

Stock Market

Stocks fall for 3rd week on cautious trading

New Age, September 23, 2018

- Dhaka stocks dipped for the third consecutive week as investors continued with their cautious approach amid political uncertainties ahead of national election. DSEX, the key index of Dhaka Stock Exchange, dropped 0.61%, or 33.56 points, over the past week to finish at 5,467.05 points on Thursday, the last trading session of the week.
- DSEX lost 133.58 points in the last three consecutive weeks. In line with the previous week, trading on the bourse in the past week began with bearish vibe and DSEX remained in the negative territory in three out of five sessions. The national election is due to be held by January next year.
- Average share prices of telecommunication, non-bank financial institution and bank sectors dropped 3.6%, 0.7% and 0.5% respectively. Average share prices of textile, food and cement advanced by 3.1%, 1.2% and 0.9% respectively that saved the market from further fall.
- The daily average turnover on the bourse declined by 13.81% to BDT 776.77 crore in last week from BDT 901.26 crore in the previous week. Out of the 341 traded issues, 220 declined, 106 advanced and 15 issues remained unchanged.
- DS30, the blue-chip index of the DSE, also lost 0.98%, or 18.88 points, to close at 1,901.00 points over the week. Shariah index DSES, shed 1.25%, or 15.86 points, to close at 1,255.51 points. Active Fine Chemicals led the turnover chart with its shares worth BDT 367.23 crore changing hands.
- Khulna Power Company, Active Fine Chemicals, IFAD Autos, BBS Cables, Shasha Denims, Aman Feed, National Housing Finance, Singer Bangladesh, United Power Generation & Distribution Company, Nahee Aluminium Composite Panel, Summit Power and Saiham Textile Mills were the other turnover leaders.
- Pragati Life Insurance Company gained the most in the week with a 36.50 -per cent increase in its share prices, while EBL First Mutual Fund was the worst loser, shedding 17.98%.

<http://www.newagebd.net/article/51239/stocks-fall-for-3rd-week-on-cautious-trading>

Seven banks in 'red zone'

The Daily Star, September 23, 2018

- The central bank is concerned about seven banks, including three state-run lenders, for their deteriorating financial health stemming largely from rising default loans and declining capital and profits. These lenders belong to the "red zone" in the Bangladesh Bank's Bank Health Index (BHI) report.
- The banks are: state-run Sonali, Rupali and BASIC, private commercial banks Farmers, Bangladesh Commerce and AB as well as foreign lender National Bank of Pakistan. In the second week this month, the Financial Stability Department (FSD), a wing of the central bank, recommended the BB's policy and inspection departments take special supervisory and regulatory measures to improve the financial health of the lenders.
- Since 2015, the central bank has been preparing the half-yearly BHI report on the basis of six financial indicators: asset quality, capital adequacy ratio, efficiency, profitability, liquidity and lending ratio against capital. Banks that perform well in line with the indicators are placed in the 'green' category,

DEFAULT LOAN SITUATION OF THE BANKS		
BANK'S NAME	CLASSIFIED LOANS (AS OF JUNE 30, 2018; IN CRORE TAKA)	IN % OF TOTAL LOANS
Sonali	13,139	35
Rupali	4,907	23
BASIC	8,443	57
Farmers	1,521	29
Bangladesh Commerce	550	26
AB	1,525	7
National Bank of Pakistan	1,363	94

SOURCE: BB

while lenders with worst performance belong to the red zone. The yellow zone consists of banks that stay between the red and the green zones.

- The central bank also unearthed a number of financial scandals at most of the banks in recent years. Because of the irregularities, they have entered the red zone, a BB official told The Daily Star. The latest BHI report, prepared on the basis of the financial health as of December last year, showed that 32 banks stayed in the yellow zone and 14 banks in green zone.
- The FSD also advised the departments concerned at the central bank to take special measures to supervise six other lenders in the yellow zone as their financial health worsened significantly in recent times. The banks are Agrani, Janata, Prime, Islami, Shahjalal Islami and First Security Islami.

