

## Stock Market

### Dhaka stocks plunge for 3rd day on polls-centric political activities

New Age, September 25, 2018

- Dhaka stocks plunged on Monday, stretching the losing streak to the third consecutive session as investors were watching the recent developments on the country's political front surrounding the coming national polls. DSEX, the key index of Dhaka Stock Exchange, lost 1.06%, or 57.69 points, to close at 5,357.54 points on Monday. The key index lost 147.50 points in last three sessions.
- Like Evinco Textiles Limited, Northern Jute Manufacturing Company has been placed in the 'Z' category as the company declared no dividend for the year end June, 2018 that also dampened the investors' mood, market operators said. On Sunday, ETL declared no dividend for the year ended on June 30, 2018 despite making good amount of profits.
- Therefore, the share prices of Northern Jute dropped by 1.92% on Monday while the share prices of ETL continued falling as it fell by 5.77% on the day due to investors' angry sell-offs. The average share prices of all the sectors declined on the day. The share prices of energy, textiles, non-bank financial institutions and banks dropped by 2.5%, 1.8%, 1.7% and 0.5% respectively.
- The turnover on the DSE dropped further to BDT 580.08 crore on Monday compared with that of BDT 742.39 crore in the previous trading session. Of the 335 companies and mutual funds traded on Monday, 265 declined, 49 advanced, and 23 remained unchanged. DS30, the blue-chip index of the DSE, also lost 0.72%, or 13.75 points, to close at 1,883.46 points. Shariah index DSES shed 1.33%, or 16.65 points, to finish at 1,883.46 points.

<http://www.newagebd.net/article/51412/dhaka-stocks-plunge-for-3rd-day-on-polls-centric-political-activities>

### Pledges put on back burner

New Age, September 25, 2018

- The worst ever share market collapse, swelling bad loans and a series of scams coupled with the reserve heist have exposed that ruling Awami League's priority election pledges on financial sector have been put on the back burner.
- Economists observed that 2008 election pledges for 'multi-pronged measures' to check the growth of untaxed money and defaulted loans were hardly seen to be transformed into reality throughout rule of the back-to-back AL-led government governments.
- The overall defaulted loan was about BDT 55,709 core in 2010, the second year of AL's previous tenure. The series of loan scams in the state-owned banks, including embezzlement of BDT 1,200 crore by Bismillah Group from Janata Bank, BDT 3,500 crore loan scam by Hallmark Group in Sonali Bank and BDT 6,000 crore fictitious loan extended by previous board of directors led by politically appointed chairman Sheikh Abdul Hye Bacchu of BASIC Bank was the main reason for swelling bad loan.
- Besides, the government provided BDT 9,788 crore for bailing out the state-owned banks with over BDT 6,000 crore sanctioned to Sonali and BASIC between FY13 and FY17. The government also forced state-owned commercial banks Sonali, Agrani, Janata and Rupali and state-owned Investment Corporation of Bangladesh to provide BDT 715 crore to the scam-hit Farmers Bank despite criticism that the proposed bailout fund would set a bad precedence in the country's banking history.
- In April, the Financial Institutions Division made more than two dozens of recommendations, including regular disclosure of identity of big loan defaulters for quickening the recovery of bad loans.

<http://www.newagebd.net/article/51445/pledges-put-on-back-burner>

## **Banks' deposit base expands slightly**

The Daily Star, September 25, 2018

- Banks' aggressive drive for funds has finally pushed up the deposit growth, easing the cash crunch that has crippled the banking sector in recent months. Yet, the growth in loans, which was nearly 17% in June this year, is still significantly higher than the deposit growth, creating likelihood for asset-liability mismatch.
- The average deposit growth in the industry stood at 11.29% in June, in contrast to 10.62% in December last year, according to data from the Bangladesh Bank. At the end of June, deposits in the banking sector totalled BDT 10,59,669 crore. Since June last year, the deposit growth ranged between 10% and 10.6% as banks were reluctant to take deposits amid huge excess liquidity. But aggressive lending and loan scams by some banks sparked a liquidity crisis in the sector at the turn of the year.
- To counter the situation, banks started to offer interest rates upwards of 10% to depositors, which, in turn, pushed up the interest rate on lending to past 13%. On June 20, the Bangladesh Association of Banks, a platform of directors of the private banks, announced to cut the interest rate on deposits to 6% and lending to 9% from July 1.
- State banks mostly contributed to higher deposit growth in June as they still enjoy a certain level of confidence among the general public. The deposit growth of the state banks stood at 8.50% in June, up from 6.46% in December last year.
- Private Banks' deposit growth was 12.73% in June, in contrast to 12.58% six months earlier. On the other hand, the new banks are offering 8 to 9% interest rate against deposits. For instance, the deposit rate of scam-hit Farmers Bank was 9.62% in July, the highest amongst all banks. Despite offering the highest rate, the bank's deposit growth was negative 15% in June.

