

Stock Market

Weekly review: Stocks end flat after volatile trading

The Financial Express, October 26, 2019

- Stocks finished almost flat in the outgoing week that ended on Thursday as investors mostly followed cautious stance amid ongoing volatile market trend. Week on week, DSEX, the prime index of the Dhaka Stock Exchange (DSE), went up by 1.01 points to close at 4,772.
- The outgoing week saw five trading days as usual. Of them, three sessions ended higher while two saw mild correction. The DSE Shariah Index also gained 2.36 points to close at BDT 1,096. However, the DS30 index, comprising blue chips, fell 3.92 points to finish at 1,675.
- The weekly total turnover on the prime bourse stood at BDT 15.45 bn, slightly down from BDT 15.63 bn in the week before. The daily turnover averaged out at BDT 3.09 bn, down 1.17 % from the previous week's average of BDT 3.12 bn.
- Block trade contributed 4.9 % to the week's total turnover where stocks like Popular Life Insurance, Bank Asia, IDLC Finance, Marico Bangladesh, IPDC Finance and Jamuna Bank dominated the block trade board.

<http://thefinancialexpress.com.bd/stock/weekly-review-stocks-end-flat-after-volatile-trading-1572069294>

Taka bond ready to raise \$10m from London market

Proceeds to be lent to private sector for investment

The Financial Express, October 27, 2019

- Bangladesh is going to float a taka-denominated bond for the first time on the London Stock Exchange next month to raise funds for the local private sector, officials said on Saturday.
- The International Finance Corporation (IFC), a sister concern of the World Bank, would float the taka-linked bond equivalent to US\$10 mn on the London bourse in the first phase, the global lending agency confirmed. They would also hold a press conference in London to brief journalists about the taka-bond.
- The IFC, on behalf of the Indian government, initially offloaded a small-size Masala Bond. Its size was raised to \$2.7 bn within 2-3 years for its popularity in the overseas markets. An official said the IFC already reached a preliminary agreement with Bangladesh's Pran Group for financing its business development with earnings from the Taka bond.

<http://thefinancialexpress.com.bd/stock/taka-bond-ready-to-raise-10m-from-london-market-1572148993>

DSE to form expert panel to check IPO prospectuses

The Financial Express, October 27, 2019

- The securities regulator has advised the country's premier bourse to form an expert panel to scrutinize the upcoming initial public offerings (IPO) prospectus properly. The securities regulator also assured that the commission will give approval to the IPO of a company if the Dhaka Stock Exchange (DSE) expert panel would be satisfied with the company's financial statements.

- The decision was taken at an emergency meeting held at the BSEC head office in Dhaka on Thursday to ensure listing of quality IPOs in the stock market. The representatives from DSE and DSE Brokers' Association (DBA) were present, among others.
- The BSEC came up with the decision after huge criticisms from different quarters that the BSEC approved weak companies IPO ignoring DSE's reservations about the companies' IPOs. In the past eight years, around 85 IPOs, mostly low profile companies were approved which failed to enhance the depth of the market.
- A DSE director informed the BSEC that IPO issue is limited within a few issue managers and merchant bankers although more than 50 merchant banks are operating in the country's capital market. The commission replied that they will take action or cancel license of those merchant banks which failed to bring new issues in the market over the years.

<http://thefinancialexpress.com.bd/stock/dse-to-form-expert-panel-to-check-ipo-prospectuses-1572069411>

Economy

Lee Cooper entering Bangladesh market

New Age, October 23, 2019

- UK-based life style brand Lee Cooper is going to enter the Bangladesh market through a local franchisee to tap the preferences of the country's growing middle class for global fashion brands, said industry people. Express Leather Products Limited, which will be the local franchisee of Lee Cooper Brands footwear and apparel business in Bangladesh, will open Lee Cooper stores in Bangladesh.
- Lee Cooper global managing director Wayne Bebb is coming to Bangladesh on Sunday on a two-day visit during which he will sign a licensee agreement with Express Leather Products Limited for its opening its operations in Bangladesh.
- British high commissioner Robert Chatterton Dickson, high officials of Lee Cooper and Express Leather Products Limited will be present during the agreement signing, said a press release. Lee Cooper is a global lifestyle brand operating in over 100 countries with 65 global partners in retail sales across a multi-fascia distribution of wholesale or retail stores and digital outlets.
- As a brand principal, Lee Cooper maintains responsibility, develops and controls all global brand assets and works intricately with its global partner network to drive sustainable branding and commercial business growth, said the release issued by Express Leather Products Limited.

