

Stock Market

Large-cap cos help stocks keep afloat

New Age, January 23, 2019

- Dhaka stocks inched up on Tuesday despite a fall in share prices of two-thirds of the traded scrips, as a section of investors purchased sector-specific large capitalised scrips while others went on selling shares for profits. DSEX, the key index of Dhaka Stock Exchange, added 0.10 %, or 6.15 points, to close at 5,865.46 points on Tuesday after losing 27.97 points in the previous session.
- The market finished up as average share prices of telecommunications, pharmaceutical, energy and bank advanced by 1.25 %, 0.79 %, 0.78 % and 0.63 % respectively. A surge in share prices of Grameenphone, United Power Generation Company and Square Pharmaceuticals contributed most to the day's positive ending.
- Share prices of non-bank financial institution, cement and textile sectors dropped by 2.14 %, 1.78 % and 0.60 % respectively. The bank sector led the turnover chart with 21 % of the day's total turnover. The turnover on the bourse increased to BDT 890.66 crore on Tuesday compared with that of BDT 885.34 crore in the previous trading session.
- Of the 336 companies and mutual funds traded on Tuesday, 224 declined, 95 advanced and 27 remained unchanged. DSE blue-chip index DS30 added 0.21 %, or 4.40 points, to close at 2,026.10 points. Shariah index DSES gained 0.27 %, or 3.55 points, to finish at 1,319.35 points. Premier Bank led the turnover leaders with its shares worth BDT 60.68 crore changing hands on the day.
- United Power Generation Company, Square Pharmaceutical, Dhaka Bank, Bangladesh Submarine Cable Company, Saiham Cotton, Shurwid Industries, Far East Knitting & Dyeing Industries, Bangas Limited and IFIC Bank were the other turnover leaders. SS Steel gained the most on the day with a 9.83-% increase in its share prices, while Progressive Life Insurance Company was the worst loser, shedding 9.18 %.

<http://www.newagebd.net/article/62596/large-cap-cos-help-stocks-keep-afloat>

Rumours fuel junk stocks

The Daily Star, January 23, 2019

- Most of the junk stocks outperformed the market in the first 16 days of trading in 2019 as rumours and gamblers ran amok. Of the 43 junk shares, 23 shot up between 10 % and 76 %. In contrast, DSEX, the benchmark index of the Dhaka Stock Exchange, gained 8.91 %. Only five junk stocks fell during the time.
- The market though will not be significantly affected if the investors who poured money into the junk stocks suffer as their market capitalisation is relatively low. The other notable gains were of Fareast Finance, First Finance and BD Welding, whose stocks soared 43.39 %, 36.84 % and 31.25 % respectively.
- A vested interest group is spreading rumours about junk stocks, luring in unsuspecting people to buy them. A high official of the DSE says the bourse has taken some measures against the junk stocks, but still investors are buying the shares. The bourse de-listed two junk stocks and has put another 14 under review to find out whether they have any potential to return to profitability.

<https://www.thedailystar.net/business/news/rumours-fuel-junk-stocks-1691362>

Pearl Paper plans to raise BDT 400m from stock mkt

The Financial Express, January 22, 2019

- Pearl Paper and Board Mills, a unit of BGD-Magura Group, has planned to raise BDT 400 mn from the capital market using the fixed price method, officials said. The company has decided to float 40 mn ordinary shares at an offer price of BDT 10 each for raising the said amount for business expansion.
- The Pearl Paper has recently signed an agreement with the issue managers - MTB Capital and Riverstone Capital in Dhaka. Chairman of BDG-Magura Group Mustafa Kamal Mohiuddin, chief executive officer (CEO) of MTB Capital Khairul Bashar Abu Taher Mohammed and CEO of Riverstone Capital Ashraf Ahmed, were present among others at the signing ceremony.
- The initial public offering (IPO) proceeds will be used for purchasing machinery, repay partial bank loans and bearing the IPO expenses, according to the issue manager. Pearl Paper and Board Mills is a unit of BDG-Magura Group, established its factory at Sreerampur at Dhamrai in Dhaka with unique infrastructural facilities
- The company has been manufacturing writing and printing paper, offset paper, cartridge paper and ledger paper. The Pearl Paper has made strategic move and emerged as one of the leading manufacturers of paper because of high quality the products have huge demand in the market.
- Other concerns of the BDG-Magura Group are: Magura Paper Mills, Monospool Paper Manufacturing Company, Magura Recycled Paper Industries, Bangladesh Development Corporation, Paper Processing and Packaging, Bangladesh Development Company and Kores Bangladesh Ltd. Magura Group has also planned to bring other concern in the capital market in near future.

