

Stock Market

DSE WEEKLY REVIEW

Dhaka stocks rebound as large caps gain

New Age, November 25, 2018

- Dhaka stocks rebounded last week as a section of investors went for bargain hunting, especially on pharmaceutical and financial scrips after their recent fall. DSEX, the key index of Dhaka Stock Exchange, advanced by 1.17 %, or 61.32 points, to close at 5,305.95 points on Thursday, the last trading session of the week after losing 14.49 point in the previous week.
- DSE members have been investing the proceeds (BDT 900 crore) of their share sales to a Chinese consortium and ICB has been injecting the proceeds of BDT 2,000-crore bond sales. Among the prominent scrips, share prices of Square Pharmaceuticals, City Bank and BRAC Bank advanced by 5.73 %, 3.3 % and 2.9 % respectively over the week.
- Average share prices of pharmaceutical, textile, bank and non-bank financial institution advanced by 3.9 %, 2.7 %, 0.9 % and 0.6 % respectively. Out of the 30 traded bank scrips, 21 advanced, five declined and four remained unchanged while out of the 23 NBFIs, 17 advanced, five declined and three remained unchanged.
- Average share prices of energy, engineering and telecommunication dropped by 2.3 %, 1.01 % and 1.0 % respectively. The daily average turnover on the bourse increased by 18.88 % to BDT 657.35 crore in last week from BDT 552.95 crore in the previous week. Out of the 349 traded issues, 154 declined, 163 advanced and 29 remained unchanged.
- DS30, the blue-chip index of DSE, increased by 0.69 %, or 12.85 points, over the week to close at 1,868.97 points. Shariah index DSES also added 1.61 %, or 19.44 points, to close at 1,227.55 points. United Power Generation and Distribution Company led the turnover chart with its shares worth BDT 116.48 crore changing hands in the week.
- Khulna Power Company, Intech Limited, Saiham Textile Mills, BRAC Bank, Shepherd Industries, Square Pharmaceuticals, Saiham Cotton Mills, SK Trims & Industries and Wata Chemicals were the other turnover leaders. Kattali Textile gained the most in the week with a 25.48-% increase in its share prices, while Monno Jute Stafflers was the worst loser, shedding 71.68 %.

<http://www.newagebd.net/article/56969/dhaka-stocks-rebound-as-large-caps-gain>

BSEC to probe price hike of four cos

The Financial Express, November 23, 2018

- The securities regulator has formed a committee to probe the recent unusual price movement and the volume of shares of four companies. The two-member probe committee will submit its report within 30 working days.
- The companies that posted unusual share price hike are Northern Jute Manufacturing Company, Information Services Network, Fine Foods, and Stylecraft. On November 23, the share price of Northern Jute Manufacturing Company closed at BDT 592.90 on the Dhaka Stock Exchange (DSE).
- Later, the company's share price soared to BDT 863.20 as of November 20. The company, presently in the 'Z'-category, recommended 'no dividend' for the year ended on June 30, 2018. On November 28, the share price of Information Services Network closed at BDT 26.10 on the DSE. On November 5, the company's share price jumped to BDT 43. The share closed at BDT 34.20 on Thursday.
- The share price of Fine Foods closed at BDT 32.80 on November 28 last. Later, the company's price jumped to BDT 45.70 as of November 11 and finally closed at BDT 38.40 on Thursday. The company's board of directors recommended 3.0 % stock dividend for the year ended on June 30, 2018.

- The share price of Stylecraft closed at BDT 697 on November 5. Later, the share crossed BDT 1200 and closed at BDT 1207 on Thursday. The company's board of directors recommended 410 % stock dividend for the year ended on June 30, 2018.

