Stock Market

Plunging stocks hit 35-month low

Panic spreads as govt remains indifferent to investors' woes

New Age, October 23, 2019

- Dhaka stocks kept plunging on Tuesday as the government remained indifferent to the investors' woes amid their demand for ouster of top brasses of the Bangladesh Securities and Exchange Commission, market operators and experts said.
  The DSEX lost 1.10 %, or 52.74 points, to end at 4,708.68 points on Tuesday after losing 20.67 points in the previous session. Tuesday's index was the lowest after November 17, 2016 when it was at 4,698.54 points.
- The average share prices of textile sector dropped by 3.8 %, non-bank financial institution 3.1 %, bank 1.0 % and pharmaceutical 0.5 % on the day. Out of the 352 scrips traded on the day, 292 declined, 30 advanced, and 30 remained unchanged
- Blue-chip index DS30 declined by 0.87 %, or 14.60 points, to close at 1,660.88 points. DSE Shariah index DSES shed 0.78 %, or 8.56 points, to end at 1,080.96 points. National Tubes led the turnover chart with its shares worth BDT 14.35 crore changing hands on the day.
- United Power Generation Company, Monno Jute Stafflers, Silco Pharmaceuticals, Eastern Insurance, Renata, Grameenphone, Standard Ceramics, Square Pharmaceuticals and Bangladesh Shipping Corporation were the other turnover leaders.
- Golden Harvest Agro Industries gained the most on the day with a 9.32-% increase in its share prices while Anlima Yarn Dyeing performed the worst, losing 9.80 %.

http://www.newagebd.net/article/88457/plunging-stocks-hit-35-month-low

DSE asks United Power to explain non-execution of UMPL share sales deal

New Age, October 23, 2019

- The Dhaka Stock Exchange on Tuesday queried United Power Generation and Distribution Company Limited over non-execution of irrevocable sales declaration of one crore shares in the stipulated time by United Mymensingh Power Limited, one of UPGDCL's corporate directors.
- The country's premier bourse on the day sent a query letter to UPGDCL, a listed company on the stock exchange, about the non-execution of the sales declaration. The DSE in a web post on Tuesday said that it was observed that the corporate director did not execute the sales order within the stipulated time — 30 working days of the declaration.
- Earlier on August 6, UPGDCL disseminated information that UMPL expressed its intention to sell 1,00,00,000 shares out of its total holding of 43,11,70,994 shares in UPGDCL at the prevailing market price (in the block market) through the stock exchange within 30 working days.
- UMPL, which holds almost 90 % of UPGDCL shares, were supposed to sell two crore shares to GEM Global Yield Fund, a foreign investment entity. UMPL and UPGDCL are two concerns of United Group. After the disclosure about the deal, share prices of UPGDCL started surging and reached BDT 410 per share on August 22 from BDT 384.2 per share on August 5.

- But, share prices of the company continued plummeting since August 23 as investors had found that the sales of the UPGDCL shares had not been executed and the delay had raised doubts in their mind about the company's intention regarding the share sales decision to the foreign entity.

http://www.newagebd.net/article/88462/dse-asks-united-power-to-explain-non-execution-of-umpl-share-sales-deal

Comprehensive framework to develop bond market drafted
The Financial Express, October 22, 2019

- A comprehensive framework to develop the country's bond market has been drafted by a designated working committee. Titled as 'Comprehensive framework on the development of bond market in Bangladesh' the draft report has also been made available to public on Monday.
- The government assigned nine-member working committee, headed by Md. Khurshid Alam, general manager of debt management department of Bangladesh Bank earlier submitted the report to the governor of Bangladesh Bank.
- The 45-page report reviewed the current status of bond market, pointed out the barriers to develop a vibrant bond market and spelled out a number of recommendations to make the market effective and functional.
- To address the challenges and barriers for the development of the country's debt securities market and to implement the recommendations mentioned in the framework, the working committee has proposed to 'promote inter-organisational cooperation among different primary regulatory bodies.'
- The primary regulators include: Ministry of Finance (MoF), Bangladesh Bank (BB), National Board of Revenue (NBR), Bangladesh Securities and Exchange Commission (BSEC) and Insurance Development and Regulatory Authority (IDRA).

http://thefinancialexpress.com.bd/stock/comprehensive-framework-to-develop-bond-market-drafted-1571738268

ICB moots unit fund to support stock market
The Financial Express, October 23, 2019

- The Investment Corporation of Bangladesh (ICB) has made a move to float another open-ended mutual fund to support the country's stressed capital market. The initiative is part of its continuous market supportive measures.
- The state entity has recently submitted a proposal, among others, to float Unit Fund-2 to finance minister. As suggested, the initial size of the fund will be BDT 30 bn and ICB will be the fund manager Of the amount, BDT 10 bn will be collected from sponsors such as banks and financial institutions.
- The face value of the units will be BDT 100 each. After the 2010-11 stock market debacle, ICB had floated the Bangladesh Fund with a proposed size of BDT 50 bn. But the fund failed to fulfil the target within an expected timeframe as some institutions did not provide support as per their commitment.
- ICB has been managing the country's largest-ever ICB Unit Fund whose approximate size is BDT 50 bn. It was floated in April 1981 for mobilising savings through sale of its units to small investors and investing the funds in marketable securities.