<http://thefinancialexpress.com.bd/stock/pearl-paper-plans-to-raise-BDT-400m-from-stock-mkt-1548131386>

4 stock investors, associates fined BDT 5 crore for price rigging

BSEC lets Commerce Bank Securities off the hook

New Age, January 23, 2019

- Bangladesh Securities and Exchange Commission on Tuesday slapped BDT 5.1 crore in fines on four investors and their associates for share price manipulation, but showed leniency to Commerce Bank Securities and Investment despite finding its involvement in the manipulation.
- The decision was made at a commission meeting presided by BSEC chairman M Khairul Hossain. BSEC fined Abdul Kaium and his associates BDT 2 crore, Azimul Islam and associates BDT 2 crore, Mahfuzul Alam BDT 1 crore and Moinul Haque BDT 10 lakh as they breached securities rules by hiking share prices of BD Autocars and Legacy Footwear.
- The commission, however, issued only a warning letter to Commerce Bank Securities where the investors traded the shares to manipulate the prices. On June 21, BSEC formed an investigation committee to probe suspicious share transactions conducted at Commerce Bank Securities in connection with the abnormal price hike of shares of a number of companies.
- The probe body found that Commerce Bank Securities conducted in favour of its clients and related parties a number of unusual transactions involving securities of Monno Ceramics, Monno Jute Stafflers, Legacy Footwear, BD Autocars, Queen South Textile Mills, Alif Industries and Eastern Lubricants. The commission is yet to take any action in this connection.
- According to the commission's forensic report on unusual trading of shares of BD Autocars and Legacy Footwear, Abdul Kaium and his associates Moriom Nesa and M/S Kaium & Sons, Moinul Haque and his associates Padma Glass Limited, Padma Zones and Commerce Limited and Rahmat Metal Industries Ltd, and Mahfuz Alam had raised share prices of BD Autocars abnormally, breaching securities rules.

- Besides, Azimul Islam and his associates Lutfun Nesa Islam, Nabila Islam, Azizul Islam, Alif Textile and Baytul Khamur were directly involved in hiking artificially share prices of BD Autocars and Legacy Footwear. They also brought over substantial shares (10 %) of each of the two companies, which was a violation of the BSEC substantial share acquisition rules, 2018.
- The BSEC investigation also detected that Commerce Bank Securities did not monitor trading of BD Autocars and Legacy Footwear, rather 'assisted indirectly by effecting a series of transactions breaking securities rules.' Commerce Bank Securities is a subsidiary of Bangladesh Commerce Bank. The majority of BCB stakes are owned by Chattogram-based S Alam Group.

<http://www.newagebd.net/article/62594/4-stock-investors-associates-fined-BDT-5-crore-for-price-rigging>

30 brokers win CSE awards

The Financial Express, January 22, 2019

- An award giving ceremony, arranged by CSE at its Dhaka, Chittagong & Sylhet offices took place simultaneously through skype recently to recognise the top 30 terminals of the declared "Order Placing Month" for the common brokers in December 2018.
- A total of 30 Authorized Representatives (10 each from Dhaka, Chittagong & Sylhet region) from 15 brokerage houses won the awards for their invaluable contributions. The brokers are Lanka Bangla Securities, PHP Securities, ICB Securities, Islami Bank Securities, Mona Financial, Shahjalal Islami Bank Securities, EBL Securities, Prime Islami Securities, NCCB Securities, IDLC Securities, Island Securities, Green Delta Securities, Salta Capital and International Leasing Securities.
- CSE Managing Director Mr. M. Shaifur Rahman Mazumdar FCA, FCMA presided over the programme. Among others, General Manager & In-Charge of CSE Dhaka office Mr. Md. Ghulam Faruque, Deputy General Manager Mr. AKM Shahroze Alam and Mr. Nahidul Islam Khan were also present.

