

Stock Market

Banks perk up stocks

The Daily Star, February 26, 2019

- The Dhaka stocks rose nearly 42 points or 0.73 % yesterday as investors went for buying banking shares, which had been on a losing streak for the last few days. The benchmark index of the premier bourse— DSEX—finished the day at 5,755.79.
- Although most of the stocks experienced a fall, the index of Dhaka Stock Exchange rose yesterday thanks to the rise of the high valued banking stocks. Of the shares of 30 banks, 24 rose and three remained unchanged. Of the traded issues, 137 advanced, 166 declined and 42 closed unchanged on the premier bourse.
- Turnover, another important indicator of the market, also jumped 23.69 % to BDT 718.24 crore, with 13.02 crore shares and mutual fund units changing hands on the DSE. According to IDLC Securities data, top three positive index contributors were Brac Bank, Square Pharmaceuticals and Grameenphone.
- Among the major sectors, telecom rose 2.9 %, banks 2 % and non-bank financial institutions 0.60 % while energy dropped 0.2 % and engineering 0.6 %. Square Pharmaceuticals dominated the turnover chart with 16.45 lakh shares worth BDT 45.03 crore changing hands, followed by The Monno Ceramics, Khulna Power, Bangladesh Submarine cables and Grameenphone.
- ICB AMCL Second NRB was the day's best performer with 6.02 % gain while Imam Button was the worst loser, shedding 9.18 %. Chittagong stocks also soared with the bourse's benchmark index, CSCX, increasing 53.14 points or 0.50 % to finish the day at 10,654.26.

<https://www.thedailystar.net/business/news/banks-perk-stocks-1707424>

NPL, poor governance to hinder investment

New Age, February 26, 2019

- Metropolitan Chamber of Commerce and Industry has said that a number of risks including poor governance and high level of non-performing loans in the banking sector could hinder a pick-up in investment in the country. MCCI on Monday released the review for the period between October and December of the current fiscal year (2018-2019).
- It identified poor governance, corruption in administration, labour indiscipline, and high cost of credit as major impediments to investment and growth in Bangladesh. It also urged the government to address the issue of non-performing loans saying that domestic challenges that could complicate the situation further were fiscal slippages and rising inflation as well as delays in structural reforms to address balance sheet issues in the banking and non-financial corporate sectors.
- The review said that the overall economic situation in the country was positive in the quarter despite the presence of some risk factors including marginal growth in remittances, slower growth in export receipts, and a lower rate of foreign direct investment.
- According to the report, in July-November of FY19, NBR's tax revenue collection stood 7.15 % higher at BDT 79,733 crore compared with BDT 74,414 crore collected in the corresponding period of FY18 and it was 21.60 % or BDT 21,973 crore short of the target. The report said that import payments in July-November of FY19 stood at \$25.327 bn, which was 6.64 % higher than import payments in the corresponding months of FY18.

<https://www.dsebd.org/companylistbyindustry.php?industry=18>

BSCCL's share price doubles in three months

July-December EPS of the company shows unusual rise

The Financial Express, February 25, 2019

- The share price of Bangladesh Submarine Cable Company Ltd (BSCCL) rose 108 % within three months as its earnings soared. The company's share price hit at BDT 91.70 each since November 25, last year to close at BDT 176.20 on Sunday at the Dhaka Stock Exchange. Its share price was BDT 85.50 on November 25, 2018.
- The state-run company's share traded between BDT 71.50 and BDT 177.50 each in the last one year. The company's share also hit one year highest price level on Sunday. The company also dominated the day's turnover chart with 2.85 mn shares worth BDT 489 mn changing hands which was 8.24 % of the day's total transactions.
- The Dhaka Stock Exchange (DSE) served show-cause notice on the company on January 21. The company informed that there was no undisclosed price sensitive information for recent unusual price hike of its shares. Even after being served show-cause notice, the price of the company has not stopped rising which may hit investors, said an analyst.
- The company's earnings per share (EPS) rose to BDT 0.96 for October-December, 2018 as against BDT 0.04 for October-December, 2017. In six months for July-December, 2018, its EPS was BDT 1.43 for as against BDT 0.06 for July-December, 2017, registering an increase of 2283 %. The net operating cash flow per share (NOCFPS) also rose to BDT 3.49 for July-December, 2018 as against BDT 1.08 for July-December, 2017.
- The company noted that the net operating cash flow per share also increased due to emphasised of the company on revenue collection and taking some steps for realisation which led to significant increment of cash received from clients and there was no cash flow due to extraordinary transaction during this period.
- Bangladesh Submarine Cable, which was listed on the Dhaka bourse in 2012, recommended only 5.0 % cash dividend for the year ended on June 30, 2018. Accordingly, the company is now trading in "B" category. The company's paid-up capital is BDT 1.64 bn and authorised capital is BDT 10 bn, while the total number of securities is 164.91 mn.

