

Stock Market

Weekly market review: Stocks ride four-week winning streak

Investors bet on June year-end companies

The Financial Express, August 24, 2019

- Stocks maintained their gaining streak for the fourth straight week that ended on Thursday, with investors showing their appetite for June year-end companies' shares. It was also the first week after Eid-ul-Azha holiday, which saw the DSEX, the prime index of the Dhaka Stock Exchange (DSE), rise 35.43 points or 0.68 % to settle at 5,236.
- The central bank has recently asked the scheduled banks to comply with the CRR and SLR rules when it comes to their offshore banking operations from September 01. The week saw five trading days as usual. Of them, four sessions ended higher while one saw mild correction.
- Two other indices also edged higher. The DS30 index, comprising blue chips, advanced 12.26 points to finish at 1,850 and the DSE Shariah Index gained 14.63 points to close at 1206. The weekly turnover on the prime bourse clocked in at BDT 23.03 bn, down from BDT 23.69 bn in the week before.
- The daily turnover averaged out at BDT 4.60 bn, down from the previous week's average of BDT 4.74 bn. However, the market capitalisation of the DSE edged up by 0.47 % to BDT 3,884 bn on Thursday from BDT 3,866 bn in the previous week.
- Block trade contributed 1.40 % to the week's total turnover, with stocks like BRAC Bank, Prime Bank, Paramount Textile, Grameenphone and Islami Bank dominating the block trade board. Most major sectors showed positive performance, with the power sector posting the highest gain of 2.34 %, followed by engineering (2.17 %), pharma (1.45 %) and telecommunications (0.27 %).
- The United Power dominated the week's turnover chart for the second consecutive week, with 4.08 mn shares worth BDT 1.63 bn changing hands during the week. Familytex BD was the week's best performer, posting a gain of 30 % while Sunlife Insurance was the biggest loser, plunging 8.89 %.

<http://thefinancialexpress.com.bd/stock/weekly-market-review-stocks-ride-four-week-winning-streak-investors-bet-on-june-year-end-companies-1566621675>

30PC Joint Shareholding by Directors

DSE backtracks on decision to introduce separate category for non-compliant cos

New Age, August 25, 2019

- The Dhaka Stock Exchange has backtracked on its decision to form a separate category for companies in which directors do not hold jointly 30 % of shares in violation of the rules.
- The stock market regulator, Bangladesh Securities and Exchange Commission, on May 21 gave the go-ahead to the country's two stock exchanges — the DSE and the Chittagong Stock Exchange, for forming a separate category after receiving proposal from the DSE.
- According to DSE officials, the bourse places companies in different categories in accordance with the BSEC rules. There are currently around 40 listed companies whose sponsor-directors do not jointly hold 30 % of shares of their respective companies.

- Earlier, the DSE requested the BSEC to allow the bourse to form a separate category for the non-compliant companies and impose some share trading-related restrictions on such companies.
- According to the BSEC rules, all sponsors and directors other than independent directors of a company listed with any stock exchange must all time jointly hold minimum 30 % shares of the paid up capital of the company.
- As per the rules, any non-compliant company cannot raise capital through any means including bonus shares. The BSEC made the obligation in 2011 after the market crash in 2009-10 as it observed that the sponsor-directors dumped shares on the general investors, which was one of the reasons for the debacle.

<http://www.newagebd.net/article/82332/dse-backtracks-on-decision-to-introduce-separate-category-for-non-compliant-cos>

Shasha gets BB nod to remit acquired money to EOS Textile

New Age, August 24, 2019

- The Shasha Denims has received the Bangladesh Bank's permission to remit EOS Textile Mills the acquired money amounting to BDT 1.11 bn, said an official disclosure on Thursday.
- The central bank has also given approval to transfer shares and permission to repatriate sale proceeds of share transfer of EOS Textile in favour of its non-resident shareholders (transferor), according to the disclosure.
- The Bangladesh Bank has approved and fixed the selling price of the shares of the company amounting to nearly BDT 1.11 bn. Earlier in February, the Shasha Denims decided to acquire 80 % stake in EOS Textile Mills for US\$ 12 mn (about BDT 1014 mn), reversing its earlier decision to acquire 40 % stake.
- EOS Textiles Mills, a 100 % export-oriented textile company, was established by Italian investors at the Dhaka Export Processing Zone in Savar on June 8, 1998.
- Shasha Denims, a sister concern of Shasha Group, one of the leading denim producers in Bangladesh, raised BDT 1.75 bn through IPO in 2014 for a major expansion and improve the quality of denim fabrics by installing modern machinery with the IPO funds.
- The company floated 50 mn ordinary shares at an offer price of BDT 35, including a premium of BDT 25, for each share valued at BDT 10. On Wednesday, each share of Shasha Denim, listed on the Dhaka bourse in 2015, closed at BDT 41.80. Its share traded between BDT 35.40 and BDT 80.90 in the past one year
- The company's consolidated earnings per share (EPS) stood at BDT 1.63 for January-March 2019 as against BDT 1.16 for January-March 2018. In nine months, its consolidated EPS was BDT 3.76 for July 2018-March 2019 as against BDT 3.41 for July 2017-March 2018.