- The sale of the units, however, has been stopped for long as per the condition of a development agreement, signed with the Asian Development Bank. ICB Unit Fund's existing unit holders can sell their units to ICB, but nobody is allowed to buy units of the fund.

http://thefinancialexpress.com.bd/stock/bangladesh/icb-moots-unit-fund-to-support-stock-market-1571805230

Economy

BPDB seeks rise in bulk power tariff or subsidy

CAB urges govt to curb corruption to cut loss

The Financial Express, October 23, 2019

- The BPDB for the first time placed before the BERC two options -- tariff hike or subsidy -- to lessen its loss. The BPDB will have a revenue shortfall worth BDT 86.08 bn in the current fiscal year, 2019-20, if the tariff is not hiked, the entity stated in its proposal to the BERC.
- It will require around BDT 452.08 bn to purchase electricity from the power plants as well as to produce electricity from its own plants. The Board will get around BDT 366 bn by selling electricity to bulk consumers at the existing rate, it stated. Currently, the per unit bulk tariff (1 kilowatt hour) electricity is BDT 4.87.
- The board in its proposal argued that the latest hike in tariff of natural gas pushed up electricity generation cost from the gas-fired power plants by around 41 %. The BERC last raised retail electricity tariff in November 2017. The bulk electricity tariff was last raised by the commission in August 2015.
- A good number of high-cost rental and quick rental as well as oil-fired power plants are still operational. Besides, it might be an extra burden to the retail-level consumers, as the state-run electricity distribution companies may also seek hike in retail electricity tariff as the consequence of bulk-level tariff hike, he added.
- Any hike in bulk electricity tariff will increase electricity purchase costs of the state-run electricity distribution companies, including the Rural Electrification Board (REB), the Dhaka Power Distribution Company (DPDC), the Dhaka Electric Supply Company (DESCO), the West-Zone Power Distribution Company (WZPDC), and the North-West Zone Power Distribution Company (NWPZC).

http://thefinancialexpress.com.bd/trade/bpdb-seeks-rise-in-bulk-power-tariff-or-subsidy-1571804560

Phenomenal rise in industrial sector NPL

Big borrowers largely responsible

The Financial Express, October 23, 2019

- The volume of classified loans, belonging to the industrial sector, jumped by more than 48 % in the fiscal year (FY) 2018-19. The main reason for a big leap was attributed mainly to the addition of certain volume of rescheduled loans that turned classified again to the fresh default loans.
- Non-performing loans (NPLs) in the industrial sector rose to BDT 572.01 bn in FY'19 from BDT 384.99 bn in the previous fiscal, according to the central bank's latest statistics. Bankers said the amount of non-performing loans (NPLs) has increased significantly during the period under review as the industrial sector borrowers delayed their loan repayments on various pretexts.

- The central bank had cleared proposals from 11 business groups for restructuring their large loans amounting to around BDT 153.26 bn. The senior banker, however, expressed the hope that the amount of overall NPL would decrease by the final quarter of this calendar year following implementation of relaxed policies.
- On April 22, the central bank revised loan classification rules to treat unpaid instalment(s) of a term loan as 'overdue' after six months of its (loan) 'expiry' date. The revised loan classification rules came into effect from June 30.
- The central bank also offered special facility to loan defaulters on May 16, allowing them to reschedule loans by paying 2.0 % down payment for a maximum of 10 years. However, the special facility has been put on hold following court order.

http://thefinancialexpress.com.bd/economy/bangladesh/phenomenal-rise-in-industrial-sector-npl-1571803187

International

German budget surplus at 1.7pc of GDP in Q2: Eurostat

The Financial Express, October 23, 2019

- Germany's seasonally adjusted budget surplus was 1.7 % of the country's GDP in the second quarter (Q2), down from 2.0 % in the previous three months, data from the European Union's statistics office Eurostat showed on Tuesday.
- Germany has been running large budget surpluses for years and is now under pressure from other euro zone countries, the European Central Bank and the International Monetary Fund to spend more on long-overdue investment to help prevent an economic slowdown in the euro zone's biggest economy, reports Reuters.
- Unadjusted for seasonal swings, the budget surplus was even higher at 3.2 % of GDP, in the second quarter, up from 2.2 % in the first three months.

http://thefinancialexpress.com.bd/economy/global/german-budget-surplus-at-17pc-of-gdp-in-q2-eurostat-1571737734

BASL DAILY NEWS BUZZ

October 23, 2019

Your Trusted Broker

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 (2nd 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.