

Stock Market

Stocks plunge to 21-month low as polls-centric worries bite

New Age, October 23, 2018

- Dhaka stocks on Sunday plunged to a 21-month low with a fall in the share prices of more than two-thirds of the traded scrips as investors continued offloading their holdings amid political worries ahead of the national elections. DSEX, the key index of Dhaka Stock Exchange, lost 1.48 %, or 79.21 points, to close at 5,251.95 points on Monday after losing 50.35 points in the previous session.
- Monday's position of the DSEX was the lowest after January 9, 2017 when it was at 5214.60 points. The plunge in the last two days wiped out around BDT 8,000 crore from the market capitalisation.
- The turnover on DSE dropped further to BDT 435.32 crore on Monday compared with that of BDT 439.59 crore in the previous trading session. Monday's turnover was the lowest after June 10 when it was at BDT 407.72 crore. The average share prices of all the sectors except jute declined on the day. The share prices of energy, textile, bank, and non-bank financial institution dropped by 2.0 %, 1.9 %, 1.5 %, and 0.5 % respectively.
- The share prices of pharmaceuticals and cement sectors also declined more than one % each. Of the 336 companies and mutual funds traded on Monday, 236 declined, just 64 advanced, and 40 remained unchanged. DS30, the blue-chip index of DSE, also dropped by 1.32 %, or 24.99 points, to close at 1,859.32 points. Shariah index DSES also declined by 1.68 %, or 20.75 points, to finish at 1,209.50 points.
- Khulna Power Company led the turnover chart with its shares worth BDT 24.62 crore changing hands. Dragon Sweater, Summit Power, Square Pharmaceuticals, Delta Life Insurance Company, Indo-Bangla Pharmaceuticals, IFAD Autos, VFS Thread Dyeing, BBS Cables and United Power Generation Company were the other turnover leaders. Central Pharmaceuticals gained the most on the day with an 8.82-per cent increase in its share prices, while Bangladesh Steel Re-Rolling Mills was the worst loser, shedding 13.63 %.

<http://www.newagebd.net/article/53889/stocks-plunge-to-21-month-low-as-polls-centric-worries-bite>

Mixed performance of six mutual funds

The Financial Express, October 22, 2018

- Some six closed-end mutual funds (MFs) have exhibited mixed performance for July-September, 2018 compared to same period of the previous year. During July-September, 2018 the earnings per unit (EPU) of four MFs rose, while the EPU of two others declined. Of the MFs, MBL 1st Mutual Fund has reported its EPU of BDT. 0.21 for July-September, 2018 as against a loss of BDT 0.13 per unit for July-September, 2017.
- The fund's EPU was BDT. 0.43 for April-September, 2018 as against the loss of BDT 0.05 per unit for April-September, 2017. The NAV per unit at market price was BDT. 11.02 as on September 30, 2018 and BDT. 12.35 as on March 31, 2017. The NAV per unit at cost price was BDT. 10.58 as on September 30, 2018 and BDT. 10.96 as on March 31, 2018
- The EPU of AIBL 1st Islamic Mutual Fund was BDT. 0.25 for July-September 2018 as against the loss of BDT 0.07 per unit for July-September 2017. The EPU was BDT. 0.41 for April-September 2018 as against the loss of BDT 0.03 per unit for April-September 2017.
- Asian Tiger Sandhani Life Growth Fund has reported its EPU of BDT 0.38 for July-September 2018 as against BDT. 0.16 for July-September 2017. The fund's NAV per unit at market price was BDT. 12.70 as on September 30, 2018 and BDT. 13.47 as on June 30, 2018. The NAV per unit at cost price was BDT. 11.86 as on September 30, 2018 and BDT. 12.68 as on June 30, 2018.

