

## Stock Market

### Weekly analysis: Stocks sink into red as budget hopes start fading

The Financial Express, June 22, 2019

- Stocks took a downward turn in the outgoing week, snapping a three-week gaining streak, as some proposed budgetary measures for the capital market have rattled the investors. The stimulus for the capital market was proposed in the national budget for the upcoming fiscal year, 2019-20, unveiled in the previous week.
- As part of efforts to increase money flow into the stock market, the budget also proposed imposing 15 % tax on stock dividend in order to promote cash dividend. According to media reports, some 209 listed companies would have to pay an additional BDT 107.92 bn tax if the proposed 15 % tax on 'reserves and retained earnings' is implemented.
- Week on week, the DSEX, the prime index of the Dhaka Stock Exchange (DSE), settled 78.68 points or 1.44 % lower at 5,395. Two other indices also closed lower. The DS30 index, comprising blue chips, plunged 10.70 points to finish at 1,894 and the DSE Shariah Index wiped out 10.78 points to close at 1,233.
- The total weekly turnover stood at BDT 25.98 bn as against BDT 24.63 bn in the previous week. The daily turnover averaged out at BDT 5.19 bn, registering an increase of 5.47 % over the previous week's average of BDT 4.92 bn.
- The market capitalisation of the DSE also fell 1.05 % to BDT 3,978 bn on Thursday from BDT 4,021 bn in the week before. Losers outnumbered the gainers, as out of 354 issues traded, 226 closed lower, 102 ended higher and 26 issues remained unchanged on the DSE floor.
- Sunlife Insurance was the week's best performer, posting a gain of 19.26 % while SEML FBSL Growth Fund was the biggest loser, shedding 15.25 %.

<http://thefinancialexpress.com.bd/stock/weekly-analysis-stocks-sink-into-red-as-budget-hopes-start-fading-1561177421>

### United Power tops weekly turnover chart

Ten companies grab 19pc transactions on DSE

The Financial Express, June 22, 2019

- Ten most traded companies accounted for 19 % of transactions on the Dhaka Stock Exchange (DSE) in the outgoing week, with the United Power Generation & Distribution Company making it to the top of the turnover chart.
- According to the DSE data, about 2.58 mn shares of United Power were traded, generating a turnover of BDT 953 mn, which was 3.67 % of the weekly total turnover. The total turnover on the DSE stood at BDT 25.98 bn this week as against BDT 24.63 bn in the previous week.
- The power generation company's share closed at BDT 373.20 each on Thursday, gaining 3.24 % over the week before. The company's consolidated earnings per share (EPS) stood at BDT 5.19 for January-March 2019 as against BDT 2.40 (separate) for January-March 2018.
- The consolidated EPS was BDT 12.88 for July 2018-March 2019 as against BDT 7.01 (separate) for July 2017-March 2018. The consolidated net operating cash flow per share (NOCFPS) was BDT 10.52 for July 2018-March 2019 as against BDT 6.67 (separate) for July 2017-March 2018.

- The consolidated net asset value (NAV) per share was BDT 66.29 as on March 31, 2019 and BDT 34.00 (separate) as on June 30, 2018. United Power, listed on the DSE in April 2015, disbursed 90 % cash and 20 % stock dividends for the year ended on June 30, 2018.
- The company's paid-up capital is BDT 4.79 bn and authorised capital is BDT 8.0 bn. Eastern Insurance clinched the third spot, with shares worth BDT 480 mn changing hands. Its share closed at BDT 56 each, soaring 17.40 % over the previous week.

<http://thefinancialexpress.com.bd/stock/united-power-tops-weekly-turnover-chart-1561176969>

## **Address BO account irregularities**

The Financial Express, June 21, 2019

- The securities regulator has asked the depository participants (DPs) to address the irregularities involving the investors' BO (beneficiary owner's) accounts by July 21. The directive came at a meeting of the Bangladesh Securities and Exchange Commission (BSEC) on Thursday, as some non-compliances during the opening of BO accounts were detected recently.
- The national ID number, mobile number and bank account of a person cannot be used for opening the BO account of another person, it added. According to the BSEC decision, the DPs will have to address the irregularities occurred during the opening of BO accounts by July 21.
- At Thursday's meeting, the securities regulator also approved the proposal for a BDT 500 mn Fixed Rate Corporation Bond to be issued by the HR Textile Mills. The bond with a term of seven years will be issued to banks, insurance companies, financial institutions, corporate entities, non-resident Bangladeshis and general public through private placements. The face value of the units of the bond will be BDT 1.0 mn each.

<http://thefinancialexpress.com.bd/stock/address-bo-account-irregularities-1561092990>

## **Fund managers seek tax exemptions for AIFs**

The Financial Express, June 21, 2019

- Alternative investment fund managers (AIFMs) have urged the government to provide policy supports, including exemption from corporate tax, for the funds to help drive the country's startup ecosystem and generate employments.
- They also sought tax exemption for investments made by high-net-worth individuals in the alternative investment funds. At a post-budget press briefing, the fund managers also demanded that the government offer tax rebate on investments made by the provident funds.
- Alternative investment funds (AIFs) directly trigger employment generation, create self-employment opportunities, and are often the only available source of financing for small and young companies. The Bangladesh Securities and Exchange Commission (BSEC) formulated the much-needed Alternative Investment Rules in 2015, paving the way for mobilising funds for startups through AIFMs.

