from borrowers is also a big reason.

<https://www.dhakatribune.com/business/banks/2019/05/20/bankers-in-fear-of-huge-pressure-on-call-money-market-ahead-of-eid>

Offshore energy exploration

Petrobangla drops plan to launch bidding

The Financial Express, May 22, 2019

- State-owned Petrobangla has now shelved its plan to launch a bidding round for hydrocarbon exploration in the country's untapped offshore blocks. The oil and gas corporation has decided to defer the planned bidding round at least for a year. A multi-client seismic survey was supposed to be conducted by TGS-Schlumberger, the Norwegian-US joint venture (JV).
- Petrobangla has already finalised the draft model production sharing contract (PSC) for awarding offshore blocks to the selected international oil companies (IOCs).
- Referring to the future bid round, the Petrobangla official said the mandatory provision for carrying out 2D (two dimensional) seismic survey from the model PSC would be waived as it would be carried out by the Norwegian-US joint venture.
- The selected bidders will also be able to export natural gas in any form -- piped or LNG -- in case Petrobangla refuses to take it first. Some 22 offshore blocks - eight in shallow water and 14 in deep water -- are up for the forthcoming bidding round.
- Bangladesh's natural gas production from local fields is hovering at around 2,700 mmcf, against the overall demand for around 4,000 mmcf, according to Petrobangla.

<http://thefinancialexpress.com.bd/trade/petrobangla-drops-plan-to-launch-bidding-1558495879>

BB reserve heist probe report on July 2

The Financial Express, May 22, 2019

- A Dhaka court on Tuesday set July 2 to submit probe report in the case lodged over Bangladesh Bank (BB) reserve heist that took place in 2016. Dhaka Metropolitan Magistrate Sadbir Yasir Ahsan Chowdhury set the date as the investigation agency CID could not submit the report today (Tuesday).
- Hackers stole \$101 m from BB's accounts with the Federal Reserve Bank of New York in February 2016. Of the amount, \$81 mn was transferred to four accounts with RCBC in Manila and another \$20 mn to a bank in Sri Lanka.
- But the transfer of \$20 mn to Sri Lanka was failed because of a spelling error by the hackers. Later, the BB was able to retrieve about \$15 mn from the Philippines. Bangladesh Bank Deputy Director (accounts and budgeting) Zobayer Bin Huda filed the case with Motijheel Police Station on March 15, 2016, reports BSS.

<http://thefinancialexpress.com.bd/national/bb-reserve-heist-probe-report-on-july-2-1558439995>

14 mega projects to get BDT 45,140cr in new dev budget

The Daily Star, May 22, 2019

- The government has allocated almost one-fourth of the development budget for fiscal 2019-20 to 14 mega projects with a view to accelerating their construction as it looks to make good on its last electoral promise.

- The size of the annual development programme for fiscal 2019-20 has been fixed at BDT 202,721 crore, the highest yet from the government. The proposed ADP is 21.39 percent higher than the current year's as the government looks to mobilise a higher amount of foreign aid piled up in the pipeline.
- Of the total 1,475 projects, the government allocated BDT 45,140 crore to 14 mega projects for quick completion. The estimated cost of the 14 projects is BDT 334,011 crore, of which BDT 67,111 crore has already been used.
- Of the mega projects, the Rooppur Nuclear Power Plant was given the highest allocation of BDT 14,980 crore. The project's total cost has been estimated to be BDT 113,092 crore and until February BDT 16,665 crore has been spent, according to planning ministry documents.
- It was followed by the Dhaka Metro Rail project, which got BDT 7,212 crore in the new ADP. Of the total project cost of BDT 21,985 crore BDT 5,860 crore has been utilised until February. The government allocated BDT 5,370 crore in another high-priority mega project: the Padma Bridge.

<https://www.thedailystar.net/business/news/14-mega-projects-get-BDT-45140cr-new-dev-budget-1747111>

International

US eases curbs on Huawei

Founder says clampdown underestimates Chinese firm

New Age, May 22, 2019

- The United States has temporarily eased trade restrictions on China's Huawei to minimise disruption for its customers, a move the founder of the world's largest telecoms equipment maker said meant little because it was already prepared for US action.
- The US Commerce Department blocked Huawei Technologies from buying US goods last week, a major escalation in the trade war between the world's two top economies, saying the firm was involved in activities contrary to national security.
- The two countries increased import tariffs on each other's goods over the past two weeks after US president Donald Trump said China had reneged on earlier commitments made during months of negotiations.
- On Monday, the Commerce Department granted Huawei a licence to buy US goods until Aug. 19 to maintain existing telecoms networks and provide software updates to Huawei smartphones, a move intended to give telecom operators that rely on Huawei time to make other arrangements.
- Huawei founder Ren Zhengfei on Tuesday told Chinese state media that the reprieve bore little meaning for the company as it had been making preparations for such a scenario.

<http://www.newagebd.net/article/73111/us-eases-curbs-on-huawei>

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