

## Stock Market

### Weekly stock market review: Stocks wilt amid subdued trading

*DSEX erases 380 points in eight weeks*

The Financial Express, March 23, 2019

- Stocks ended lower last week, extending its fall for the eighth straight week as worried investors kept selling mostly financial shares. The investors mostly went on a selling spree, dumping share of the banking and financial institution sectors amid ongoing corporate declarations.
- Week on week, DSEX, the prime index of the Dhaka Stock Exchange (DSE), settled 86 points or 1.50 % lower at 5,570. The DSEX eroded more than 380 points or 6.40 % in the past eight consecutive weeks.
- Two other indices also ended lower. The DS30 index, comprising blue chips, fell 31 points to finish at 1993 and the DSE Shariah Index lost 8.0 points to close at 1,284. The total turnover stood at BDT 17.20 bn last week against BDT 28.84 bn in the previous week.
- The daily turnover averaged out at BDT 4.30 bn, registering a decline of 25.45 % over the previous week's average of BDT 5.76 bn. Block trade contributed 3.10 % to the week's total turnover, with stocks like Shajalal Islami Bank, Summit Power, Grameenphone, and BATBC dominating the block trade board.
- The market capitalisation of the DSE also fell 1.10 % to BDT 4,149 bn on Thursday from BDT 4,197 bn in the week before. Among the major sectors, banking sector suffered most, losing 3.11 %, followed by financial institutions (2.43 %), food (2.12 %), power (1.92 %) and engineering (1.03 %).
- Only telecommunications and pharmaceuticals sectors ended higher, gaining 2.26 % and 0.35 % respectively. Losers outnumbered the gainers, as out of 350 issues traded, 223 closed lower, 105 ended higher and 22 issues remained unchanged on the DSE floor.
- BATBC dominated the turnover chart, with shares worth BDT 984 mn changing hands. The company accounted for 5.72 % of the week's total turnover. The other turnover leaders were Brac Bank, United Power, Dutch-Bangla Bank and Square Pharmaceuticals.

<http://thefinancialexpress.com.bd/stock/weekly-stock-market-review-stocks-wilt-amid-subdued-trading-1553315401>

### Shurwid enters IT enabled service business

The Financial Express, March 22, 2019

- The board of directors of Shurwid Industries has approved a proposal that the company will do the business of Information Technology Enabled Service (ITES). An agreement was signed with the company and Amarroom.com for providing service and profit sharing between the companies from the clients using promo-code, said a disclosure posted on the Dhaka Stock Exchange (DSE) Wednesday.
- According to the disclosure, Information Technology Enabled Service is fully tax exempted up to June 2024 as per 6th Schedule, Part- A, Para- 33 of the Income Tax Ordinance, 1984. The company, however, did not disclose how much fund to be invested and profit detail in this business.
- Each share of the Shurwid Industries, which was listed on the DSE in 2014, closed at BDT 36.60 on Wednesday, advancing 0.28 % over the previous day.
- In the last one year, its share traded between BDT 16.30 and BDT 41.60 each. Shurwid Industries disbursed 10 % stock dividend for the year ended on June 30, 2018. The earnings per share (EPS) stood at BDT 0.35 for October-December 2018 as against negative BDT 0.22 for October-December 2017.

<http://thefinancialexpress.com.bd/stock/shurwid-enters-it-enabled-service-business-1553142281>

## **GSP Finance to issue BDT 2.0b bond**

The Financial Express, March 22, 2019

- The board of directors of GSP Finance Company (Bangladesh) Limited has decided to issue coupon bearing bond worth BDT 2.0 bn, said an official disclosure on Saturday. The company will issue the bond for seven years tenure in the name and style "GSP Non-Convertible Fully Redeemable Coupon Bearing Bond of BDT 2.0 bn" through private placement.
- The issuance of bond is subject to approval from the regulatory authorities - Bangladesh Bank (BB) and Bangladesh Securities and Exchange Commission (BSEC), the disclosure added. The board of directors of the company has also recommended 18 % cash dividend for the year ended on December 31, 2018.
- The final approval of dividend will come during the annual general meeting (AGM) scheduled to be held on May 05 at 11:30am in Dhaka. The record date for entitlement of dividend is on April 15.
- The company's consolidated net profit after tax stood at BDT 310.50 mn for the year ended on December 31, 2018 as against BDT 322.15 mn in the previous year. The company has also reported consolidated earnings per share (EPS) of BDT 2.40 for the year ended on December 31, 2018 as against BDT 2.49 in the previous year.
- The consolidated net asset value (NAV) per share stood at BDT 22.84 for the year ended on December 31, 2018 as against BDT 20.44 in the previous year. The consolidated net operating cash flow per share (NOCFPS) stood at BDT 0.57 for the year ended on December 31, 2018 as against negative BDT 5.90 for the previous year.

