

## Stock Market

### Stocks end 13-day losing streak on bargain hunting

New Age, May 22, 2018

- Dhaka stocks on Monday ended a 13-day bear run, the longest losing spell at the Dhaka Stock Exchange, as investors went for bargain hunting, focusing mainly on undervalued scrips.
- DSEX, the key index of the DSE, gained 0.41 %, or 22.58 points, to close at 5,413.28 points on Monday after losing 423 points in the previous 13 trading sessions.
- Despite a downward move in the beginning of the day, the market began to bounce back soon as investors went for bargain hunting, market operators said.
- They said that many investors, especially the institutional ones, took 'buy the dip' policy as the market passed through its longest losing spell ever that dragged down share prices of most of the scrips.
- The lower prices prompted investors to buy shares to attain more profit, they said. The market dipped to 5,300 points due to the relentless fall as investors were disappointed by the lower-than-expected earnings and dividend declarations by most of the high-profile companies in recent days.
- Furthermore, the media reports that the banking sector plagued by scams, huge defaulted loans and poor governance created macroeconomic risk dampened the investors' mood, market operators said.

<http://www.newagebd.net/article/41786/stocks-end-13-day-losing-streak-on-bargain-hunting>

### GP, BRAC Bank lead stocks to losing trail again

New Age, May 23, 2018

- Dhaka stocks on Tuesday returned to the negative zone, led by Grameenphone and BRAC Bank, after a positive day that had come on the heels of the longest losing spell at the market amid apprehensions about the country's banking sector and the upcoming national budget.
- DSEX, the key index of the Dhaka Stock Exchange, lost 0.39 %, or 21.39 points, to close at 5,391.90 points on Tuesday after gaining 22.58 points in the previous session. The DSEX had lost 422 points in the previous 13 trading sessions.
- The market began with a positive vibe that, however, did not sustain for long and ended up in the negative territory as investors went for selling shares after a positive day, market operators said. They said that the market witnessed a positive session on Monday amid an intervention by market intermediaries following the non-stop price fall.
- The negative momentum resumed as a number of issues including liquidity crisis and concerns about the country's banking sector and apprehension about the upcoming budget still prevailed at the market.  
On Tuesday, the share prices of BRAC Bank and GP dropped by 2.64 % and 1.30 % respectively.
- The share price of the mobile operator was BDT 496.1 on April 19 that fell to BDT 425.4 on Tuesday, shedding 14.31 % or BDT 71 in the period.
- Besides GP, the share price of BRAC Bank was BDT 106 on April 11 that sank to BDT 69.5 on Tuesday, shedding 34.5 % or BDT 36.6.

<http://www.newagebd.net/article/41869/gp-brac-bank-lead-stocks-to-losing-trail-again>

## **Bangladesh government to issue floating rate bond for deficit financing**

New Age, May 23, 2018

- The government has decided to issue floating rate treasury bond to meet its own rising financial need and develop debt profile, said a Bangladesh Bank circular issued on Tuesday.
- Earlier, on May 10 this year, the finance ministry issued a notification in this regard in line with the rule-4 of the Public Debt (Central Government) Rules 1946.
- Officials of the central bank said that floating of the bond would be another window for the government's deficit financing.
- At present, the government meets its deficit financing requirement by treasury bond with different maturity periods and fixed interest rates and borrowing from various banks.
- Foreign grants and loans are the other options for the government to meet the budget deficit.
- The difference between the existing treasury bond and the FRTB would be in their rates of interest that would change time to time based on specific criterion.
- As per the features of the bond, the FRTB (maturity of more than one year) will be issued at par and the coupon will be paid on the par amount.
- The coupon rate will be expressed as a summation of Bangladesh Compounded Rate which is a daily rate announced by the central bank and spread which is determined through auction.

<http://www.newagebd.net/article/41866/bangladesh-government-to-issue-floating-rate-bond-for-deficit-financing>

## **Most banks see EPS fall**

The Daily Star, May 23, 2018

- Some 18 of the 30 listed banks saw their earnings per share (EPS) plummet in the first quarter of the year because of huge provisioning against default loans.
- EPS is the portion of a company's profit allocated to each outstanding share of common stock. In short, it serves as an indicator of a company's profitability.
- One, AB, Al Arafah, City, Dhaka, Eastern, First Security, Islami, Mercantile, National, Prime, Rupali, Shahjalal, Southeast, Standard, Trust and Uttara saw their EPS decline, according to data from the Dhaka Stock Exchange.
- On the other hand, ICB Islami saw higher losses this quarter. Ten banks though saw their EPS grow. Pubali is yet to announce their EPS.
- In the first quarter, One Bank's EPS declined the most, by 73.17 % year-on-year, to BDT 0.33.