- Green Delta Mutual Fund has reported its EPU of BDT. 0.08 for July-September 2018 as against BDT. 0.13 for July-September 2017. The EPU of DBH First Mutual Fund was BDT. 0.15 for July-September 2018 as against BDT. 0.18 for July-September 2017. The NAV per unit at market price was BDT. 10.79 as on September 30, 2018 and BDT. 11.96 as on June 30, 2018. The NAV per unit at cost price was BDT. 10.25 as on September 30, 2018 and BDT. 11.00 as on June 30, 2018.

<http://thefinancialexpress.com.bd/stock/mixed-performance-of-six-mutual-funds-1540184090>

Top management's failure at the heart of banking woes

BB deputy governor says directors must be competent

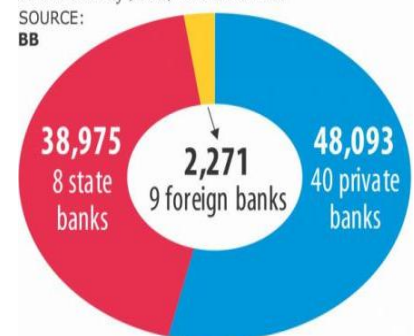
The Daily Star, October 23, 2018

- The current ailments in the banking sector -- such as soaring non-performing loan, liquidity crisis, loan scams and forgery -- are due to lack of strong leadership, said a top official of the central bank. In June this year, banks' nonperforming loans accounted for 10.41 % or BDT 89,340 crore of the total loans given by the banking sector, up from 9.31 % in December last year.
- The banking sector has been suffering severely for lack of leadership, said Yasin Ali, supernumerary professor of BIBM. The paper recommended more training to develop motivational behaviour among the leaders. Bank employees and management should be motivated and informed with the fact that they are ultimately accountable to the depositors -- the true owners and risk takers.
- Bankers who will lead the bank should have clear knowledge about the banking activities, said Barkat-e-Khuda, former professor of the University of Dhaka. A good relation is necessary between the top management and the board of the bank, said Helal Ahmed Chowdhury, supernumerary professor of the BIBM. Only quality leadership can prevent crisis in the banking sector, he added.

NONPERFORMING LOANS

at the end of June; in crore taka

SOURCE:
BB



<https://www.thedailystar.net/business/banking/news/top-managements-failure-the-heart-banking-woes-1650577>

New chairman, vice chairman for Padma Islami Life

The Daily Star, October 23, 2018

- Padma Islami Life Insurance has recently elected NRM Borhan Uddin as its first chairman after a change in the company's ownership. The board of directors of the insurer also elected Dewan Nurul Islam as its vice chairman, at a meeting on October 21, the company said in a statement yesterday.
- Borhan Uddin is the former vice chancellor of City University while Islam is the president of the Institute of Chartered Accountants of Bangladesh and a former director of Jamuna Oil Company. S Alam Group has recently bought nearly 45 % stakes in Padma Islami at an estimated cost of BDT 45 crore, as part of the group's plan to increase its influence on the insurance sector. Mohammed Saiful Alam, chairman of the group, bought 2.52 % shares in his own name, 2.71 % in his wife's name—Farzana Parveen—and 4.75 % his son Ahsanul Alam.
- Five companies—Unitex Petroleum, Unitex LP Gas, Pavilion International, Affinity Assets and Crest Holdings—with affiliation with S Alam Group bought the remaining 35 %. The business group also has ownership in two Islamic banks and it has plans to purchase stakes in two more Islamic insurance companies, industry insiders said.

<https://www.thedailystar.net/business/news/new-chairman-vice-chairman-padma-islami-life-1650547>