<https://www.thedailystar.net/business/news/seven-banks-red-zone-1637245>

Indian fabric makers eye Bangladesh

The Daily Star, September 23, 2018

- Indian manufacturers look to capture a bigger share of the fabric market in Bangladesh as the country has already shown its strength in the global readymade garment supply chain, India's textile raw material exporters said. Bangladesh, the second largest garment exporter worldwide, largely relies on India, apart from China, for garments raw materials.
- Currently, Bangladesh imports fabric worth \$7bn a year to run its garment sector. Of them, fabric worth more than \$2bn come from India and \$5bn from China, according to industry people. Around 1,200 foreign companies, including some 92 textiles related firms, took part in the four-day fair.
- Ayma Creations is a Gujarat-based manufacturer of suiting fabric and exporter to Gulf countries. Rajesh Kumar Somani, director of Ramkumar Textiles Pvt Ltd, sees a good future for the Indian fabric manufacturers in Bangladesh thanks to increasing demand for Indian fabric.
- Hanish Vikmani of AM Industries Ltd, an exporter of premium shirting and suiting fabric, said he is hopeful to start exporting products to Bangladesh as a number of customers have shown interest. Rawalwasia Yarn Dyeing Pvt Ltd, a manufacturer and exporter of woven and knitting fabrics, is trying to enter the market in Bangladesh.
- And Pradip Marathe, head of customer service of the company, believes that Rawalwasia Yarn will get a good market share as it manufactures high quality products. Babita Singh, proprietor of Ashok Vatika, a Kolkata-based fashion house, said she is looking for partners to set up joint venture in Bangladesh.

<https://www.thedailystar.net/business/news/indian-fabric-makers-eye-bangladesh-1637239>

Economy

PRAN signs \$5m export deal with Netherlands

New Age, September 23, 2018

- Engel Foreign Food, a chain shop of the Netherlands, will purchase products worth of \$5mn from PRAN, said a press release. PRAN will export its noodles, juice and confectionery items to the European country.
- An agreement was signed between PRAN and Engel Foreign Food Group in this connection at PRAN-RFL Center in Dhaka on Saturday, the release also said.
- PRAN Export Limited chief operating officer Mizanur Rahman said, 'the demand of PRAN products is gradually increasing in European countries. We started exporting our products to the Netherlands in 2017. This year, Engel

Foreign Food will purchase aloe vera juice from us for the first time. The juice will be available in 500 outlets of various famous super shops in the Netherlands, Germany, France and Poland.'

- According to the release, Wim Engel said that the fame of Bangladesh's PRAN Group is gradually spreading across the world. Now, PRAN products are gaining popularity in the European markets competing with world famous brands. He hoped that PRAN products will get more popularity in the days to come.

<http://www.newagebd.net/article/51222/pran-signs-5m-export-deal-with-netherlands>