<http://thefinancialexpress.com.bd/stock/gsp-finance-to-issue-BDT-20b-bond-1553345281>

## **BSEC formulating rules for trading derivatives, sukuk**

New Age, March 23, 2019

- Bangladesh Securities and Exchange Commission is formulating rules for derivatives and sukuk to facilitate trading of the products in the country's capital market.
- Sukuk is the Arabic name for financial certificates, but commonly refers to the Islamic equivalent of bonds. Sukuk are structured in a way to generate returns to investors. They are issued and traded in compliance with the principles of Shariah, which prohibit 'riba' or interest.
- When someone invests in sukuk, his money is put into the assets of a project or investment in order to generate profit. The sukuk holders will receive a certificate from the issuer as evidence of ownership, and are entitled to receive periodic profit payments on the principal amount invested. Upon maturity, the sukuk holder will get back the principal amount of investment.
- There are different types of sukuk including musharakah, mudharabah, murabahah and al-wakalah. A derivative is an investment instrument that consists of a contract between parties whose value derives from and depends on the value of an underlying financial asset.
- The underlying asset can be financial (interest rate, currency), equity (index, single stock), and commodity (rice, jute, tea). Specifically, derivative transactions involve transferring those risks from entities less willing or able to manage them to those more willing or able to do so.

<http://www.newagebd.net/article/68116/bsec-formulating-rules-for-trading-derivatives-sukuk>

## Ten most traded cos grab one-third of DSE turnover

*BATBC rules the chart for second straight week*

The Financial Express, March 23, 2019

- The ten most actively traded stocks grabbed 33 % of the transactions on the prime bourse last week, with the British American Tobacco Bangladesh Company (BATBC) remaining on the top of the chart for the second straight week.
- The multinational company has recommended 500 % cash and 200 % stock dividend for the year ended on December 31, 2018. Its board of directors has also decided to increase the authorised capital to BDT 5.40 bn from BDT 600 mn by amending relevant clauses.
- Brac Bank came second on the turnover chart, with shares worth BDT 942 mn changing hands. Its share closed at BDT 81.70 on Thursday, losing 7.68 % over the previous week. The United Power clinched the third spot, with shares worth BDT 748 mn changing hands. The power generation company's share also fell 1.97 % to finish at BDT 397.40.
- Dutch-Bangla Bank emerged fourth with shares worth BDT 556 mn changing hands. The company's share closed at BDT 205.90, losing 5.59 % week on week. Square Pharmaceuticals notched the fifth spot, with shares worth BDT 552 mn changing hands. The company's share closed at BDT 269.90, gaining 0.86 %.
- The turnover of Monno Ceramic was BDT 488 mn. The bank's share price plunged 10.40 % to close at BDT 317.10. Marico Bangladesh featured a turnover of BDT 412 mn. The company's share closed at BDT 1,655.10, soaring 8.42 %.
- The turnover of Singer Bangladesh was BDT 384 mn. Its share closed at BDT 268.90 each, losing 4.77 %. Grameenphone (GP) featured a turnover of BDT 317 mn. The company's share closed at BDT 397.40, gaining 2.63 % over the previous week.

<http://thefinancialexpress.com.bd/stock/ten-most-traded-cos-grab-one-third-of-dse-turnover-1553315206>

## Bank Asia recommends 10pc dividend

The Financial Express, March 23, 2019

- The Board of Directors of Bank Asia Ltd has recommended 5.0 % cash and 5.0 % stock dividend for the year ended on December 31, 2018, said an official disclosure on Saturday. The final approval of dividend will come during the annual general meeting (AGM) scheduled to be held on April 30 at 11:00am in Dhaka.
- The record date for entitlement of dividend is on April 15. The bank has also reported consolidated earnings per share (EPS) of BDT 2.01 for the year ended on December 31, 2018 as against BDT 1.90 in the previous year.
- The consolidated net asset value (NAV) per share stood at BDT 20.88 for the year ended on December 31, 2018 as against BDT 18.85 in the previous year. The consolidated net operating cash flow per share (NOCFPS) stood at BDT 3.15 for the year ended on December 31, 2018 as negative BDT 2.20 for the previous year.
- The Bank Asia, which was listed on the Dhaka bourse in 2004, disbursed 12.50 % stock dividend for the year ended on December 31, 2017. Each share of the bank closed at BDT 19 on Thursday at the Dhaka Stock Exchange (DSE). The bank's paid-up capital is BDT 11.10 bn and authorised capital is BDT 15 bn, while the total number of securities is 1.11 bn.

<http://thefinancialexpress.com.bd/stock/bank-asia-recommends-10pc-dividend-1553345750>

## Apparel exporters to get up to 12pc cash incentives

New Age, March 23, 2019

- Bangladesh Bank on Thursday said that the cumulative cash incentives, up to 12 %, against apparel exports would not be reduced in this fiscal year. An exporter gets up to three types of cash incentives, out of four, against apparel exports, but as per an earlier directive, they got maximum 10 % in cumulative cash incentives.
- BB in a circular issued on Thursday clarified that the provision of capping the cumulative cash incentives at 10 % in an earlier directive issued in 2016 had been scrapped.
- Apparel exporters get 4 % cash incentive as an alternative to duty bonds and duty drawbacks, 4 % for apparel products export for the small and medium industries, 4 % 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, and 2-% cash incentive for exports of apparel products to EU market in addition to 4 % cash incentive.
- A BB official said that with the new order, an apparel exporter would now get highest 12 % cash incentives (4+4+4) if he or she got three types of incentives.
- Earlier, there was a limit of 10 % incentives, even if the cumulative incentive was 12 %, he said. In September 2018, the government announced cash incentives in favour of exporters of 35 products, including apparel, for the current fiscal year of 2018-19.