<http://thefinancialexpress.com.bd/stock/bsec-to-probe-price-hike-of-four-cos-1542945737>

Trading of 14 cos to remain suspended on Sunday

The Financial Express, November 25, 2018

- The share trading of 14 listed companies will remain suspended today (Sunday) because of their record dates. On the other hand, the share trading of other 17 companies will resume on Sunday after the record date.
- The companies whose share trading will remain suspended on Sunday are Samata Leather Complex, Khulna Printing & Packaging, Hakkani Pulp & Paper Mills, Bangas, Prime Textile Spinning Mills, and Appollo Ispat Complex.
- The share trading of Fu-Wang Ceramic Industries, Aman Feed, Familytex (BD), Samorita Hospital, Metro Spinning, S. Alam Cold Rolled Steels, Shasha Denims and Central Pharmaceuticals will also remain suspended on Sunday.
- The companies whose share trading will resume on Sunday are Imam Button Industries, Fortune Shoes, Confidence Cement, Usmania Glass Sheet Factory, Deshbandhu Polymer, SK Trims & Industries, Hwa Well Textiles (BD), Ratanpur Steel Re-Rolling Mills, Kohinoor Chemicals Company (Bangladesh), Orion Infusion and Orion Pharma.
- Of other companies, the share trading of Khulna Power Company, Mozaffar Hossain Spinning Mills, CVO Petrochemical Refinery, Daffodil Computers, M.L. Dyeing, Bashundhara Paper Mills, and Dhaka Electric Supply Company will resume on Sunday.

<http://thefinancialexpress.com.bd/stock/trading-of-14-cos-to-remain-suspended-on-sunday-1543118462>

Most pharma cos post higher EPS for Q1

GSK's earnings slump on unit closure

The Financial Express, November 24, 2018

- Of the 15 pharmaceuticals companies listed with Dhaka Stock Exchange (DSE), 11 companies posted healthy earnings per share (EPS), compared to the same period of the last year, while three companies' earnings have declined and one reported negative earnings.
- The GSK Bangladesh incurred a huge loss in the July-September quarter because of the closure of its pharmaceuticals unit in the country. The British drug maker posted a negative EPS of BDT 48.64 for the July-September quarter against BDT 20.50 in the same period of the previous year.
- The Advent Pharma's EPS jumped to BDT 0.61 for July-September, 2018 as against BDT 0.24 for July-September, 2017, registering an increase of 154 %. The EPS of Central Pharma rose 138 % to BDT 0.31 in July-September, 2018 which was 0.13 in the same quarter of 2017.
- The recently listed Silva Pharma's EPS also surged 128 % to BDT 0.48 in July-September, 2018 against BDT 0.21 in same quarter last year. The Beacon Pharma's EPS rose to BDT 0.16 for July-September, 2018 as against BDT 0.21 for July-September, 2017, registering an increase of 60 %. The IBN Sina's EPS stood at BDT 2.68 for July-September, 2018 which was BDT 2.17 in July-September, 2017.
- Renata's EPS went up to BDT 12.02 for July-September, 2018 as against BDT 10.10 for July-September, 2017, showing a rise of 19 %. The EPS of Beximco Pharma increased 17 % to BDT 1.86 for July-September, 2018 as against BDT 1.59 for July-September, 2017. Ambee Pharma's EPS stood at BDT 0.84 for July-September, 2018 as against BDT 0.75 for July-September, 2017, registering an increase of 12 %.

- The EPS of Square Pharma rose to BDT 4.30 for July-September, 2018 as against BDT 4.08 for July-September, 2017. On the other hand, EPS of recently listed Indo-Bangla Pharma fell to BDT 0.31 for July-September, 2018 as against BDT 0.36 for July-September, 2017.
- Orion Pharma's EPS also declined 11 % to BDT 0.98 for July-September, 2018, which was BDT 1.10 for July-September, 2017. The EPS of Acme Pharma fell to BDT 1.84 for July-September, 2018 as against BDT 1.99 for July-September, 2017.