<https://www.thedailystar.net/business/most-banks-see-eps-fall-1580287>

## Economy

### **Banks demand slash in interest rates on savings certificates**

Dhaka Tribune, May 22, 2018

- In an effort to address a liquidity crisis, private banks demanded that the government lower interest rates on savings certificates.
- Bangladesh Association of Banks (BAB), an organization of private bank owners, thinks the move will ease the liquidity crisis and reduce the double-digit lending rate, reports Bangla Tribune.
- It has already sent a letter to Finance Minister AMA Muhith in this regard.
- The association leaders are also expected to meet the minister soon to discuss the matter.
- In order to cut lending rate, private banks managed to get four advantages from the government, but the rates are yet to come down.
- According to a Bangladesh Bank report, interest rate on loans rose more in March than in February.

<https://www.dhakatribune.com/business/2018/05/22/banks-demand-slash-in-interest-rates-on-savings-certificates>

### **We need to step up our RMG game**

The Daily Star, May 22, 2018

- Recent reports based on the data released on OTEXA show a declining trend of apparel exports from Bangladesh to the US market. Bangladesh's export earnings from US saw a 4.46% fall to \$5.07 Bn in 2017, which was \$5.30bn a year ago. Bangladesh's market share in US apparel market came down to 6.31% from 6.58%.
- Vietnam, one of the closest competitors of Bangladesh, registered over 7% growth in the US apparel market, followed by Mexico at 5.33%, India at 1.19%, and Pakistan at 1% in the same period.
- China, the largest exporter of apparel products, also saw a decline in export earnings as well as market share in the US.
- China's share is declining while it is still a leader with major market share in the US apparel export trade.
- The possible explanation could be the rising labour costs in China and China pushing its industry towards more high-tech manufacturing via PM Li Keqiang's "made in China 2025" policy.
- So much so that both China and USA are on the verge of a trade war with President Trump's latest announcement to impose tariffs on goods imported from Mainland China.
- So far apparel has not made it to the list of goods on which Trump plans to impose tariff.

<https://www.dhakatribune.com/business/2018/05/22/we-need-to-step-up-our-rmg-game>

## Export earnings from shipbuilding hit 457% growth

Dhaka Tribune, May 22, 2018

- Export earnings from the thriving shipbuilding industry of Bangladesh has reached a year-on-year growth of 456.88%, in the first half (H1) of the current fiscal year 2017-18 (FY18).
- This exponential growth was revealed in data posted by the Export Promotion Bureau (EPB).
- According to the EPB data, Bangladesh exported ships and other floating structures worth \$30.35 Mn between July and December of FY18, compared to \$5.45 Mn earnings during the same period in FY17.
- According to insiders in the sector, the growing shipbuilding industry of the country has a huge potential, as demand from both the domestic and the international market is increasing faster than ever before.
- Meet the top two exporters
- Among them, Western Marine and Ananda shipyards are currently leading the export market here.
- Stories of Bangladesh's growth and prosperity have swayed the donor community to commit less aid

<https://www.dhakatribune.com/business/2018/05/22/export-earnings-from-shipbuilding-hit-457-growth>

## International

### Asian shares tentative as Trump tempers Sino-U.S. trade optimism

Reuters, May 22, 2018

- Asian shares edged up on Wednesday but investors were cautious after U.S. President Donald Trump tempered optimism over progress made so far in trade talks between the world's two largest economies.
- MSCI's broadest index of Asia-Pacific shares outside Japan was up 0.15 % while Japan's Nikkei lost 0.2 %.
- On Wall Street, the S&P 500 shed 0.31 % overnight, losing steam after hitting a two-month high.
- Trump said on Tuesday he was not pleased with recent trade talks between the United States and China, souring the improved market sentiment following weekend comments from U.S. Treasury Secretary Steven Mnuchin that trade war is "on hold".
- His remarks followed Beijing's announcement that it would cut import tariffs for automobiles and car parts.
- Trump also floated a plan to fine ZTE Corp, and shake up its management as his administration considered rolling back more severe penalties.

<https://www.reuters.com/article/us-global-markets/asian-shares-tentative-as-trump-tempers-sino-u-s-trade-optimism-idUSKCN1IQ03E>

## US, China nearing deal to remove US sales ban against ZTE

The Daily Star, May 23, 2018

- Washington and Beijing are nearing a deal that would remove an existing US order banning American companies from supplying Chinese telecommunications equipment maker ZTE Corp, two people briefed on the talks told Reuters.
- The people, who declined to be identified because negotiations are confidential, said the deal could include China removing tariffs on imported US agricultural products, as well as buying more American farm goods.
- ZTE, hit by a seven-year ban in April which effectively crippled its operations, would gain a reprieve after the world's two largest economies stepped back from the brink of a full-blown trade war following talks last week.
- The company did not immediately reply to requests for comment.
- White House advisors have said previously the ban against ZTE is being reexamined, and that the firm would still face "harsh" punishment, including enforced changes of management and at board level.

