

Stock Market

Stocks gain for 4th day but turnover slumps

New Age, December 24, 2018

- Dhaka stocks increased on Sunday, extending the gaining streak to the fourth consecutive session, despite a fall in share prices of almost two-thirds of the traded scrips as a section of investors continued buying shares from sector-specific large capitalised scrips.
- The turnover on Dhaka Stock Exchange, however, slumped to BDT 353.63 crore on Sunday compared with that of BDT 462.85 crore in the previous trading session. Due to the polls, banks and non-bank financial institutions will close their annual financial accounts on December 27 as per Bangladesh Bank's directives.
- Banks and NBFIs usually close their annual financial accounts on December 30. DSEX, the key index of DSE, added 0.31 %, or 16.45 points, to close at 5,281.77 points on Sunday. The DSEX gained 64 in last four sessions. Average share prices of telecommunication, energy, bank and NBFIs advanced by 0.85 %, 0.44 %, 0.43 % and 0.11 % respectively.
- Among the large capitalised scrips, a gain in the share prices of Grameenphone, Square Pharmaceuticals, Khulna Power Company and Investment Corporation of Bangladesh contributed most to the market gain. Average share prices of textile and cement dropped by 0.63 % and 0.37 % respectively.
- The textile sector led the turnover chart on Sunday by holding 20 % of the day's total turnover. Of the 336 companies and mutual funds traded on Sunday, 184 declined, 118 advanced, and 50 remained unchanged. DSE blue-chip index DS30 advanced by 0.46 %, or 8.64 points, to close at 1,850.75 points.
- Shariah index DSES added 0.37 cent, or 4.49 points, to finish at 1,213.86 points. Khulna Power Company led the turnover leaders with its shares worth BDT 20.51 crore changing hands. United Power Generation Company, IFAD Autos, Paramount Textile, Sonargaon Textile, Square Pharmaceuticals, National Housing and Finance, Daffodil Computers, Intech Limited and Bangladesh Export Import Company were the other turnover leaders. Quasem Industries gained the most on the day with a 9.56-% increase in its share prices, while EBL First Mutual Fund was the worst loser, shedding 7.69 %.

<http://www.newagebd.net/article/59662/stocks-gain-for-4th-day-but-turnover-slumps>

Fundraising thru' IPO triples in 2018

Small-cap companies dominate

The Financial Express, December 24, 2018

- Small-cap companies dominated the initial public offering (IPO) market in the outgoing year 2018 that has seen a constantly bearish market, said an analyst. The Dhaka Stock Exchange (DSE) data show 13 companies raised a total of BDT 5.46 bn by floating IPOs this year.
- Fundraising by companies through IPOs has jumped 223 % year on year in 2018, after hitting a nine-year low in the previous year. In 2017, six companies raised a total of BDT 1.69 bn through IPOs, according to the DSE data.
- Meanwhile, the outlook appears to be bullish for the coming year 2019, as some companies, including Esquire Knit Composite and Runner Automobiles, are expected to launch their initial share sale offers in the coming months. The DSEX -- the prime index of DSE -- eroded more than 963 points or nearly 15.42 % between January 01 and December 23 this year.
- The newly listed companies follow two methods -- fixed price and book-building -- in issuing IPOs in the country's capital market. Two companies that used book-building method were Bashundhra Paper Mills and Aman Cotton.

Eleven other companies that raised funds using fixed-price method were Queen South Textile, Advent Pharma, Intraco Refuelling, SK Trims & Industries, VFS Thread Dyeing, ML Dyeing, Silva Pharmaceuticals, Indo-Bangla Pharmaceuticals, Kattali Textile, SS Steel and Genex Infosys.

- Most of the funds, raised through IPOs, were meant for business expansion, repayment of loans, and supporting working capital requirements. In 2017, six companies raised a total capital amounting to BDT 1.69 bn, including premium, through IPOs. The companies that used fixed price method were Shepherd Industries (BDT 200 mn), Nurani Dyeing (BDT 430 mn), BBS Cables (BDT 200 mn), Oimex Electrode (BDT 150 mn) and Nahee Alumium Composite Panel (BDT 150 mn).

<http://thefinancialexpress.com.bd/stock/bangladesh/fundraising-thru-ipo-triples-in-2018-1545622866>

Investors frown upon DSE app charge

The Daily Star, December 24, 2018

- The Dhaka Stock Exchange has decided to charge BDT 150 per month on the use of its investment app from next month, something many have taken as an anti-market move that may make trading less inviting. The decision came at a recent board meeting but it was made public yesterday.
- Of the fee, BDT 100 will go to the app's developer, FlexTrade, BDT 20 to the DSE and the rest to the stockbroker. Investors already bear a maximum BDT 500 every year as maintenance fee and trading charges of the beneficiary owner's account.
- Launched on March 9, 2016, the app had 39,927 users as of yesterday. Those who found the mobile-based trading useful explain that purchases and sales in the stock market were all about getting the timing right. Many market insiders believe the premier bourse took the decision with support from stockbrokers, for it would be a source of income for both of them.
- Others say there are stockbrokers who discourage the use of the app because it gives investors instantaneous alerts to the changes to their accounts, a major impediment to dubious intentions. Trading stocks through mobile phone has become a common practice in many countries, including the United States, the European Union, China and India.