<http://thefinancialexpress.com.bd/stock/most-pharma-cos-post-higher-eps-for-q1-1543031122>

Merchant banks allowed provisioning facility

Rules of qualified investor offer by small-cap cos approved

The Financial Express, November 24, 2018

- The securities regulator has allowed the merchant banks to avail provisioning facility like financial institutions (FIs) and mutual funds (MFs). The facility has been offered in case of provisioning against the losses incurred from the investments made in MFs.
- The decision was taken on Tuesday at a meeting held at the office of the Bangladesh Securities and Exchange Commission (BSEC). The FIs and MFs had earlier been allowed to avail provisioning facility against the losses incurred through investments made in MFs.
- Following the plea made by merchant banks, the securities regulator has also allowed them to avail same facility. According to BSEC decision, the amount of a merchant bank's provisioning will be equivalent to the amount derived by subtracting 85 % of the net asset value (NAV) of the units of closed-end MFs at current market price from the purchase price of the units.
- In case of open-end MFs, the amount of the provisioning will be equivalent to the amount derived by subtracting 5.0 % of the repurchase price of the fund's units from the average purchase price of the units. At Tuesday's meeting, the securities regulator has also approved the rules of qualified investor offer by small capital companies.
- The BSEC said the gazette of the rules will be published soon. The securities regulator has also warned A. M. Securities and Financial Services for not submitting its audited financial statement for the year ended on June 30, 2017.

<http://thefinancialexpress.com.bd/stock/merchant-banks-allowed-provisioning-facility-1542788035>

DEMUTUALISATION: FIVE YEARS ON

Benefits yet to reach investors

The Daily Star, November 25, 2018

- Frequent gambling, shaky confidence, lower turnover and lack of well-performing companies and new products continue to dog the stock exchanges five years past their demutualisation. On November 22, 2013, Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) were demutualised, a process that transformed the bourses from non-profit cooperatives into for-profit companies owned by shareholders.
- The main goal of the demutualisation was to reduce the impact on the stock brokers, who were the bourses' owners then, in the exchanges' activities with the view to checking gambling tendencies. The process also separated the bourses' ownership from the management, which was expected to bring back confidence in the market after the crash of 2011. The other aim of demutualisation was to make the bourses profitable, so that they worked hard to bring new products to the market and try to gather more investment.

- But, the stock exchanges are still suffering for want of new products, leaving the DSE to mostly depend on interest income of its fixed deposits. For instance, in fiscal 2016-17 the DSE's total revenue stood at BDT 208.24 crore, of which BDT 90.48 crore, or 48 %, came from interest income.
- The only positive development was that the DSE succeeded in getting an international strategic partner, a consortium of Shenzhen Stock Exchange and Shanghai Stock Exchange, on May 14.

<https://www.thedailystar.net/business/news/benefits-yet-reach-investors-1664695>

Power Div warns of scrapping S Alam Gr's coal power plant

Delay in financial closure cited as reason

The Financial Express, November 25, 2018

- The Power Division under the ministry of power, energy and mineral resources (MPEMR) has warned S Alam Group of annulling contracts over the delay in financial closing of 1,224 megawatts (MW) coal-fired power plant project. The state-run Bangladesh Power Development Board (BPDB) on November 31, 2013 provided letter of intent (LOI) to a joint venture company (JVC) comprising S Alam Group and two Chinese firms.
- The JVC inked power purchase agreement (PPA) and implementation agreement (IA) with the BPDB and the Power Grid Company of Bangladesh Ltd (PGCB) on February 16, 2016 to implement two 612 megawatts (MW) capacity coal-fired power plants at Banshkhali in Chattogram.
- Two separate power companies under the JVC-SS Power I Ltd and SS Power II Ltd-would separately implement the power plant projects building one 612 MW power plant project each, as per the contract. Financial closing means the execution and delivery of the financing documents between the company and lenders that evidence sufficient financing for the construction, testing, completion, and commissioning of any facility and evidence of commitments for such equity as is required by the company to satisfy the requirements of the lenders.
- Two Chinese firms - SEPCOIII Electric power Construction Corporation and HTG Development Group- respectively have 20 % and 10 % stakes, while S Alam Group has 70 % stake in the project. Apart from being a stakeholder, the Chinese SEPCOIII Electric power Construction Corporation is also the engineering, procurement and construction (EPC) contractor for the project.
- As per the deals, the power plants would be built within 45 months from the date of signing the deals and its scheduled commercial operation date (COD) is supposed to be on November 16, 2019. But only 21 % of the project work were completed until November, 2018.

