

Stock Market & Company

Stocks fall again as blue-chip index hits 7-year low

NewAge, December 22, 2019

- Dhaka stocks dropped on Sunday as investors resumed share selling amid the country's gloomy economic outlook and depressing performance by heavyweight companies. Blue-chip index DS30, which groups 30 prominent companies, hit almost a seven-year low on Sunday. On the day, the index hit its lowest after February 4, 2013.
- DSEX, the key index of Dhaka Stock Exchange, lost 0.58 per cent, or 25.87 points, to close at 4,430.95 points on Sunday after gaining 38.88 points in the previous session. The DSEX lost 327 points in last 14 trading days with just four positive sessions.
- The market began to fall from the very beginning on Sunday and appeared to recover the losses, but late hour sales pressure dragged down the market as investors remained nervous on the trading floor, market operators said. They said the volatility intensified in recent days amid concern over the depressing macroeconomic outlook, lingering tussle between Grameenphone and telecom regulator over an audit claim and slim hope of an immediate market recovery.
- Investors went for heavy sales of GP's shares after Telenor Group, the parent company of GP, on December 19 sent a legal notice to president Abdul Hamid, seeking arbitration over the audit dispute. The company faced widespread criticisms for its big-headed and indecent attitude.
- Posts and telecommunications minister Mustafa Jabbar said it was very much unfortunate that a company operating business in Bangladesh pressed them for arbitration by sending notice to the president.
- Market operators said the state of restlessness in the trusted securities like GP, Square Pharmaceuticals, British American Tobacco and BRAC Bank left no option for investors but to leave the market.
- The market has been in the doldrums in last 11 months that reduced the DSEX by 1,498 points and the DSE market capitalisation by BDT 78,200 crore. Although the market has been falling continuously, investors found no fruitful step from the government's policymakers and market regulators to revive the market, market operators said.
- Turnover on the DSE dropped to BDT 271.06 crore on Sunday from BDT 276.43 crore in the previous trading session. Besides, continued sales of shares by the foreign investors became a hurdle to the market recovery. The foreign investors withdrew around BDT 970 crore from the country's capital market in last 10 months.

<http://www.newagebd.net/article/94365/stocks-fall-again-as-blue-chip-index-hits-7-year-low>

BSEC ousts LR Global as asset manager of 2 MFs

NewAge, December 22, 2019

- Capital market regulator Bangladesh Securities and Exchange Commission on Sunday approved the appeal made by the majority of unitholders of two mutual funds for changing their asset manager LR Global Bangladesh Asset Management Company.

- The regulator also approved the appointment of IDLC Asset Management Limited as new asset manager to the two closed-ended mutual funds, it said. Earlier, two-thirds of unitholders of DBH 1st Mutual Fund and Green Delta Mutual Fund demanded that trustee Bangladesh General Insurance Company cancel the appointment of asset manager LR Global.
- Around 72.75 per cent of unitholders of DBH 1st MF and 70.1 per cent of those of Green Delta MF demanded a change in asset manager, the BSEC press release said.
- In separate letters to BGIC, the unitholders asked the trustee to cancel the appointment of LR Global Bangladesh Asset Management Company as asset manager of the funds as per Rule 31 of the Bangladesh Securities and Exchange Commission (mutual fund) Rules, and appoint IDLC Asset Management Limited as the new asset manager to the funds with an immediate effect.
- According to the mutual fund rules, if two-thirds of the unitholders of a mutual fund demand removal of an asset manager of a mutual fund, the trustee with prior approval of the commission and in the interest of the unitholders can remove the asset manager.

<http://www.newagebd.net/article/94364/bsec-ousts-lr-global-as-asset-manager-of-2-mfs>

BTRC-GP Audit Claim Tussle

AG tells Telenor no arbitration possible

NewAge, December 22, 2019

- Attorney general Mahbubey Alam has replied to a legal notice of Telenor Group, the parent company of Grameenphone, saying that there was no scope for arbitration over the BDT 12,579.95 crore audit claim dispute between the Bangladesh Telecommunication Regulatory Commission and the mobile operator.
- Mahbub told New Age on Sunday that on behalf of the BTRC he had replied to a legal notice of Telenor Group that sought arbitration. He said that as the BTRC-GP audit claim issue was sub judice as GP had filed a plea with Court of Joint District Judge and subsequently with the High Court Division, there was no scope for arbitration outside the court.
- The attorney general gave the reply on November 17 after a Hong Kong-based legal firm, on behalf of Telenor Group, in October 14 sent the legal notice, demanding arbitration to resolve the dispute.
- 'Although the notice was sent to the president, a response was given in favour of the BTRC by the attorney general,' he said. 'The treaty of 1979, Telenor specified in the legal notice, only deals with issues related among the governments, not related with any private company,' he said.
- 'We do not think that GP's investors have any scope for going to the international court under the treaty,' Jabbar said. The minister, however, does not think that there was any need to respond to the legal notice by the president.
- Jabbar on December 19 revealed that Telenor sent a legal notice to the president, stating that the move was unfortunate. A Telenor Group statement issued on the same day by its group communication Asia director Cathrine Stang Lund said, 'For Telenor Group it is important to protect its assets in Bangladesh.' It said, 'Telenor has sent a notice to seek resolution of a dispute and invited the government of Bangladesh to meet to discuss the matter and work towards a constructive solution.'