Orion adds 105MW to national grid

The Daily Star, October 23, 2018

- Orion Group has started the commercial operation of a 105-megawatt heavy fuel oil-based private power plant at Rupsha in Khulna. The plant—Orion Power Rupsha Ltd—started supplying electricity to the national grid on October 9 while the commercial operation began on October 14 under a 15-year contract.
- One of the leading independent power producers in the country, Orion has set up the plant within 307 days of signing an agreement with the government, according to a statement. With the project, Orion's contribution to the national grid now stands at 407MW. The plant is equipped with six 18V50 engines newly introduced by Wartsila of Italy and Finland.
- Among major equipment, boilers were supplied by Alfa Laval Aalborg (Finland and China), ABB (Sweden, Switzerland, Malaysia, Singapore, Vietnam and China), and Triveni (India). The financing of the project was raised with a mix of local and foreign sources: Mercantile Bank Ltd was the lead lender with participation of Mashreqbank psc of the UAE.
- This is Mashreq Bank's third work with Orion, said Iqbal H Khanyari, head of the international corporate division of the bank. Previously, Mashreq provided a mid-term and a short-term loan to two of Orion's power plants. The major challenge in the project was the construction of around 7km 132-kilovolt double circuit evacuation line, which is connected to the existing 132KV Goalpara-Bagerhat double circuit transmission line.

<https://www.thedailystar.net/business/news/orion-adds-105mw-national-grid-1650553>

Economy

Local steel makers seek steps against low-cost import under SAFTA

New Age, October 23, 2018

- Local steel manufacturers have demanded protection of locally made several types of finished steel products from uneven competition with low-cost commercial imports under SAFTA benefit. They made the plea to the commerce ministry seeking protection to the local industry claiming that increasing import of finished products was shrinking the market of the domestic industry as well as pushing the sector into the uneven competition with commercial imports.
- In a recent letter to the commerce minister Tofail Ahmed, Chittagong Chamber of Commerce and Industry said that commercial importers were paying only 3 % customs duty on import of some finished steel products including cold rolled steel and colour coated coil and sheet under duty benefit of South Asian Free Trade Area.
- Some local manufacturers have also made the same demand to the ministry. Commercial importers are enjoying the duty benefit on import of eight types of steel products including flat rolled products of iron or non-alloy steel — plated or coated with tin, lead and zinc or painted, varnished or coated with plastics.
- Currently, the domestic industry can produce annually 10 lakh tonnes of cold rolled steel and 2 lakh tonnes of colour coated sheet, corrugated tin and industrial profile. Two more factories are in the queue to start production of colour coated sheet on rising demand for the product. The total production of colour coated coil and sheet will reach 4 lakh tonnes per annum once the two new factories come into production.
- Cold rolled and colour coated sheet are also being exported after meeting the domestic demand. Commerce ministry officials told New Age that Bangladesh Tariff Commission, on request of the ministry, recommended that the government impose 20 % RD on products imported under SAFTA.

<http://www.newagebd.net/article/53890/local-steel-makers-seek-steps-against-low-cost-import-under-safta>

3 telcos yet to return 47cr minutes as call-drop compensation

New Age, October 23, 2018

- The three private mobile phone operators in the country are yet to return 47.32 crore minutes in talk time as compensation to their subscribers against 222.17 crore call drops in a year spanning from September, 2017 to September, 2018. State-owned operator Teletalk, however, is yet to submit data on call drops and compensation to Bangladesh Telecommunication and Regulatory Commission.
- As per a BTRC directive, the subscribers get one minute in talk time as compensation for each call drop after the first one in a day. The operators are exempted from giving any talk time as compensation for only one call drop in a day.
- Against the total call drops of the three private mobile phone operators — Grameenphone, Robi and Banglalink — in the period, the customers were supposed to get 69.38 crore minutes in talk time as compensation, according to BTRC statistics.
- The mobile network operators have so far returned 22.06 crore minutes in talk time as compensation to their subscribers, depriving customers from their due reparation. BTRC in June 30, 2016 issued a directive to the mobile phone operators introducing the talk-time compensation against call drops.
- Grameenphone, which has 7.1 crore subscribers, faced 103.43 crore call drops in one year, meaning each of its customers suffered on average 14.56 call drops in the period. The subscribers of Robi, which has a subscriber base of 4.61 crore, suffered 76.18 crore call drops in the period, meaning each of its subscribers suffered 16.52 call drops on average.