<https://www.thedailystar.net/business/us-china-nearing-deal-remove-us-sales-ban-against-zte-1580116>

## Small banks trump Wall Street on Dodd-Frank rewrite

Reuters, May 23, 2018

- Congress on Tuesday rolled back some of the restraints imposed on banks after the 2007-2009 global financial crisis, but big players like Goldman Sachs Group Inc (GS.N), Morgan Stanley (MS.N) and JPMorgan Chase & Co (JPM.N), will not be breaking out the champagne.
- While Wall Street banks lobbied hard for a range of provisions that would have weakened the 2010 Dodd-Frank reform law and boosted their profits, they got trumped by their smaller rivals, according to lobbyists, Congressional staff, bankers and disclosure records.
- For example, the bill reduces federal oversight of banks between \$50 Bn and \$250 Bn in assets, and eases lending, capital and trading rules for smaller lenders, but big bank lobbyists and analysts agree it does little to help the nation's largest lenders.
- Large banks sought to raise that oversight threshold to \$500 Bn, or adopt a more flexible approach to big bank scrutiny, but small banks fought to fix the cap at \$250 Bn, concerned about alienating Democrats whose votes were needed to pass the bill in the Senate.

<https://www.reuters.com/article/us-usa-house-banks-lobbying/small-banks-trump-wall-street-on-dodd-frank-rewrite-idUSKCN1IN328>

## Disclaimer

*This document has been prepared by Bank Asia Securities Ltd (BASL) based on publicly available data for information purpose only and does not solicit any action based on the material contained herein and should not be construed as an offer or solicitation to buy or sell or subscribe to any security. Neither BASL nor any of its directors, shareholders, member of the management or employee represents or warrants expressly or impliedly that the information or data of the sources used in the documents are genuine, accurate, complete, authentic and correct. However, all reasonable care has been taken to ensure the accuracy of the contents of this document. BASL or Research & Development Department will not take any responsibility for any decisions made based on the information herein. As this document has been made for the Traders of BASL and strongly prohibited for circulation to any clients, investors or any other persons from outside of BASL.*

## About Bank Asia Securities (BASL)

Bank Asia Securities Limited (BASL) is one of the leading full-service brokerage companies in Bangladesh. The company was formed in 2009 and running its operation as a majority owned subsidiary of Bank Asia Limited. BASL offers full-fledged standard brokerage services for retail, institutional and foreign clients with a dedicated team of skilled professionals. The company is currently providing the brokerage services under the membership of Dhaka Stock Exchange Limited (DSE).

## BASL Research Team

Mr. Shariful Alam Chowdhury  
Head of Research & Investments

tushar@basl-bd.com, tusharbd@bloomberg.net

Mr. Shohidul Islam  
Research Analyst

shohidul@basl-bd.com, shohidulbd@bloomberg.net

Mr. Md. Monirul Islam  
Research Associate

abir@basl-bd.com

Mr. Monir Hossain  
Research Associate

monir@basl-bd.com

## BASL Branches

### Head Office

Hadi Mansion (7th Floor)  
2, Dilkusha Commercial Area  
Dhaka-1000, Bangladesh  
Phone: +88-02-9515826-28  
Fax: +88-02-9567884

### Modhumita Extension Office

158-160 Modhumita Building  
(5th Floor)  
Motijheel C/A, Dhaka-1000  
Phone: +88-01819118893

### Dhanmondi Branch

Meher Plaza (1st Floor),  
House # 13/A, Road # 05  
Dhanmondi, Dhaka - 1207  
Phone: +8802-8624874-5

### Mirpur Branch

Nishi Plaza, plot # 01,  
Avenue-04, Section-06, Block-  
C  
Mirpur, Dhaka - 1216  
Phone: +88-02-9013841

### Uttara Branch

House # 79/A, (4th Floor),  
Road # 07, Sector # 04  
Uttara Model Town, Dhaka-  
1230  
Phone: +88-02-8958371

### Banani Branch

Nur Empori, Plot # 77 (1st  
Floor), Road No # 11, Banani,  
Dhaka-1213  
Phone: +8801716180767

### Khulna Branch

28, Sir Iqbal Road (1st Floor)  
Khulna  
Phone: +88-041-731208-9

For International Trade & Sales, please contact **Mr. Sumon Das, Chief Executive Officer**. Please call at +8801993111666, +880 02 9515826, Ext:101 at Business hour.

For further query, write to us at [research@basl-bd.com](mailto:research@basl-bd.com).