<http://thefinancialexpress.com.bd/stock/shasha-gets-bb-nod-to-remit-acquired-money-to-eos-textile-1566464522>

DSE gets BSEC nod to inspect 4 low-profile cos

New Age, August 23, 2019

- The Bangladesh Securities and Exchange Commission has allowed the Dhaka Stock Exchange to conduct inspection of business affairs of another four 'Z' category companies. The BSEC on Wednesday permitted

the country's premier bourse to investigate the affairs of ICB Islamic Bank, Information Services Network, United Airways and Beach Hatchery.

- The DSE on July 14 requested the market regulator to permit the bourse to inquire into the business affairs of the four companies. Earlier on August 13, the premier bourse requested the commission to permit it to conduct inspection of the companies including their head offices or factory premises, DSE officials said.
- Under the BSEC permission, the DSE will investigate the operational status and connected issues of the companies, they said. ICB Islamic Bank and Information Services Network were among the 15 companies the DSE were reviewing financial condition.
- The other 13 companies are Meghna Pet Industries, Meghna Condensed Milk Industries, Imam Button, Kay and Que, Savar Refractories, Dulamia Cotton Spinning Mills, Samata Leather Complex, Shyampur Sugar Mills, Zeal Bangla Sugar Mills, Beximco Synthetics, Jute Spinners, Shinepukur Ceramics and Sonargaon Textiles.
- The DSE had completed inspection of the 13 companies and submitted reports to the commission. The issuers failed to declare dividend (cash or stock) for a period of five years from the date of declaration of last dividend or the date of listing with the stock exchange.

<http://www.newagebd.net/article/82240/dse-gets-bsec-nod-to-inspect-4-low-profile-cos>

LR Global extends tenure of six mutual funds

The Daily Star, August 25, 2019

- LR Global Bangladesh Asset Management Company has decided to extend the tenure of its six closed-end mutual funds for another 10 years. The six are LR Global Bangladesh Mutual Fund One, NCCBL Mutual Fund-1, AIBL 1st Islamic Mutual Fund, MBL 1st Mutual Fund, Green Delta Mutual Fund and DBH First Mutual Fund.

<https://www.thedailystar.net/business/news/lr-global-extends-tenure-six-mutual-funds-1789315>

Economy

Financing budget deficit

Govt borrows BDT 230b from banks in 35 days

The Financial Express, August 22, 2019

- The government borrowed nearly BDT 230 bn from the country's banking system in the first 35 days of the current fiscal year (FY), 2019-20, to finance its budget deficit partly, officials said.
- During the period under review (the first 35 days), the government borrowed from both sources – the scheduled banks and the Bangladesh Bank (BB), as its account went to negative territory.
- Net sales of the NSCs came down to BDT 32.08 bn in June from BDT 32.58 bn in the previous month, according to official figures. The impact of higher bank borrowing, however, is yet to visible in the market, as the BB is providing liquidity support to the banks by using its monetary instruments, like - repurchase agreement (repo) and assured liquidity support (ALS).

- The government is now empowered to borrow up to BDT 40 bn from the central bank under WMAs to meet its day-to-day expenditures without issuing any securities. In addition, the government is entitled to borrow a maximum of BDT 40 bn through overdraft (OD) drawing facility from the BB on the same ground.
- The government has already targeted higher borrowing from the banking system to finance its budget deficit partly for FY 20. The bank borrowing is set to rise to BDT 473.64 bn in this fiscal from BDT 308.95 bn in the previous fiscal, according to the budget documents.
- Under the arrangement, the government will borrow BDT 280.94 bn by issuing long-term bonds, and the remaining BDT 192.70 bn through T-bills. Currently, four T-bills are being transacted through auctions to adjust the government's borrowing from the banking system. The T-bills have 14-day, 91-day, 182-day and 364-day maturity periods.

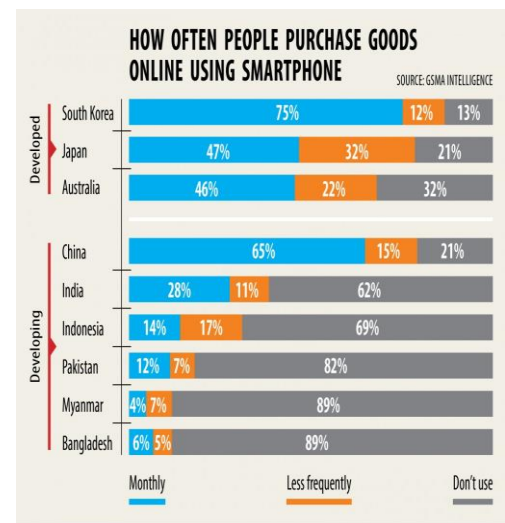
<http://thefinancialexpress.com.bd/economy/bangladesh/govt-borrows-BDT-230b-from-banks-in-35-days-1566449876>