<http://www.newagebd.net/article/53886/3-telcos-yet-to-return-47cr-minutes-as-call-drop-compensation>

Market expanding for rising incomes

The Daily Star, October 23, 2018

- Bangladesh has a market of BDT 20,000-BDT 30,000 crore of agro-processed foods and it is growing thanks to rising incomes, changing lifestyles and urbanisation, said the chief of the country's largest agro processor and exporter.
- The domestic market, representing both the organised and unorganised segments, is likely to grow to BDT 40,000-BDT 50,000 crore in the next three years, said Ahsan Khan Chowdhry, chairman and chief executive of Pran Group, at a press conference in National Press Club in Dhaka.
- Bangladesh Agro-Processors' Association (BAPA) organised the press meet to announce the schedule of the BAPA FoodPro International Expo 2018, a three-day processed food fair that will begin at Bangabandhu International Conference Centre on October 25.
- A total of 139 local and foreign firms related to food processing are expected to participate to showcase their products and services. The BAPA is organising the show, which is in its sixth year, jointly with the Extreme Exhibition and Event Solution.
- One of the main objectives of the show, which will be open from 10:00am to 7:00pm daily, is to familiarise food processors in the domestic market with modern technology and expand trade through interaction between local and foreign companies, the BAPA said.
- Some 682 lakh tonnes of agro processed foods -- such as juice, fruit drinks, biscuits, Bombay mix, potato crisps, spices, jam, jelly, confectionary, noodles -- are annually produced in Bangladesh. Today, locally processed foods are exported to 144 countries, enabling Bangladesh to earn \$371 mn last fiscal year. Exports are increasing along with the size of the domestic market, said Chowdhury, also the chairman of the exhibition's fair committee.

<https://www.thedailystar.net/business/news/market-expanding-rising-incomes-1650559>

BD earns \$41bn from exports

New Age, October 23, 2018

- Commerce minister Tofail Ahmed on Monday told parliament that Bangladesh earned \$41bn by exporting goods during fiscal year 2017-18. Bangladesh exported 744 goods and products worth \$41bn to 202 countries during the 2017-18 fiscal, Tofail said in response to a question of ruling lawmaker AFM Bahauddin at parliament.
- Only 25 products worth \$348 mn were exported in 68 countries in 1972-73 fiscal, Tofail said at the scripted answer that was tabled in the session. He said the to face the challenge of globalisation the government prepared export friendly and time befitting export policy in 2009-12, 2012-2015 and 2015-2018 aimed at ensuring Bangladesh's position in competitive global trade along with speeding up export trade.

<http://www.newagebd.net/article/53834/bd-earns-41-billion-from-exports>

International

Germany urges global minimum tax for digital giants

New Age, October 22, 2018

- German finance minister Olaf Scholz said in an interview for publication Sunday he backed a global minimum fiscal regime for multinationals as Europe looks to levy tax notably on US tech giants. Europe is trying to devise a strategy to tax profits from the likes of Google, Amazon, Facebook, Apple and digital platforms such as YouTube and Airbnb which currently manage to keep fiscal exposure to a bare minimum. France for a year has rallied EU partners to draw up the tax which Paris says is necessary to ensure tech giants pay their way.
- The European Commission, the EU's executive arm, has proposed a European tax on 'big tech' with substantial digital revenue in Europe, based on overall revenue in Europe and not just profits. But lead opponent Ireland says a growing number of countries are grumbling about hidden problems with the tax, including that it could inadvertently snag European companies.
- There is also concern as to what consequences might flow from such a plan at a time against the backdrop of a potential full-blown EU-US trade war. Berlin worries that cranking up the ante on trade with the United States by launching what Washington could see as an attack on Silicon Valley's corporate giants may threaten German auto exports. Germany has already shown some opposition to a French plan to tax tech giants three% of certain forms of revenue including advertising and sale of personal data.

<http://www.newagebd.net/article/53812/germany-urges-global-minimum-tax-for-digital-giants>

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