<http://thefinancialexpress.com.bd/stock/fund-managers-seek-tax-exemptions-for-aifs-1561093264>

## Economy

### Names of top 300 loan defaulters disclosed

*BDT 50,942cr loan defaulted by them, finance minister tells JS*

- Finance Minister AHM Mustafa Kamal today revealed the names of the top 300 loan defaulters in the parliament.
- The top ten defaulters are Samannaz Super Oil Ltd with defaulted loan of BDT 1,049 crore while Galaxy Sweater and Yarn Dyeing Ltd with BDT 984 crore, Rimex Footwear Ltd with BDT 976 crore, Quantum Power Systems Ltd with BDT 828 crore, Maheen Enterprise Ltd BDT 825 crore, Rupali Composite Leather Wear Ltd with BDT 798 crore, Crescent Leather Products Ltd with BDT 776 crore, S. A Oil Refinery Ltd with BDT 707 crore, Suprov Composite Knit Ltd with BDT 610 crore and Grameen Shakti with BDT 601 crore.
- These individuals and institutions have sanction limit of BDT 1,741,348 crore, outstanding loan of BDT 784624 crore, classified amount BDT 110541 and defaulted loan BDT 100,183 crore.

<https://www.thedailystar.net/bangladesh-national-budget-2019-20/top-300-loan-defaulters-disclosed-1760773>

### Paper importers demand 80pc import duty cut in budget

The Daily Star, June 22, 2019

- The paper importers of the country today urged the government to fix five % import duty in the budget from the existing 25 % to help the local industry flourish. The demand was raised at a press conference at the Economic Reporters Forum (ERF) auditorium in the capital.
- Six organisations -- Bangladesh Paper Importers Association, Bangladesh Paper Merchants Association, Bangladesh Pathapustuk Mudron O Biponon Samity, Chattogram Paper O Selophin Babosai Group, Metropolitan Press Owners Association, and Bangladesh Mudron Shilpo Samity -- organised the briefing.
- The annual local demand for raw materials of paper is 5,00,000 tonnes but less than 2,000 tonnes are imported legally, Paper Importers Association President Shafiqul Islam Bharosa pointed out.

<https://www.thedailystar.net/bangladesh-national-budget-2019-20/news/paper-importers-demand-80pc-import-duty-cut-budget-1760770>

### Tax benefits for car assemblers

The Daily Star, June 21, 2019

- The National Board of Revenue has exempted value-added tax and supplementary duty on import of raw materials and components to make cars as the government looks to encourage development of an automobile industry in Bangladesh.
- Car assemblers would be able to import up to 1,600cc cars in completely knocked down forms and the requisite raw materials and spare parts to put them back together without any VAT and SD. The benefit would prevail for two years beginning from July 1, according to a notification from the tax administration released on June 13 as part of its overall tax and duty measures for fiscal 2019-20.

- Between 2013 and 2017, car registration increased, according to Bangladesh Road Transport Authority. On an average, 16,112 cars were registered in a year between 2011 and 2018. At present, state-run Pragati Industries, Rangs Motors and PHP Family assemble sports utility vehicles and cars of certain engine capacity for the domestic market.
- To avail the exemption benefit, assemblers will have to pay advance tax and must have facilities to make more than one component such as reinforcement pipe and brake, fuel tank cover, battery seal and engine hook.

<https://www.thedailystar.net/business/news/tax-benefits-car-assemblers-1760275>

## **Japan softens stance, agrees to sign deal**

The Financial Express, June 23, 2019

- Japan has finally agreed to provide US\$1.3 bn funds for Matarbari 1,200MW thermal power plant, softening its earlier position. The Asian economic giant did not confirm the funding during the Prime Minister's recent visit to Tokyo, officials said on Saturday.
- During the visit of Prime Minister Sheikh Hasina from May 28-June 2, the JICA signed US\$1.2 bn loan deals for four other projects under its 40th Official Development Assistance (ODA) package.
- Earlier, JICA concluded negotiations with Bangladesh on providing \$2.5 bn in assistance for implementing five development projects, including the coal plant.
- For four other projects, the JICA will finance the Matarbari port development project (I), MRT line-1 from Airport to Kamlapur along with a connecting line from Jamuna Future Park to Purbachal project (I), ongoing foreign direct investment project (II), and energy efficiency and conservation promotion financing project (Phase 2).
- Under the ODA package, the JICA is providing JPY38,898 mn (US\$355 mn) for the Matarbari port development project in the 1st tranche, JPY52,570 mn (\$480m) for the MRT line-1, JPY21,147 mn (\$193m) for the investment promotion project and JPY19,000 mn (\$173m) for the energy project.

<http://thefinancialexpress.com.bd/trade/japan-softens-stance-agrees-to-sign-deal-1561263268>

## **International**

### **Soft US factory activity darkens economic outlook**

New Age, June 23, 2019

- US manufacturing activity barely grew in early June and the service sector cooled, signs that president Donald Trump's trade war with China could be weighing on the economy.
- Other economic data released on Friday showed a rise in home resales during May, suggesting the Federal Reserve was seeing dividends from its efforts to avert a recession by keeping interest rates low.
- While many indicators still point to a healthy economy, Fed policymakers are increasingly concerned that the 10-year economic expansion could be in danger.

- The data firm's PMI for the US services sector dropped to 50.7, the lowest since February 2016. Both the manufacturing and the service sector readings were below expectations of analysts polled by Reuters. The US-China trade war began last year and escalated last month after Trump, who has vowed to rebalance the global trading system in favour of the United States, raised tariffs on \$200 bn in Chinese imports.

<http://www.newagebd.net/article/76232/soft-us-factory-activity-darkens-economic-outlook>

## 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 Ltd

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

Tanzin Naher  
Research Associate

tanzin@basl-bd.com

## BASL Networks

### 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 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).