<http://thefinancialexpress.com.bd/trade/power-div-warns-of-scrapping-s-alam-grs-coal-power-plant-1543118413>

Economy

Exploit finished leather, treble export earnings

Industry players call for more compliance

The Daily Star, November 25, 2018

- Bangladesh can earn three times more from leather goods exports if all the finished leather produced in the country in a year is utilised, industry players said. Last fiscal year, the country exported \$1.1 bn worth of footwear and other leather goods -- using only 30 % of finished leather.
- The remaining 70 % finished leather was exported, mostly to China, said Saiful Islam, president of leather goods and footwear manufacturers and exporters association of Bangladesh (LFMEAB). Finished leather exports fetch less than

one-third of footwear: one square feet of finished leather fetches only \$0.60, whereas footwear made from three square feet of finished leather brings \$5.

- Bangladesh produces 400 mn square feet of finished leather annually, according to industry players. Presently, Bangladesh has 165 footwear and leather factories, which could fetch up to \$5 bn in exports receipts were they compliant and used modern technologies.
- In addition, the country has 161 tanneries that process raw hides into finished leather; and 98 % of the tanneries are not compliant to global standards, said Dipankar Tripura, a finished leather exporter. Receipts from leather goods, footwear and finished leather exports have been crossing the \$1 bn-mark for the past five years, but they are not growing further. Bangladesh's main export markets are: the EU, the US, Australia, Japan, Singapore and South Korea.

<https://www.thedailystar.net/business/news/exploit-finished-leather-treble-export-earnings-1664701>

Businesses seek viable LNG pricing

New Age, November 25, 2018

- Gas-dependent heavy industry owners said on Saturday that economically viable energy pricing was a must to sustain in the globally competitive market as imported costly liquefied natural gas was going to grab the place of other energy sources.
- Addressing a roundtable hosted by Dhaka Chamber of Commerce and Industry at Motijheel in the capital, they raised concerns over the increasing trend of gas price hike over the years. Energy economist and former power division secretary Muhammad Fouzul Kabir Khan presenting the keynote paper raised question about the long-term use of the country's first floating storage re-gasification unit which started operation this month at Maheshkhali.
- Bangladesh Cement Manufacturers Association vice-president Md Shahidullah said LNG price hike in future would certainly affect the booming industry. Bangladesh Auto Re-rolling and Steel Mills Association vice-chairman Zahirul Hoque Chowdhury said per tonne rod production needed at least 1,500MW power worth BDT 6,000 and it would rise if gas price was increased.

<http://www.newagebd.net/article/56958/businesses-seek-viable-lng-pricing>

NON-PAYMENT OF DUES

Spectrum of 12 out of 14 PSTN cos cancelled

New Age, November 25, 2018

- Bangladesh Telecommunication Regulatory Commission has so far cancelled allocated spectrum of 12 out of 14 public-switched telephone network operators amid non-operative state and non-payment of dues by the companies to the commission. Industry insiders have said that with massive surge in mobile phone services in the country, the PSTN business witnessed a setback.
- Of the twelve companies, which have already lost spectrum to operate services, spectrum of 7 companies — National Telecom, Telebarta, Peoples Telecom, One Tel Com, Wesec Telecom, Jalalabad Telecom and Integrated Services — were cancelled by the commission in November this year.
- Spectrum of five other companies — Bangla Phone, Dhaka Telecom, WorldTel Bangladesh, SA Telecom System and Nextel Telecom — was cancelled by the commission earlier based on recommendations from a committee of the commission.