<https://www.thedailystar.net/business/news/investors-frown-upon-dse-app-charge-1678048>

Ashuganj Power to issue bonds to raise BDT 600cr

The Daily Star, December 24, 2018

- State-run Ashuganj Power Station Company Ltd is going to raise BDT 600 crore by issuing bonds for the first time. Of the amount, BDT 500 crore will be collected through private placement and the rest through stock markets. The power producer signed an agreement with seven banks and financial institutions to raise the private placement portion of the fund at a programme at the InterContinental Dhaka hotel yesterday to this effect.
- Bangladesh Infrastructure Finance Fund, Agrani Bank, Rupali Bank, Sonali Bank, Uttara Bank, Sadharan Bima Corporation, and the Investment Corporation of Bangladesh will purchase bonds worth BDT 385 crore. Dutch-Bangla Bank will purchase bonds worth BDT 50 crore, said an official of the Power Division. Bonds worth BDT 65 crore will be sold to other banks and financial institutions later.
- Bonds valued BDT 100 crore will soon be released through stock exchanges and work on it has already begun, said the official. The yield on the bonds will be 8.5 % to 10 %.

<https://www.thedailystar.net/business/news/ashuganj-power-issue-bonds-raise-BDT-600cr-1678024>

Spending beyond allowable limit

IDRA to conduct fresh audit of life-insurers

The Financial Express, December 24, 2018

- The insurance regulator on Sunday said it will carry out a special audit afresh of the life insurance companies to check whether their management expenses remain within allowable limit or not, officials said. There is a limit for allowable expense for the insurers, and most of them are reportedly abusing their policyholders' money by exceeding the limit.
- The Insurance Development and Regulatory Authority (IDRA) will conduct the special audit in line with a provision of the Insurance Act 2010 to check their position in this case. IDRA will conduct the audit under new management expense rules, issued in September.
- In 2015, the regulator conducted a special audit on 17 life insurers, and found 16 firms had higher management expense. Such an additional spending eroded the life fund significantly and also weakened the insurance firms financially. In the meantime, the Anti-Corruption Commission (ACC) asked IDRA to take actions against the 16 firms.
- After releasing the audit reports in 2016, a vested quarter filed complaint against the insurance companies with ACC, arguing that the companies had 'abused' the policyholders' money. But, ACC at one stage opined that IDRA would take actions against the companies as the primary regulator.
- The life and non-life insurers usually spend a huge amount of fund for procurement of insurance policies. They employ a large number of marketing personnel and provide other logistics to maintain their businesses.

<http://thefinancialexpress.com.bd/trade/idra-to-conduct-fresh-audit-of-life-insurers-1545623406>

Economy

Farmers Bank to take new name amid image crisis

Troubled bank seeks a fresh start

The Daily Star, December 24, 2018

- Farmers Bank is set to be renamed Padma Bank as the troubled bank looks to sweep the gross irregularities and loan scams under the carpet and get an image makeover. The move got the go-ahead from the central bank yesterday on grounds that it would have a positive impact on client confidence.
- The bank, which was established in 2013, became a hotbed for financial irregularities in less than three years of operation. More than BDT 3,500 crore was siphoned off from the bank, according to Bangladesh Bank. As of September, default loans at the bank stood at BDT 3,071 crore, up from BDT 723 crore at the end of last year.
- As of September, its non-performing loans accounted for 58 % of its total outstanding loans of BDT 5,311 crore. Allegations of corruption against them became deafening and depositors, which included different government agencies, started pulling out money.
- This prompted the central bank and the government to step in and rescue the bank. Four state-owned commercial banks -- Sonali, Janata, Agrani and Rupali -- and the Investment Corporation of Bangladesh bailed out the bank buying equity shares worth BDT 715 crore. The central bank will issue an amended licence to Farmers Bank once it gets the certificate of incorporation from the Office of the Registrar of Joint Stock Companies and Firms.
- There are two instances in the recent past of banks being renamed in Bangladesh: Eastern Bank, which was established in 1992 from the ashes of the then-collapsed Bank of Credit and Commerce International, and Oriental Bank, which was renamed as ICB Islamic Bank in 2008.