Smart shopping in Bangladesh lowest among peers

Only 6pc smartphone users buy products online: study

The Daily Star, August 25, 2019

- Only 6 % of smartphone users in Bangladesh are regularly making purchases from online shops, trailing far behind those in neighbouring India and Pakistan, found a study of research platform GSMA Intelligence.
- Some 28 % of smartphone users in India and 12 % in Pakistan are shopping online regularly. Currently, there are about 2.5 crore smartphones in Bangladesh, meaning only 15 lakh people are doing online shopping every month.
- The GSMA study -- The Mobile Economy Asia Pacific, 2019 -- found another 5 % of smartphone users making purchases products albeit less frequently. About 89 % have never tried online shopping, which is the same as in neighbouring Myanmar, found the report published recently.
- There are about three crore active internet users in Bangladesh but government data shows it to be about 10 crore, said Mashroor, also the former president of Bangladesh Association of Software and Information Services (BASIS).
- In Bangladesh, it takes 4-5 days or even more to deliver a product to rural areas whereas in India and Indonesia, both way bigger countries than Bangladesh, it takes two days.



<https://www.thedailystar.net/business/news/smart-shopping-bangladesh-lowest-among-peers-1789333>

Bangladesh gets \$2.5m export order from Canada exhibition

The Financial Express, August 25, 2019

- Bangladesh readymade garment (RMG) industry has received around \$2.50 mn export order from the apparel sourcing exhibition, titled Apparel Textile Sourcing Canada (ATSC), held in Toronto of Canada recently.
- The deputy director said EPB arranged a slot in the fashion show organised by the organisers and showcased fashionable and basic apparels to draw the attention of potential buyers. The speakers highlighted the investment opportunities being offered by Bangladesh and the ongoing development in the apparel industry.

<http://thefinancialexpress.com.bd/economy/bangladesh/bangladesh-gets-25m-export-order-from-canada-exhibition-1566656636>

Industry frets about possible drug price hike

The Financial Express, August 25, 2019

- Pharmaceuticals industry insiders are worried that prices of drugs may increase after the changes in tax calculation method under the new VAT law. They said while trade prices (TP) of medicines at the manufacturers' level will go down, the payable VAT will go up due to this calculation method.
- As per an order of the VAT wing under the National Board of Revenue (NBR), issued on July 23, 2019, The maximum retail price of a medicine inclusive of VAT remains the same. But some changes have been made in trade prices and VAT. The trade price of medicines at production stage has been reduced by 2.35 %.
- The industry insiders have also found chemist or pharmacy commission (16 % of the trade price) will go up from the current fiscal year (FY) compared to that of the previous year. Moreover, the government will get BDT 0.38 more VAT on a medicine worth BDT 100 at manufacturing stage.
- According to the VAT law-1991, payable VAT of a pharmaceutical product, having BDT 100 trade price and BDT 133.40 Maximum Retail Price (MRP), was BDT 17.40 per unit. In the new VAT and Supplementary Duty (SD) law-2012, effective from July 1, 2019, payable VAT for the product will go up, claims the Bangladesh Oushad Shilpa Samity in a letter sent to the NBR.
- Voicing the deep concern, the Samity recently sent a letter to the NBR calling for an amendment to the process of VAT calculation method. The method, he alleged, may also impose VAT on VAT as per the mentioned rate of fraction of taxes in the back calculation.
- Collecting from the chemists, the pharmaceuticals companies deposit BDT 4.0 bn VAT annually to the public exchequer. In the new law, the NBR ordered collecting VAT on the approved MRP by DGDA through back calculation method from business-stage to production stage determining the supplying prices.

<http://thefinancialexpress.com.bd/trade/industry-frets-about-possible-drug-price-hike-1566705684>

International

German employment up 1.0pc in Q2

The Financial Express, August 25, 2019

- The number of people in employment in Germany grew year-on-year by 1.0 % in the second quarter of 2019 to a total of 45.2 mn people, the German Federal Statistical Office (Destatis) announced on Tuesday.
- However, the growth rate was slightly lower than in the previous two quarters when the number of people in employment in Germany still grew between 1.1 and 1.3 %.
- For the first time since 2009, the sector of business services saw a decline in employment. The number of people in employment also fell in financial and insurance activities as well as in agriculture, forestry and fishing, Destatis announced.
- Compared to the previous quarter, about 324,000 more people were employed in the second quarter of 2019, marking an increase of 0.7 %.
- Nonetheless, the increase in employment in Germany in the second quarter of 2019 was below the average of the past five years. The "spring upturn" in the past five years stood at an average of plus 423,000 people.

<http://thefinancialexpress.com.bd/economy/global/german-employment-up-10pc-in-q2-1566387020>

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