<https://www.thedailystar.net/business/news/banks-deposit-base-expands-slightly-1638382>

## **Economy**

### **Bangladesh cuts duty on 602 products for APTA states**

New Age, September 25, 2018

- Bangladesh has offered duty concessions on import of 602 products from five countries including China and India under the Asia Pacific Trade Agreement (APTA). The National Board of Revenue on September 18 issued a statutory regulatory order allowing duty concessions ranging from 10% to 70% to APTA member states — China, India, South Korea, Laos and Sri Lanka.
- The decision came into force from July 1 with retrospective effect. Of the product list, 598 are for all member countries while Laos as a least developed country will enjoy the benefit at higher rates for the remaining four products. The six-member APTA platform cumulatively offered duty concessions on more than 11,000 products to each other as per decision of the fourth round of negotiations of the forum held in January, 2017.
- On the other hand, Bangladeshi exporters will also enjoy duty concessions on their products for entry into the member states. In addition, the least developed countries under the bloc — Bangladesh and Laos — will enjoy the benefit at higher rates for additional 48 products.
- China in general has cut duty on 2,191 products, South Korea on 2,797, Sri Lanka on 598 and Laos on 999 products. Before the latest round of tariff cut, there were 4,270 products under the scheme including 110 of Bangladesh. Under the APTA rules of origin (RoO), the common minimum local value addition is at least 45% of the freight on board (FOB) value to enjoy the concessions.

<http://www.newagebd.net/article/51409/bangladesh-cuts-duty-on-602-products-for-apta-states>

## BTRC to assess impact of uniform call rate

The Daily Star, September 25, 2018

- Bangladesh Telecommunication Regulatory Commission has decided to assess the impact of recently introduced uniform call rate that drew widespread criticism from the mobile phone customers.
- The commission, following instruction from the prime minister's ICT adviser Sajeeb Wazed Joy, enforced the uniform call rate, making call rate pricy for the customers. Mobile phone operators from August 14 this year implemented the uniform floor rate at BDT 0.45 per minute by resetting the previous floor rates (BDT 0.25 per minute for on-net and BDT 0.60 per minute for off-net) and keeping the upper ceiling unchanged at BDT 2 per minute.
- Bangladesh Cell Phone Costumers Association immediately after the implementation of the uniform call rate formed human chain in capital Dhaka demanding scrapping of the decision. The association also said that the BTRC decision was an undemocratic one as the telecom regulator imposed the order keeping people in the dark.
- A number of senior officials of the mobile phone operators said that they noticed an increase in their revenues after the uniform call rate came into force. The telecom regulator before the execution of new rate before the launch of mobile network portability service had info rmed the government high-ups that the setting floor price at BDT 0.45 per minute would facilitate mobile phone operators making increased revenues.
- A BTRC estimation showed that three leading mobile operators — Grameenphone, Robi and Banglalink — would earn additional monthly revenues of around BDT 387 crore in total by introducing the uniform minimum rate of BDT 0.45 per minute.

<http://www.newagebd.net/article/51410/btrc-to-assess-impact-of-uniform-call-rate>

## Chinese investors keen on power sector

The Daily Star, September 25, 2018

- Chinese investors are keen to park their funds in Bangladesh's power sector as there is a huge room for investment, said a top diplomat. "The Chinese government, financial institutions and the companies are quite interested to provide support in the power sector of Bangladesh," said Li Guangjun, economic and commercial counsellor of the embassy of China in Bangladesh.
- Li's comments came while addressing a workshop styled 'Bangladesh power development and cooperation between China and Bangladesh', organised by the Chinese embassy at the capital's The Westin hotel yesterday.
- Recently, 21 power sector experts of Bangladesh were provided 20 days of training in China, he said, while expressing hope that they would be able to utilise the lessons learnt in their professional lives. China has also changed its financing policy: a separate organisation like the Japan International Cooperation Agency and US Aid has been formed to deal with the financing issue.
- As per the power sector master plan, Bangladesh needs \$9bn investment every year until 2041, said Rahmat Ullah Mohammad Dastagir, additional secretary of the power division. The government has set a target to increase power generation to 60,000 megawatt (MW) by 2041, 40,000 MW by 2030 and 24,000 MW by 2021.

<https://www.thedailystar.net/business/news/chinese-investors-keen-power-sector-1638376>

## International

### India struggles to soothe markets as liquidity concerns grow

New Age, September 25, 2018

- Indian authorities sought to calm financial markets on Monday but investors paid little heed as fears that the nation's non-banking financial sector is facing a credit crunch led to declines in domestic bonds, stocks and the rupee, adding to losses suffered in a selloff on Friday.
- However, the benchmark Nifty Index closed 1.58% lower on Monday, while the benchmark 10-year bond yield was up 2 basis points at 8.10% as bond prices dipped. On Friday, the stock index at one stage plunged more than 3% in a 30-minute period.
- The partially convertible rupee was weaker at 72.54 per dollar versus its previous close at 72.1950 and not far off its record low of 72.99 hit early last week. Investors have been unnerved by credit concerns surrounding two companies in particular. One of the biggest NBFC names in India - Infrastructure Leasing & Financial Services (IL&FS) - this month defaulted on a series of its coupon payments.
- India's equity markets have hit record highs in 2018 despite sell-offs in domestic bonds and weakness in the rupee, which has been the worst-performing Asian currency this year. Despite the correction this month, the Nifty Index is up more than 4% so far this year. But for foreign investors, the drop in the rupee will have wiped out any gains.
- India's largest bank, the State Bank of India, also sought to calm investors, issuing a statement on Sunday saying fears that banks were wary of lending to NBFCs were baseless. Jaitley is due to chair an annual review meeting with the chiefs of state-run banks on Tuesday, where he is expected to seek updates on their plans to tackle bad loans.

<http://www.newagebd.net/article/51425/india-struggles-to-soothe-markets-as-liquidity-concerns-grow>

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