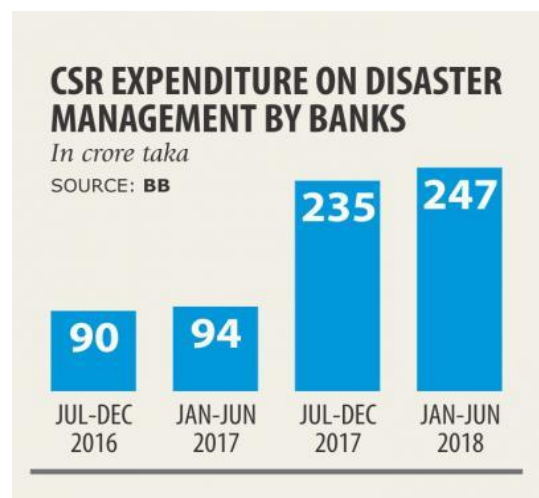
<http://thefinancialexpress.com.bd/stock/30-brokers-win-cse-awards-1548143474>

DISASTER MANAGEMENT

Banks' CSR spend sees sudden rise

The Daily Star, January 23, 2019

- Private banks' spending on corporate social responsibility (CSR) schemes for disaster management purposes witnessed a whopping 162 % year-on-year rise last year. The expenditure aimed at distributing blankets and warm clothes for winter-stricken people hit BDT 480 crore in 2017-18, up from BDT 183 crore in 2016-17, according to Bangladesh Bank data.
- Banks had spent the amount either by own channels or through donations to the Prime Minister's Relief and Welfare Fund. The higher expenditure for disaster management fuelled the total CSR spend in the second half of 2017 and in the first half of 2018, according to the central bank's half-yearly report on philanthropic activities of banks.
- The banking sector's total CSR expenditure almost doubled to BDT 1,045 crore in the last fiscal year, from BDT 541 crore a year ago.



In April last year, the Bangladesh Association of Banks, the forum of directors of private commercial banks, donated BDT 163 crore to the PM's relief fund.

- In the first half of 2018, banks spent BDT 247 crore for disaster management, the second highest after education among the eight sectors where CSR money could be spent. The amount was 39.36 % of the entire CSR expenditure of BDT 627 crore, BB data showed. The expenses for the same purpose were BDT 93.97 crore from January to June of 2017 and BDT 235.36 crore in the next six months to December.
- Islami Bank Bangladesh, the largest private lender in the country, spent the highest—BDT 64.77 crore—for disaster management in the first half of last year while Exim Bank became second with BDT 25.60 crore. Among other banks, National Bank expended BDT 18.60 crore, First Security Islami Bank BDT 12.20 crore, Premier Bank BDT 11.60 crore, and United Commercial BDT 10.59 crore.

<https://www.thedailystar.net/business/news/banks-csr-spend-sees-sudden-rise-1691374>

Economy

Inflation slightly eases to 5.35% in December

Dhaka Tribune, January 23, 2019

- According to the BBS, the general point to point inflation rate was 5.37% in November, 2018, 5.40% in October and 5.43% in September. The general point to point inflation rate eased to 5.35 %age point last December as compared to the previous month due to slight decrease in both food and non-food inflation.
- “The general point to point inflation rate slightly eased to 5.35 %age point in December last,” said Planning Minister MA Mannan yesterday while releasing the monthly consumer price index after the day’s ECNEC meeting held at the NEC Conference Room in the city’s Sher-e-Bangla Nagar area, reports BSS.
- Mannan also revealed the implementation rate of the Annual Development Programme (ADP) during the first half (July-December) of the current fiscal year which was 27.45% with an overall expenditure of BDT49,645 crore. The ADP implementation rate during the July-December period of the last fiscal year was 27.02% with an overall expenditure of BDT44,331 crore.
- According to the BBS, the general point to point inflation rate was 5.37% in November, 2018, 5.40% in October, 5.43% in September and 5.48% in August. The general point to point inflation rate was 5.51 %age point in last July down from 5.54 %age point in June. The general point to point inflation rate in May was 5.57 %age point down from 5.63 %age point in April.
- The general point to point inflation rate in March last year was 5.68 %age point while it was 5.72 %age point in February. The general point to point inflation rate in last January was 5.88 %age point. According to the data of the Bangladesh Bureau of Statistics (BBS), the point to point food inflation slightly declined to 5.28% in December last which was 5.29% in November.
- The BBS data showed that the point to point non-food inflation rate also declined slightly to 5.45% in December from 5.49% in November. Besides, the general inflation rate at the urban level in December declined slightly to 6.14% while it remained at 4.91% at the rural level.
- At the rural level, the food inflation remained at 4.84% in December while the non-food inflation came down to 5.05% in December as against 5.06% in November this year. In urban areas, the food inflation declined to 6.27% in December from 6.32% in November. The non-food inflation rate also witnessed a declining trend with 5.99% in December which was 6.09% in November last.