<http://www.newagebd.net/article/68025/apparel-exporters-to-get-up-to-12pc-cash-incentives>

## Economy

### Banks' capital base shrinking fast

Their external trade at risk

The Daily Star, March 24, 2019

- The banking sector's capital base eroded alarmingly last year on the back of an increase in default loans.
- As of December last year, banks' capital adequacy ratio (CAR), which determines the adequacy of banks' capital in keeping with their risk exposures, stood at 10.50 %, down from 10.83 % a year earlier, according to data from the central bank.
- Banks were required to keep at least 11.82 % CAR in December last year as per the roadmap set by the central bank for implementing Basel III this year, according to a Bangladesh Bank official. CAR has to be maintained to safeguard interests of depositors and promote financial stability.
- The banks are: Sonali, BASIC, Janata, Agrani, Bangladesh Krishi Bank, Rajshahi Krishi Unnayan Bank, Bangladesh Commerce Bank, ICB Islamic Bank, National Bank of Pakistan, and AB Bank. AB Bank entered the negative territory for the first time in recent years as the lender faced a host of financial scams in the last two to three years.

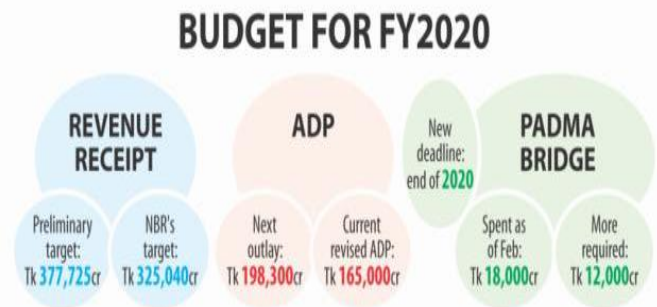


<https://www.thedailystar.net/business/news/banks-capital-base-shrinking-fast-1719595>

## New budget to cross BDT 5 lakh crore

The Daily Star, March 24, 2019

- Fiscal 2019-20's budget is set to cross the landmark of BDT 5 lakh crore as the Awami League-led government, fresh from being elected to a third term, looks to scale up implementation of the mega projects announced in previous terms.
- The upcoming national budget, due to be placed in the parliament on June 13, will likely be about BDT 5.23 lakh crore, up 12.50 % year-on-year, according to the finance ministry's preliminary projections, which were made in December last year.
- The construction of the bridge, which will cost BDT 30,000 crore, was supposed to be complete by December 30 last year, but it is still some way off. The new deadline is 2020. Past experience shows the large gap between the original size of the budget and its actual realisation limits the former's relevance to no more than mere symbolism.
- For instance, in fiscal 2016-17 a BDT 3.41 lakh crore budget was announced but it was revised down to BDT 3.17 lakh crore. But in the end BDT 2.69 lakh crore was used. Similarly, last fiscal year the budget was originally fixed at BDT 4 lakh crore only for it to be trimmed down to BDT 3.71 lakh crore. Eventually, BDT 3.21 lakh crore was put to use, according to data from the finance ministry.
- According to preliminary estimates, the revenue collection target for next fiscal year will likely be BDT 3.78 lakh crore, of which the National Board of Revenue will shoulder BDT 3.25 lakh crore.



<https://www.thedailystar.net/business/news/new-budget-cross-BDT-5-lakh-crore-1719598>

## International

### US budget deficit reaches record \$234b in February

New Age, March 23, 2019

- The US federal budget deficit reached 234 bn US dollars in February, the biggest budget deficit on record for the month, the Treasury Department said Friday. The figure is 8.7 % up from the same month a year ago. For the first five months of the fiscal year 2019 that started on Oct. 1, the deficit totalled \$544.2 bn, up 39 % from a year ago.
- Total outlays in February were \$401 bn, up by 21 % from the year before, and total revenues were \$167 bn, down by 50.9 %. The top three outlays for the month were \$87 bn on social security, \$87 bn on income security and \$57 bn on national defence.
- According to the budget proposal for fiscal year 2020 that US President Donald Trump sent to Congress last week, the deficit is expected to reach \$1.1 trillion for fiscal year 2020. The \$4.7 trillion budget proposal contains stiff spending cuts across non-defence federal agencies and a hike in defence money.
- Because of persistently large deficits, the public debt is projected to grow steadily, reaching 93 % of US GDP in 2029 and about 150 % of US GDP in 2049, according to estimation from the Congressional Budget Office in January.

<http://www.newagebd.net/articlelist/293/Business>

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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).

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