

Stock Market

Stocks gain on institutional support after relentless rout

New Age, September 23, 2019

- Dhaka stocks on Sunday rebounded in cautious trading after declining to a 33-month low in the previous trading session as a section of investors, mostly institutional ones, went for bargain hunting after a three-day rout.
- DSEX, the prime index of Dhaka Stock Exchange, advanced by 1.33 %, or 64.98 points, to close at 4,920.96 points on Sunday after losing 103 points in the previous three sessions. The surge added around 57 points to the index.
- Share prices of Square Pharmaceuticals snapped a seven-day fall, soaring by 4.8 % on Sunday ahead of declaration of its financial results. Average share prices of telecommunication sector advanced by 7.3 %, pharmaceutical 2.6 %, textile 0.6 % and energy 0.5 % on the day.
- Average share prices of life insurance, general insurance and bank dropped by 0.1 % each. Out of the 352 scrips traded on Sunday, 185 advanced, 106 declined and 60 remained unchanged. DSE Shariah index DSES added 2.40 %, or 26.97 points, to close at 1,150.18 points.
- Blue-chip index DS30 soared by 1.76 %, or 30.59 points, to close at 1,766.52 points. Grameenphone led the turnover chart with its shares worth BDT 38.65 crore changing hands on the day. Monno Jute Staffers, JMI Syringe, National Tubes, Fortune Shoes, Square Pharmaceuticals, Monno Ceramics, Wata Chemical, United Power Generation Company and Stylecraft Limited were the other turnover leaders.
- JMI Syringe gained the most on the day with a 10.85-% increase in its share prices while Emerald Oil Industries was the worst loser, shedding 9.52 %.

<http://www.newagebd.net/article/85383/stocks-gain-on-institutional-support-after-relentless-rout>

Salvaging capital market

BB's new policy to increase banks' investment

The Financial Express, September 22, 2019

- The central bank has announced a fresh policy for providing temporary liquidity support to the scheduled banks for boosting their investment in the country's ailing capital market.
- Under the new policy, the banks will be eligible to invest such liquidity only in their own portfolios or the portfolios of their subsidiaries as loan, according to a notification, issued by the Bangladesh Bank (BB) on Sunday.
- The banks, interested to avail such temporary liquidity support from the central bank, will have to open separate beneficiary owners (BO) accounts afresh in this connection. The banks concerned will be allowed to enjoy such liquidity support with their treasury bills (T-bills) and bonds using repo (repurchase agreement) mechanism.
- The BB's latest policy support came against the backdrop of a falling trend in the share market in the recent months despite the government's various measures. The DSEX, the core index of the Dhaka Stock Exchange

(DSE), has lost a cumulative 462 points in the past three months, and the market capitalisation shed about BDT 220 bn during the period.

- The central bank will provide the liquidity support to the banks by keeping 5.0 % margin of repo value of the T-bills or bonds in case of failure of repo cash settlement by the banks concerned, according to the BB official.
- The tenure of the repo may be extended up to six months on the basis of successful use of the fund by the banks. The repo interest rate is fixed at 6.0 %. Applications will be submitted to the general manager (GM) of the BB's Department of Off-Site Supervision (DOS) with statement of BO accounts for renewal of such liquidity facility before five days of the repo expiry.
- Besides, the interested banks will have to file applications to the BB DOS GM, mentioning the required amount of liquidity support with relevant documents within three months from the date of issuing the notification.

<http://thefinancialexpress.com.bd/stock/bbs-new-policy-to-increase-banks-investment-1569210778>

Public subscription of Ashuganj Power opens Monday

The Financial Express, September 22, 2019

- Public subscription of state-run Ashuganj Power Station Company Ltd will open tomorrow (Monday), aiming to raise BDT 1.0 bn. The initial public offering (IPO) subscription will stay open for both resident and non-resident Bangladeshis until October 6 this year.
- The company will raise the capital by issuing bond through IPO. On July 2 last, the Bangladesh Securities and Exchange Commission (BSEC) approved the company's proposal of raising a capital worth BDT 1.0 bn through issuing bond.
- The characteristics of the bond will be non-convertible, fully redeemable and coupon bearing with a face value of BDT 5000 per unit. The tenure of the bond will be seven years. The annual interests from the bonds will be minimum 8.5 % and maximum 10.5 %, payable every six months.
- The state-run power generation company will raise the capital to bear the costs of land development, civil works, initial fuel, engineering and consultant service, and the purchase of vehicles. As per the financial statement for the year ended on June 30, 2017 the company's net asset value (NAV) is BDT 265.96 per share and weighted average of the earnings per share (EPS) of five years is BDT 10.63.
- ICB Capital Management and BRAC EPL Investments are the issue managers of the bond to be issued by Ashuganj Power Station Company. The ICB Capital Management is also the trustee of the bond. Ashuganj Power, the largest power plant of Bangladesh, now generates 1,690 megawatt.

<http://thefinancialexpress.com.bd/stock/public-subscription-of-ashuganj-power-opens-monday-1569145005>

GP stock has buyers, no seller

Dhaka Tribune, September 23, 2019

- Buoyed stock investors of Dhaka Stock Exchange (DSE) yesterday scrambled for the shares in Grameenphone, even at its halted price, after the government softened its stance on realising the dues from the largest listed company by paid-up capital.