- The national wage index rate witnessed a 6.18% growth in December with 159.88 points against 6.26% growth in November with 159.28 points. The average year-to-year rate of inflation from January 2018 to December 2018 declined to 5.55%, which was 5.70% from January 2017 to December 2017.

<https://www.dhakatribune.com/business/2019/01/22/inflation-slightly-eases-to-5-35-in-december>

Local firm making farm machinery

The Daily Star, January 23, 2019

- Alim Industries is expanding facilities to make farm machinery to meet the rising demand from growers in the face of gradual decline in farm workers, said the company. The move comes after the National Board of Revenue (NBR) offered duty concession on import of certain parts for the first time in fiscal 2016-17 to encourage local manufacturing of power tiller, power thresher, power reaper and power seeder.
- The revenue authority said it would charge only 1 % duty on import of certain machinery parts. The locally-manufactured agri-machinery would be 15-20 % cheaper than the imported ones if the government maintains the concessionary rates, said Alimul Ahsan Chowdhury, managing director of Alim Industries.
- The company, which is based in the northeastern district of Sylhet, is now awaiting the green light from the agriculture ministry, the permission of which is needed to enjoy the duty benefit. Alim's efforts come at a time when farmers are preparing nearly 90 % of the farm land by power tillers and tractors and threshing more than 90 % of their grains by machines.
- In addition, a large portion of land is also irrigated by machines -- a transition that has created a huge market for farm machinery and spare parts, and it is growing in the face of rising farm wages amid falling supply of farm labourers, according to stakeholders.
- Imported farm machinery meets most of the demand in the absence of adequate domestic manufacturing. For example, 40,000 new power tillers enter the market every year and 95 % of the quantity is imported, according to industry insiders.
- There is no authentic data regarding market size of agricultural machinery in Bangladesh, Chowdhury said, adding that Alim Industries, the oldest agri-equipment maker in Bangladesh, has been logging in 15-20 % annual growth.

<https://www.thedailystar.net/business/news/local-firm-making-farm-machinery-1691377>

Eurozone banks expect slower borrowing

The Daily Star, January 23, 2019

- Banks in the eurozone expect demand for loans to ease in the first quarter, a European Central Bank survey published Tuesday showed, as factors braking the single currency area loom larger
- In the three months to December, low interest rates encouraged both firms and households to borrow, with businesses using cash for investment and mergers and acquisitions, while a rising housing market spurred individuals to seek mortgages.
- The survey of 147 lenders between December 7 and 28 did not ask why demand for loans might flatten out between January and March. But many observers have pointed to signs the eurozone is slowing in both "hard" economic data and "soft" indicators from surveys.
- On Monday, IMF forecasters slashed their 2019 growth outlook for the 19-nation bloc, to 1.6 % -- 0.3 %age points lower than their previous quarterly prediction. Beyond the ebbing growth visible in regular data releases, unpredictable risks lurk -- from the danger of Britain leaving the EU without a deal, to a mounting three-way trade confrontation with the United States and China or domestic upsets like France's "yellow vest" protests.

- Those factors did not brake appetite for credit nor banks' readiness to lend in the fourth quarter of 2018, the ECB survey showed, with lending standards -- the criteria banks use to judge prospective borrowers -- steady for companies and mortgage seekers.
- In the coming months, the survey found that banks' stocks of "non-performing" loans where the borrower has fallen behind on repayments could contribute to a squeeze on new lending activity. Meanwhile lenders reported they continued to ease the terms and conditions of repayment on loans in the fourth quarter.

<https://www.thedailystar.net/business/news/eurozone-banks-expect-slower-borrowing-1691383>

China Company to build 150MW plant in Syedpur

The Daily Star, January 23, 2019

- China-based Dongfang Electric Corporation (DEC) is going to construct a 150-megawatt power plant at Syedpur at a cost of BDT 1,000.99 crore. Mina Masud Uzzaman, secretary to Power Development Board (PDB), and Luo Zhigang, president of DEC, one of the world's largest power generating equipment manufacturers and international project contractors, signed an agreement in this regard at the Power Division yesterday
- The corporation will act as a contractor to build the plant by June 2019. The construction work has to be completed on time, Nasrul Hamid, state minister for power, said at the signing ceremony. He said the location of the power plant was decided as part of measures to bring a regional balance in power generation.