<http://www.newagebd.net/article/94363/ag-tells-telenor-no-arbitration-possible>

32 firms awarded for outstanding corporate governance

Bank Asia won the gold medal in the banking sector

The Daily Star, December 23, 2019

- The Institute of Chartered Secretaries of Bangladesh (ICSB) has awarded 32 companies for their outstanding corporate governance practices as well as transparency and accountability in overall management.
- Bank Asia won the gold medal in the banking sector while Brac Bank secured silver and Eastern Bank bronze.
- Delta Brac Housing Finance Corporation scooped the top award in the non-bank financial institutions category. IDLC Finance came second and IPDC Finance third.
- In the insurance category, the gold medal went to Green Delta Insurance, the silver to Reliance Insurance and the bronze to Prime Insurance Company.
- IBN SINA Pharmaceutical Industry took home the top honour in the pharmaceuticals category. Square Pharmaceuticals won silver and Orion Pharma bronze.
- In the textile and garment company category, Matin Spinning Mills bagged the gold medal, Paramount Textile got silver and Shasha Denims the bronze medal.
- Golden Harvest Agro Industries, Gemini Sea Food and Aman Feed won gold, silver and bronze respectively in the food and allied company category.
- In the IT and telecom category, state-run Bangladesh Submarine Cable Company secured the top honour while Grameenphone won silver and BDCOM Online the bronze award.
- Singer Bangladesh got the gold medal in the engineering category, BSRM Steels silver and BBS Cables bronze.
- British American Tobacco Bangladesh, RAK Ceramics and Premier Cement Mills won the gold, silver and bronze medals respectively in the manufacturing category.
- In the fuel and power company category, MJL Bangladesh secured gold, Linde Bangladesh the silver medal and Summit Power received the bronze award.
- Eastern Housing won the top honour in the service company category while Unique Hotel & Resorts came second.

<https://www.thedailystar.net/business/news/32-firms-awarded-outstanding-corporate-governance-1843897>

Economy and Industry

Dollar demand slides in July-Dec on trade slowdown

NewAge, December 23, 2019

- Demand for the US dollar on the local market witnessed a significant drop in more than five and a half months of the current fiscal year 2019-2020 amid a slowdown in the country's export and import. According to the Bangladesh Bank data, the monthly average sales of the greenback by the BB dropped to around USD70 mn with the total sales standing at USD383 mn as on December 22, 2019.
- On the other hand, the central bank's monthly average sales of the dollar was USD93.67 mn in the first half of FY19, taking the total sales at BDT 1.12 bn from July-December of FY19. In total, the BB injected USD2.34 bn in last fiscal year. Although the demand for the dollar decreased on the local market, the BB allowed

devaluation of the taka against the dollar with a view to facilitating exporters. The export earnings dropped significantly in the first five months of the current fiscal year after the attainment of record export earnings in FY19.

- In FY19, the country's export earnings increased by 10.54 per cent to USD40.53 bn from USD36.66 bn in FY18. However, the earnings in July-November of FY20 dropped by 7.59 per cent to USD15.77 bn from USD17.07 bn in the same period of FY19. On the other hand, the country's import payments, including the payments for capital machinery and industrial raw materials, dropped by 3.17 per cent to USD18.14 bn in July-October of FY20 against USD18.73 bn in the same period last year.
- On the backdrop of the global economic slowdown, the central bank has been allowing devaluation of the taka with a view to facilitating the country's businesses amid the US-China trade war. As per the BB data, the interbank exchange rate of the dollar increased to BDT 84.90 on November 28, rising in phases from BDT 84.50 on October 3 this year.
- Although the taka was devalued against the US dollar, injection of the US dollar in the local market was lenient, which indicates that the devaluation was intentional, said BB officials. Although the economists have been pressing for further devaluation of the taka to keep the country's exporters competitive, finance minister AHM Mustafa Kamal ruled out any further devaluation of the local currency stating that it would escalate the cost of development projects and discourage foreign direct investment.

<http://www.newagebd.net/article/94362/dollar-demand-slides-in-july-dec-on-trade-slowdown>

International

Trump says trade deal with China to be signed 'very shortly'

The Daily Star, December 23, 2019

- President Donald Trump on Saturday said the United States and China would "very shortly" sign their so-called Phase One trade pact.
- "We just achieved a breakthrough on the trade deal and we will be signing it very shortly," Trump said at a Turning Point USA event in Florida.
- The Phase One deal was announced earlier this month as part of a bid to end the months-long tit-for-tat trade war between the world's two largest economies, which has roiled markets and hit global growth.
- Under the deal, the United States would agree to reduce some tariffs in exchange for a big jump in Chinese purchases of American farm products.
- Treasury Secretary Steven Mnuchin said last week the pact would be signed in early January, saying that the deal had already been translated and was just undergoing a technical "scrub."

<https://www.thedailystar.net/business/news/trump-says-trade-deal-china-be-signed-very-shortly-1843906>

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