- As many as 10,72,528 shares in GP were traded at the DSE. The market value of the traded shares was BDT38 crore. Around 3 lakh shares buy orders were pending until the market closed.
- Buy orders were posted at GP's site from almost all brokerage houses and merchant banks operating in the capital. The GP closed the day at BDT360.5 per share, up from BDT335.3 per share in the previous session. The stock gained by 7.19% or BDT 24.1.
- The broad index DSEX of Dhaka Stock Exchange (DSE) bounced back on the first trading day of the week and settled in green. A surge in index movers' price namely GP, Square Pharma and British American Tobacco led the market to rise and settle in positive.
- However, market turnover decreased by 21% from last day's session and stood at BDT304 crore. The broad index advanced by 64.98 points and closed at 4,921 points. According to the DSE data, in a span of five months, GP's share sank 30.70% to BDT289 on September 4, the lowest ever price of the mobile phone operator.
- The prolonged regulatory issues regarding the huge unpaid dues and subsequent show cause notice served to the operator spooked investors. The share price of the company was BDT472 on January 1, last year and it finished the year at BDT367.3 per share. GP's share price was BDT364 on June 30 this year.

<https://www.dhakatribune.com/business/stock/2019/09/22/gp-stock-has-buyers-no-seller>

Economy

Bangladesh Bank warns against use of bank note replicas in bills, coupons, tickets

New Age, September 23, 2019

- Bangladesh Bank on Sunday asked individuals and entities to refrain from using replica of bank notes in bills, coupons and tickets of parks or restaurants. A BB notice issued on the day also said that any use of such bank note replicas were punishable offence.
- The central bank would take legal measures against the individuals or entities if they continue to use such replica notes even after the issuance of the notice, it said.
- BB said that it had observed that several private hotels, restaurants and recreation centres, located in Dhaka city as well as in different divisional cities, were using replica of bank notes in their bills, coupons and tickets. People can be cheated with such use of replica as well as encourage the manufactures of fake notes, it said.

<http://www.newagebd.net/article/85358/bangladesh-bank-warns-against-use-of-bank-note-replicas-in-bills-coupons-tickets>

Cash incentives announced for goods exports under 37 categories

New Age, September 23, 2019

- The government on Sunday announced cash incentives against export of products under 37 categories, including one % additional special incentive for readymade garment products, for the current fiscal year of 2019-20.

- The government also included consumer electronics, electrical home and kitchen appliances to the product list for the first time with 10 % cash incentive and boosted incentives for a number of products manufactured in economic zones and hi-tech parks.
- According to a Bangladesh Bank circular issued on Sunday, readymade garment exporters would get one % additional special incentive in addition to the 4 % cash incentive remained unchanged for this fiscal year for export of new textile and garment products and expanding export of textile items to new markets — markets other than the United States, Canada and the European Union.
- The government kept unchanged the cash incentive at 4 % for apparel products export for the small and medium industries of the textile sector. According to the circular, the export-oriented local textile sector would enjoy cash incentive at the rate of 4 % as an alternative to duty bonds and duty drawbacks.
- The 2-% cash incentive remained unchanged for the exporters of apparel products, who will export their products to the eurozone.
- Information technology-enabled services would get 15 % cash incentive and the information technology companies established in hi-tech park would also get 4 % additional incentive for exporting products to new markets, the circular said.

<http://www.newagebd.net/article/85381/cash-incentives-announced-for-goods-exports-under-37-categories>

Next bidding round: IOCs seek lower tax, flexible terms

The Financial Express, September 23, 2019

- International oil companies have sought contractual flexibility, including corporate tax benefits and reserve-based pricing in the next round of bidding for hydrocarbon exploration. But some firms preferred to keep mum during their talks with state-run Petrobangla over the past week.
- Petrobangla arranged the discussions with the interested energy firms to get their views on the benefits offered in the freshly-minted production sharing contracts before the next bidding round. The IOCs that have shown interest include the ExxonMobil of the United States, BP of the United Kingdom, POSCO of South Korea and PTTEP of Thailand, and a new Japanese oil and gas company.
- During the talks, some IOCs argued that the flexibility in contracts will help secure investments after delineating hydrocarbon prospect. Others sought enhanced tax benefits and reserve-based fiscal terms and benefits to reap better output.
- Unlike previous occasions, Petrobangla expects the terms of model contract to be more attractive. Petrobangla's past rounds drew tepid responses from the IOCs. Such pre-bid talks with the IOCs in the past were rare.



Bangladesh currently has

31 open blocks to offer

9 onshore,
14 deep sea
8 shallow sea

Petrobangla has not offered any onshore oil and gas blocks since 1997

<http://thefinancialexpress.com.bd/trade/next-bidding-round-iocs-seek-lower-tax-flexible-terms-1569211843>

International

SoftBank mulls bringing 40 cos to Brazil

New Age, September 23, 2019

- Japan's SoftBank Group Corp is considering bringing around 40 companies with high growth potential to Brazil and expects to announce a large investment in the country in around two weeks' time, the group's head in Brazil, André Maciel, said on Friday.
- 'We have around 40 companies that fit in Brazil,' he said during an event at Cubo, a technological hub funded by Itaú Unibanco, the largest private bank in Latin America. SoftBank has been investing in many companies around the world, including some that are already operating in Brazil such as US office-sharing startup WeWork.
- Maciel, a former director at JPMorgan in Brazil, added Softbank plans to disclose a large investment in the country in the next two weeks. He did not elaborate. The Japanese group has been leading multimn-dollar investments in Latin America since March, when it announced the creation of a \$5 bn fund targeting technological projects in the region.
- SoftBank has invested \$1 bn in Colombian delivery startup Rappi, \$150 mn in the app-based startup Loggi and \$250 mn in the rental platform Quinto Andar. It has also acquired a 15 % stake in Banco Inter.

<http://www.newagebd.net/article/85387/softbank-mulls-bringing-40-cos-to-brazil>

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