<https://www.thedailystar.net/business/news/china-company-build-150mw-plant-syedpur-1691365>

Tea production hits two-year high

The Daily Star, January 23, 2019

- Tea production hit a two-year high in 2018 thanks to the government's recent move to lower the bank interest rate for the growers and increased replantation activities in the last seven years. Around 82.13 mn kilogrammes of tea was produced in 166 tea gardens across the country last year, much higher from the annual production target of 72.39 mn kg, according to Bangladesh Tea Board.
- Favourable weather helped growers produce around 85.05 mn kg of tea in 2016, the highest in the history of Bangladesh, although it fell to 78.95 mn kg in the following year. Only 19.4 mn kg of tea was grown in the six months to June 2018 due to a lack of rainfall while the gardens saw bumper production in the July to December period when a total of 62.7 mn kg was grown
- The government has lowered the bank interest rate for the growers by 4 %age points to 9 %, which has boosted tea production, said Munir Ahmed, deputy director of Bangladesh Tea Board. Increasing tea consumption in Bangladesh has also encouraged the tea growers to invest more for expansion of their gardens in the last couple of years, he said.
- The weather was not favourable over the year but hard work along with planned expansion projects helped the sector to see bumper production, said Md Shah Alam, president of Bangladesh Tea Association. Tea plants generally take six to seven years to reach full production capacity, said Abu Rahat Chowdhury, project director of Chattogram-based New Dantmara Tea Estate in Fatikchhari.

<https://www.thedailystar.net/business/news/tea-production-hits-two-year-high-1691356>

Import duty on motherboard raw materials to be 1pc

Telecom minister says while launching IMEI database

New Age, January 23, 2019

- Posts, telecommunications and information technology minister Mustafa Jabbar on Tuesday announced that the government would issue statutory regulatory order soon by slashing to one % the duty on import of raw materials for motherboard manufacturing.
- The telecom minister came up with the announcement while addressing the inaugural ceremony of international mobile equipment identity database at the Bangladesh Telecommunication Regulatory Commission headquarters in the city. At present, up to 90 % taxes were applicable on the import of a number of ingredients required for manufacturing of motherboard in the country, Jabbar said.
- Due to the huge taxation, importing motherboards was cheaper rather than manufacturing those, which discouraged the production of motherboard in the country, the minister noted. The cut of duty would help the country's laptop, desktop, tab and smartphone manufacturers as well as pave the country's way for becoming a manufacturing hub of digital devices, he hoped.
- Mentioning the newly installed IMEI database as another millstone for the ICT sector, Jabbar said, 'Installation of the system would help collection of higher amount of taxes from the import of handsets by reducing illegal import.' Even though the database would not bar using illegal handset, people would be more encouraged to purchase legally imported handsets, Mustafa Jabbar said.
- Acting BTRC chairman Md Jahurul Haque said that the system would help prevent handset theft. BTRC commissioner Md Aminul Hasan said, 'Our main target is to establish NEIR and in doing so setting up IMEI database is the first step.' Mobile phone handset importers will get no objection certificate from the regulator online, BTRC director general Brigadier General Md Nasim Parvez said while making a presentation on the newly launched database.

<http://www.newagebd.net/article/62597/import-duty-on-motherboard-raw-materials-to-be-1pc>

International

EU fines Mastercard 570m euros over cross-border barriers

New Age, January 23, 2019

- The European Commission said on Tuesday it had fined Mastercard 570.6 mn euros (\$648.3 mn) for limiting the possibility for merchants to benefit from better conditions offered by banks elsewhere in the European Union. The Commission granted Mastercard a 10 % fine reduction for cooperating with its investigation.
- The fine is the latest in a series of actions over the past decade that the Commission, acting as the antitrust regulator for the 28-member European Union, has taken to reduce card fees for merchants. It has, for example, taken decisions to make legally binding commitments by Visa Europe to cap the levels of interchange fees for all debit and credit card transactions within the European Economic Area. It has also looked into the fees charged on card payments made by tourists visiting the European Union.

<http://www.newagebd.net/article/62599/eu-fines-mastercard-570m-euros-over-cross-border-barriers>

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