<http://thefinancialexpress.com.bd/stock/bsccls-share-price-doubles-in-three-months-1551073553>

Economy

BB limits banks' fund transfer to offshore units

New Age, February 26, 2019

- Bangladesh Bank on Monday issued a fresh policy for the operation of offshore banking units of banks, imposing limit on transferring foreign currency to offshore units from onshore units. In this regard, banks' will have to file applications with the central bank within next three months of issuance of the circular for continuation of operation of such units.
- Besides taking permission from the central bank, each bank, which will operate such banking, must adopt its own written guidelines for offshore banking unit operation. The BB policy must have to be approved by the boards of directors of banks.
- The policy said that the source of funds for offshore banking operation must be the deposits and borrowings received by the offshore unit. Besides, banks would be allowed to use funds mobilised from domestic banking operation with a limit not exceeding 20 % of its total regulatory capital for offshore units.
- Earlier there was no limit on transferring or mobilising fund in the offshore banking units from onshore banking units. As a result, imbalance in demand and supply situation in the domestic market was created along with shortage in foreign currency in the local market.

- Such activities of banks also created additional pressure on the domestic foreign currency situation. On the other hand, onshore units of banks were making delay in clearing letters of credit due to liquidity crisis. As per the new circular, conditions are imposed on issuing credit facility to the fully-owned foreign firms.

<http://www.newagebd.net/article/65819/bb-limits-banks-fund-transfer-to-offshore-units>

East West SEZ gets licence

New Age, February 26, 2019

- Bangladesh Economic Zone Authority (BEZA) has given final licence to the East West Special Economic Zone (SEZ), a concern of Bashundhara Group, aimed at making the country a global investment hub. BEZA executive chairman Paban Chowdhury on Monday handed over the final license to managing director of East West SEZ Shafiat Sobhan at a function at the BEZA headquarters in the city.
- The East West SEZ is being established on 102 acres of land at Keraniganj Upazila adjacent to Dhaka-Chattagram highway. The zone will create employment opportunities for around 70,000 people. Among others, senior officials of BEZA and East West SEZ were present at the function. BEZA was formed under Economic Zones Act 2010 to set up 100 EZs by 2030 to attract more local and foreign investment and create employment opportunities for more than 10 mn people of the country.

<http://www.newagebd.net/article/65824/east-west-sez-gets-licence>

Govt selects 40 priority targets for meeting SDGs

New Age, February 26, 2019

- The government has prepared a priority list of 40 out of the 169 targets under sustainable development goals (SDG) to implement those on priority basis in the coming years. The Cabinet has already approved the list containing indicators including bringing down the extreme poverty rate and unemployment rate below 3 % and raising economic growth rate above 10 % by 2030.
- Officials of General Economics Division of the Planning Commission said that the priority list was prepared as part of localisation of SDGs at district and upazila levels to ensure inclusiveness of the global development agenda and its successful implementation.
- There are 169 targets under 17 goals of SDGs of the United Nations and UN member states set a deadline to implement the goals and targets by 2030. As per the Cabinet decision made on December 3 last year, there will be 39 common targets on the list while districts and upazilas will select the rest one target based on local needs.
- According to the list, the government's priority is to bring down the poverty rate and extreme poverty rate to below 10 % and 3 % respectively by 2030 from 2016 base year rates when poverty rate was 24.3 % and extreme poverty rate was 12.9 %.
- The original SDG targets are to eradicate extreme poverty and reduce the number of people living in poverty at least by half. Gross domestic product growth rate will be increased to 10 %, the unemployment rate to be lowered to below 3 % while the ratio of youth population who are not in education and not in works to below 10 % from 31.20 % in 2015.
- The government's target is to lower the ratio of income of the richest and poorest 10 % population to 20 from 37.8 measured in 2016. The government will also emphasise reducing neonatal mortality to 12 per 1,000 live births and under-5 mortality to at least 25 per 1,000 live births as per UN targets. The success rate in primary education completion examination and junior school certificate examination will be 100 % by 2030.