- According to the available BTRC statistics of 2016, Rangs Telecom has dues worth BDT 7.57 crore and Bangla Phone has dues worth BDT 1.30 crore. National Telecom's dues are worth BDT 8.62 crore while Tele Barta has BDT 17.04 crore, Dhaka Telephone Co BDT 4.20 crore and Peoples Telecom BDT 3.01 crore in dues, showed the data.
- It also showed that among zonal PSTN operators, World Tel has dues worth BDT 2.86 crore, One Tel Com has BDT 5.27 crore, SA Telecom BDT 4.34 crore, Jalalabad Telecom BDT 5.49 crore, Westock Ltd BDT 4.74 crore and Next Tel BDT 1.32 crore in dues. State-owned Bangladesh Telecommunication Company Limited, formerly known as Bangladesh Telegraph and Telephone Board, was the first PSTN operator in the country.

<http://www.newagebd.net/article/56957/spectrum-of-12-out-of-14-pstn-cos-cancelled>

Dhaka likely to get \$2.0b in add'l fund under IDA-18

The Financial Express, November 24, 2018

- Bangladesh is likely to get nearly US\$ 2.0 bn additional assistance from the World Bank (WB), as the latter has decided to divert unutilised funds from other member states to the country, officials said on Friday. The WB held its International Development Association (IDA)-18 aid package mid-term review meeting in Livingstone, Zambia last week. There, it decided to divert the funds under package to disburse more aid to the countries having higher demand for it. Bangladesh had requested for more funds.
- Under IDA-18 package, Bangladesh has already received confirmation from WB to get almost all its earmarked \$4.4 bn portfolio, allocated by the global lender for three years up to financial year (FY) 2019-20. Under the ongoing IDA-18 package, the WB has allocated some \$72 bn funds for its member countries, to be provided between FY 2017-18 and FY 2019-20.
- Bangladesh is one of the highest concessional loan receivers from the WB. In last IDA-17 package, the global lender set aside some \$4.36 bn funds for Bangladesh from its total \$52.10 bn mobilised concessional loans and grants for disbursing among its member countries between FY 2015 and FY 2017.

<http://thefinancialexpress.com.bd/economy/bangladesh/dhaka-likely-to-get-20b-in-addl-fund-under-ida-18-1543032380>

International

G20, forged in crisis, faces Donald Trump test this week

New Age, November 25, 2018

- When G20 world leaders met for the first time in 2008 their mission was a desperate one — to rescue the global economy from the worst financial crisis in more than 70 years. They were successful. Ten years on, that picture of unity in the face of economic calamity is in the rear-view mirror.
- Leaders of the G20 industrialised nations meeting in Argentina next week are expected to struggle to agree on a joint statement on two of the biggest, and thorniest, global issues on their agenda - trade and climate change. Officials in European and Asian capitals helping to prepare for the meeting said they were cautiously optimistic that a communique would be issued when the two-day meeting ends on Dec. 1.
- But many said it would likely be watered down to try to ensure approval from US president Donald Trump, an avowed sceptic of man-made climate change who has adopted protectionist trade policies and a more isolationist foreign policy.
- Recent history suggests those who draft the communique face a tough challenge when they begin their work in earnest in Buenos Aires on Monday. Last weekend, officials from countries attending a major Asia-Pacific summit

failed to agree on a joint communique for the first time as the United States clashed with China over trade and security. In May Trump rejected a statement by fellow leaders of the G7 industrialized economies after a tense gathering ended in acrimony, again over tariffs and trade.

- The Organisation for Economic Co-operation and Development (OECD) warned this week that an escalation in the trade war - the US tariff rate on \$200 bn in Chinese goods is set to increase to 25 % from 10 % on Jan. 1 - would impede global economic growth.
- Officials from some G20 countries, anxious to see a swift end to the US-China trade war, are hopeful but not confident that a meeting between Trump and Chinese president Xi Jinping on the sidelines of G20 may yield at least a partial ceasefire.

<http://www.newagebd.net/article/56968/g20-forged-in-crisis-faces-donald-trump-test-this-week>

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