<https://www.thedailystar.net/business/banking/news/farmers-bank-take-new-name-amid-image-crisis-1678054>

Bangabandhu satellite services mandatory for new TV channels

New Age, December 24, 2018

- Bangladesh Telecommunication Regulatory Commission has decided to make it mandatory for any new satellite television channel to take services from Bangabandhu Satellite-1. If the government gives permission to any new TV channel in future, it must take services from the satellite.
- On May 12 (BST) this year, Bangabandhu Satellite 1, installed at a cost of BDT 2,702 crore, was launched into space but it is yet to earn a penny in seven months of its launch with 15-year lifespan. Unsold state of BS-1's capacity even after seven months of its launch from NASA's Kennedy Space Centre in Florida in the United States prompted the telecom regulator to take the move.
- None of the country's local TV channels are yet to sign commercial agreement with Bangladesh Communication Satellite Company Limited, the operating entity of BS-1, due to technical complexity and their existing contracts with the foreign satellite operators.
- According to BCSCCL officials, state-run Bangladesh Television along with three of its wings — BTV World, Sangsad Bangladesh Television and BTV Chattogram — and five other private television channels are running trial broadcast using the satellite. Besides, three government agencies — fisheries department, shipping ministry and cabinet division — have signed agreement for using the service, but none of them are paid subscriber of the satellite.

<http://www.newagebd.net/article/59657/bangabandhu-satellite-services-mandatory-for-new-tv-channels>

Gas distribution policy soon to ensure supply

BDT 5.0b bond of APSCL floated

The Financial Express, December 24, 2018

- The government is formulating a gas distribution policy to ensure adequate supply of the fuel to all industrial units, high officials concerned revealed on Sunday. Mr Chowdhury was addressing the subscription ceremony of BDT 5.0 bn non-convertible bond of Ashuganj Power Station Company Limited (APSCL).
- The fully redeemable, coupon-bearing bond will be used for financing 400-megawatt Ashuganj combined cycle power plant and Kolapara 1320MW coal-based power plant. Only public treasury bonds are currently allowed under the statutory liquidity ratio (SLR), the adviser observed.
- Speaking on the occasion, state minister for power, energy and mineral resources Nasrul Hamid called for increasing transparency and credibility of the local power-supply entities. Later, a formal subscription agreement was signed by the entities who will be participating in the APSCL bond scheme.
- Up until now, the entities have committed to providing a total of BDT 3.85 bn. Of them, Bangladesh Infrastructure Finance Fund Ltd and Agrani Bank will provide BDT 1.0 bn each, and Rupali Bank will channel BDT 750 mn and Sonali Bank BDT 500 mn.
- Meanwhile, Uttara Bank, Sadharan Bima Corporation and ICB Asset Management Company Ltd will provide BDT 200 mn each. Officials are hoping to raise an additional BDT 1.15 bn of the bond by next March. A total of 1.0 mn bonds will be issued as part of this scheme. The face value of each bond is BDT 5,000. The tenor of the bond will be seven years while the coupon rate will be measured through the summation of reference rate and margin.

<http://thefinancialexpress.com.bd/trade/gas-distribution-policy-soon-to-ensure-supply-1545622145>

Biman looks to open five routes next summer

To add four aircraft in its fleet in 2019

The Financial Express, December 23, 2018

- The Biman Bangladesh Airlines authority is expecting to add in its network five more international stations in the summer schedule of 2019 which starts from March 28 and continues till October, said a senior official. The priority routes are Guangzhou, Medinah, Delhi, Colombo and Male.
- Biman is scheduled to get four more aircraft - two Boeing 737 under lease agreement by the second week of January next year and two Boeing 787 Dreamliners in September next year - to make a total of 17 aircraft in the fleet. The first priority route is Guangzhou, which would be opened by March next.
- The next priority route is to open the fourth destination in the Middle East (ME) that is Medinah. According to Ministry of Expatriates' Welfare and Overseas Employment, around 4.0 mn Bangladeshis are living in the ME countries.
- The third route is Dhaka-Delhi. Biman plans to resume this route with the connecting passengers heading for Bangkok, Singapore and Yangon. The Biman authority expects to open the Toronto, Sydney and Manchester routes after receiving the two Boeing 787 Dreamliners next year. Moreover, it expressed the hope to open the Dhaka-New York flight upon achieving the category-1 status.

<http://thefinancialexpress.com.bd/trade/biman-looks-to-open-five-routes-next-summer-1545539082>

International

Oil market likely to rebalance early 2019: OPEC ministers

New Age, December 24, 2018

- Oil ministers from leading OPEC nations said Sunday they expect prices will arrest their recent slide and rebalance early next year, when a deal on new production cuts takes effect. Oil prices have shed more than 36 % since early October to trade at \$54 (47 euros) per barrel, due to fears of oversupply and weak global demand.
- But president of OPEC and UAE energy minister Suhail al-Mazrouei said that the surplus in the oil market was small compared to 2017 and expected it to vanish in one or two months. OPEC — a cartel of producer countries that has long manipulated output of the commodity, to influence global prices in members' favour - and non-OPEC members agreed in early December to trim production by 1.2 mn barrels a day from January 1, in a bid to shore up sagging prices.
- OPEC has lately been cooperating closely with Russia and other non-cartel producers, in a bid to impose greater control over global output and prices.

<http://www.newagebd.net/article/59654/oil-market-likely-to-rebalance-early-2019-opec-ministers>

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