<http://www.newagebd.net/article/65821/govt-selects-40-priority-targets-for-meeting-sdgs>

International

Banks losing battle to be no-deal Brexit ready

New Age, February 26, 2019

- Major banks are still not ready for a 'no-deal' Brexit as they grapple with delays in licenses for new European Union businesses, staffing problems and snags in redrafting contracts. Despite thousands of staff working on preparations for more than two years, sources at five high street and global investment banks told Reuters they still face a number of mission critical hurdles if Britain leaves without a deal.
- Sources at three investment banks said their efforts would not be completed by Brexit Day on March 29, potentially throwing the legal status of thousands of contracts into doubt. For most major banks based in Britain, the timely legal transfer of their EU client business, including loans and deposit accounts, derivatives contracts, stocks and bonds, to EU subsidiaries to mitigate the loss of unfettered access and data flows to the single market is the biggest concern.
- Customers whose contracts are not transferred could be left unable to respond to market events, or without access to funding or protection against swings in interest rates or currencies, risking wider market turbulence.
- A source familiar with one investment bank's position said between 10-15 % of contracts they had intended to transfer were still 'work in progress', with some clients actively resisting the transfer, while others have held off paying for legal advice on the expectation a deal will still be struck.
- Others are still waiting for licenses for new EU units so they can still fully serve customers, with Royal Bank of Scotland seeking licenses in Frankfurt for two entities so it can maintain access to Bundesbank payment systems. RBS warned this month that more than 50 bn euros of cross-border payments are at risk without the licenses, but chairman Howard Davies said he had 'every expectation' they would be approved by 29 March.

<http://www.newagebd.net/article/65830/banks-losing-battle-to-be-no-deal-brexit-ready>

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BASL Research Team

Mr. Shariful Alam Chowdhury
Head of Research & Investments

tushar@basl-bd.com, tusharbd@bloomberg.net

Mr. Shohidul Islam
Research Analyst

shohidul@basl-bd.com, shohidulbd@bloomberg.net

Tanzin Naher
Research Associate

tanzin@basl-bd.com

BASL Networks

Head Office

Hadi Mansion (7th Floor)
2, Dilkusha Commercial Area
Dhaka-1000, Bangladesh
Phone: +88-02-9515826-28
Fax: +88-02-9567884

Modhumita Extension Office

158-160 Modhumita Building
(5th Floor)
Motijheel C/A, Dhaka-1000
Phone: +88-01819118893

Dhanmondi Branch

Meher Plaza (1st Floor),
House # 13/A, Road # 05
Dhanmondi, Dhaka - 1207
Phone: +8802-8624874-5

Mirpur Branch

Nishi Plaza, plot # 01,
Avenue-04, Section-06,
Block-C
Mirpur, Dhaka - 1216
Phone: +88-02-9013841

Uttara Branch

House # 79/A, (4th Floor),
Road # 07, Sector # 04
Uttara Model Town, Dhaka-
1230
Phone: +88-02-8958371

Banani Branch

Nur Empori, Plot # 77 (1st
Floor), Road No # 11,
Banani,
Dhaka-1213
Phone: +8801716180767

Khulna Branch

28, Sir Iqbal Road (1st Floor)
Khulna
Phone: +88-041-731208-9

For International Trade & Sales, please contact **Mr. Sumon Das, Chief Executive Officer**. Please call at +8801993111666, +880 02 9515826, Ext: 101 at Business hour.

For further query, write to us at research@basl-bd.com.