HSBC felicitates top exporters

The Daily Star, September 23, 2018

- HSBC Bangladesh yesterday recognised six exporters for their leadership in promoting the country and contributing to its sustainable growth. The winners of the 8th HSBC Export Excellence Awards are: DBL Group, Urmi Group, Etail Accessories, Western Marine Shipyard, Mazen (Bangladesh) Industries Ltd, and Walton Hi-tech Industries Ltd.
- One of the leading knit garments and fabrics manufacturers and exporters in the country since 1991, the group caters to buyers mainly in the European Union and the US. It is currently composed of 25 concerns with a workforce of 30,000. Urmi Group won the award in the same category, albeit for an annual export turnover of less than \$100mn. The group started its journey in the 1950s and is accredited by leading international clothing brands. It exports to 49 countries across six continents for 13 retailers.
- Etail Accessories became the exporter of the year in the supply chain and backward linkage category for an annual export turnover of \$10mn and more. Established in 1998, Etail Accessories is a concern of Tamishna Group, a manufacturer and exporter of sewing thread, garment accessories and yarn dyeing.
- Western Marine Shipyard Ltd won the award in the traditional and emerging sectors category for an annual export turnover of \$5mn. Set up in 2000, it builds ocean-going vessels. Currently, it is making 30 ships, which include deep-sea fishing trawlers, port utility vessels, tugs, inland container ships, inland tankers and passenger ships.
- Mazen (Bangladesh) Industries, an export-oriented manufacturing company, became the exporter of the year in the SMEs category for a turnover of less than \$5mn. The company produces optical frames and sunglasses with a production capacity of 500,000 pieces per month. It has 3,800 workers. Products are exported to the US, the UK, Italy, Germany, Denmark, the Netherlands and France.
- Walton Hi-tech Industries won the inaugural excellence in import substitution category for reducing or substituting imports to a value of \$10mn or more. Established in 1994, Walton produces electrical and electronics appliances and automobiles. The group has more than 21,000 employees and runs through more than 4,000 retail outlets, exclusive distributors and dealers.

<https://www.thedailystar.net/business/banking/news/hsbc-felicitates-top-exporters-1637236>

Thai Lion Air enters Dhaka next month

The Daily Star, September 23, 2018

- Thai Lion Air, a low-cost private airline of Thailand, yesterday announced to start flights from Dhaka from the beginning of next month. Tune Aviation, the general sales agent in Bangladesh for Thai Lion Air, made the announcement at a programme at Lakeshore Hotel in the capital.
- From October 1, the airline's Boeing 737-800 aircraft will start operating on the Bangkok Don Mueang-Dhaka route with a daily flight. The fare for a Dhaka-Bangkok-Dhaka trip starts from BDT 16,083 with a free baggage allowance of 20 kilograms.

- Founded in 2013, Thai Lion Air operates 12 domestic flights in Thailand, two cross-region flights and 20 international flights. Don Mueang is one of the two international airports serving greater Bangkok. It is also one of the oldest commercial airports in Asia. The other one is Suvarnabhumi International Airport.

<https://www.thedailystar.net/business/news/thai-lion-air-enters-dhaka-next-month-1637242>

International

New Age, September 23, 2018

Walmart warns Trump tariffs may force price hikes

- Walmart Inc said that it may hike prices of products if the Trump administration imposes a tariff on Chinese imports, according to a letter the company wrote to US Trade Representative Robert Lighthizer two weeks ago and seen by Reuters on Thursday. The letter comes days after US president Donald Trump slapped tariffs on \$200bn worth of Chinese goods.
- Walmart, the world's largest retailer, in its letter said the tariff would impact prices of everything from food products to beverages and personal care items. Walmart confirmed it sent the letter and in a statement to Reuters urged the two countries to find solutions. The US Trade Representative's office was not immediately available for comment.
- Earlier this week, Trump escalated his trade war with China by imposing 10% tariffs on about \$200bn worth of Chinese imports, including consumer products like gas grills, luggage and travel bags, mattresses and helmets.
- In its list of consumer products that could be affected by these tariffs, Walmart included gas grills, bicycles, Christmas lights and bicycles.

<http://www.newagebd.net/article/51240/walmart-warns-trump-tariffs-may-force-price-hikes>

OPEC, allies struggle to pump more oil as Iran supply falls

New Age, September 23, 2018

- OPEC and its allies reduced oil output in August as a drop in Iranian supply due to US sanctions derailed their attempts to raise production to agreed levels, delegates said on Saturday as the energy producers prepared to hold talks in Algiers.
- On Friday, a source familiar with the discussions told Reuters OPEC and its allies led by Russia were considering the possibility of raising crude supplies by a further 500,000 barrels per day (bpd) as US sanctions on OPEC's third-largest producer, Iran, bite into Tehran's exports.
- Seeking to reverse a downturn in oil prices that began in 2014, OPEC, Russia and other allies decided in late 2016 to reduce supply by some 1.8mn bpd. In June this year, however, after months of cutting by more than their pact had called for amid involuntary reductions from Venezuela and other producers, they agreed to boost output by returning to 100% compliance.
- That equates to an increase of about 1mn bpd, but the latest figures show they are some way from achieving that target. Oil reached \$80 a barrel this month, prompting Trump to demand again that OPEC bring down prices.
- Higher gasoline prices for US consumers could create a political headache for Trump before November mid-term congressional elections. OPEC sources said any official action to raise output would require OPEC to hold what it calls an extraordinary meeting - a proposal that is not on the table yet.

<http://www.newagebd.net/article/51225/opec-allies-struggle-to-pump-more-oil-as-iran-supply-falls>

Domestic debt risks may spur more Asia rate hikes

New Age, September 21, 2018

- Some Asian economies running large external surpluses, including Thailand and South Korea, might be forced to tighten monetary policy soon as high household debt pose a bigger financial risk than the US Federal Reserve's steady pace of rate hikes.
- Up until now, these two economies have been considered immune to the Fed-driven rise in global interest rates, which have roiled currencies in some emerging markets. Now, though, they are facing growing pressure to return credit conditions to more normal levels after years of cheap money have stoked a domestic borrowing binge. In Thailand, for example, household debt has been running high for years, spurring calls for higher rates to stave off risks in the banking system.
- Thailand's central bank held rates steady on Wednesday but said the need for current easy policy would be 'gradually reduced,' reinforcing views that it may soon start tightening for the first time in years. South Korea's central bank is under political pressure to raise rates amid a public outcry for policymakers to tackle soaring home prices, which are leaving households strapped with debt and much less cash for discretionary spending.
- Many analysts expect South Korea's central bank, which stood pat in August, to tighten once before the end of this year to track further expected rate hikes by the Fed. Strong external surpluses have insulated these economies from this global trend so far, significantly reducing pressure on portfolio outflows that have gripped deficit countries such as India and Indonesia.
- But as rates rise faster than expected around the world, Thailand and South Korea - which had not been on the radar for any interest rate hikes this year - are now expected to follow sooner than previously thought, potentially by December.
- To the extent that the pressure for higher rates is a sign of contagion, it is only a mild one. The Korean won, for example, has weakened this year, but a 4% drop compares with double-digit falls in India, and sharp losses in Indonesia and the Philippines.

<http://www.newagebd.net/article/51111/domestic-debt-risks-may-spur-more-asia-rate-hikes>

Britain tells EU to engage seriously on Brexit, EU demurs

- Britain said on Saturday it would not capitulate in Brexit talks and again urged its EU partners to engage with its proposals, as ministers in Paris and Berlin suggested the next move in the negotiations should come from London.
- British Prime Minister Theresa May on Friday demanded new proposals and respect from European Union leaders, saying after a summit in Austria that talks had hit an impasse - a position her foreign minister reinforced on Saturday, even if that meant leaving the bloc next March without a deal.
- Britain's vote to leave "cannot lead to the EU going bust," she said on France Info radio. "...That's the message we have tried to send for several months now to our British counterparts, who may have thought we were going to say 'yes' to whatever deal they came up with."
- In Berlin, German Deputy Foreign Minister Michael Roth said the other 27 EU states were striving to achieve reasonable solutions. "The blame game against the EU is therefore more than unfair. We can't solve the problems that are arising on the island (Britain) due to Brexit," he said on Twitter.
- In London, the Telegraph reported that May faced the prospect of ministerial resignations next week if she failed to come up with an alternative to the "Chequers" Brexit plan that she presented in Austria. Around 52% of Britons voted to leave the EU in a referendum in 2016 and 48% to stay.

<https://www.thedailystar.net/business/global-business/news/britain-tells-eu-engage-seriously-brexit-eu-demurs-1637200>

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