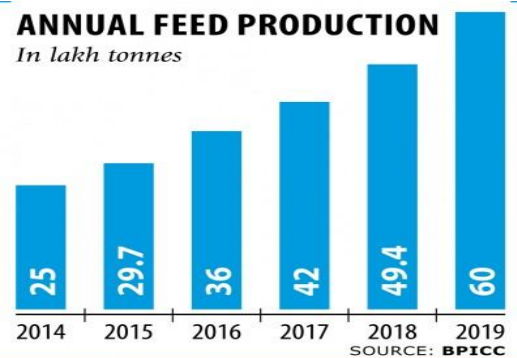
<http://www.newagebd.net/article/88884/lee-cooper-entering-bangladesh-market>

Withdraw advance tax on import of raw materials

The Daily Star, October 27, 2019

- Feed makers yesterday urged the government to withdraw advance tax on the import of raw materials of feed and machinery of the poultry industry, as the new fiscal measure has increased the cost of their businesses.

- The National Board of Revenue (NBR) introduced 5 % AT under the Value Added Tax and Supplementary Duty Act 2012 that came into effect on July 1 this year. The Feed Industries Association of Bangladesh (FIAB) organised the briefing, more than a week after the NBR exempted certain raw materials of fish feed from AT.
- The prices of feed would increase unless the NBR withdraws the AT, leading to spiral in prices of chicken meat and eggs, one of the key and relatively cheaper sources of protein. Prices of broiler feed already doubled to BDT 43.57 a kg in 2018 from BDT 21 in 2007, said the FIAB, which represents nearly 60 lakh tonnes annual feed industry in Bangladesh.
- The association demanded removal of the provision of deducting tax at source on purchase of maize, rice bran and other ingredients. The NBR levied 2- 5 % tax at source that feed millers are supposed to deduct during payment to sellers of the ingredients and deposit them to the state coffer later.



<https://www.thedailystar.net/business/news/withdraw-advance-tax-import-raw-materials-1819312>

Bangladesh lowest in bank soundness in S Asia

Dhaka Tribune, October 27, 2019

- Finland topped the bank soundness chart scoring 95.5, while Singapore ranked second scoring 91.2 score and Hong Kong got the third position scoring 90.8. Bangladesh's ranking in soundness of banks is the lowest among the South Asian countries — a fact which experts blame on irregularities and lack of good governance in financial sector.
- According to the "Global Competitiveness Report 2019", Bangladesh scored 38.3 out of 100 and ranked 130th out 141 countries in soundness of banks. In defining banks' soundness, weak monitoring, growing default loans, lack of good governance, balance sheets and availability of funds, and capacity to repay have taken into consideration.
- As per the report, India scored 60.4 and ranked 89th followed by Pakistan ranking 93rd, Sri Lanka 94th and Nepal 106th. In global competitive ranking in 2019, Bangladesh ranked 105, which was 103rd in 2018. The country's overall score, however, remained unchanged at 52.1 in doing business.
- According to Bangladesh Bank data, total defaulted loans in the banking stood at BDT112, 425 crore as of June. On top of that, he says, the culture of impunity is another key factory fueling the vulnerability.

<https://www.dhakatribune.com/business/banks/2019/10/23/bangladesh-lowest-in-bank-soundness-in-s-asia>

Steel Engineering Corporation losing out to private peers

Risks sliding into financial collapse

The Financial Express, October 26, 2019

- The financial muscle of the state-owned steel maker remains highly fragile, with most of its units failing to compete with private enterprises, officials say. During the last five financial years, profit margin of the

agency reduced by about 50 % while its liabilities kept ballooning, thus making it difficult for the corporation to maintain a healthy balance sheet.

- Founded in 1976 through amalgamation of the then Bangladesh Steel Mills Corporation and the Bangladesh Engineering and Shipbuilding Corporation, it initially started functioning with 62 enterprises. Now, the number of active enterprises has dropped to only nine and five of those are incurring losses while one - Dhaka Steel Works Limited - resumed production late last year.
- The corporation used to export products after meeting local demand, but things deteriorated rapidly and it kept losing its competitive edge locally and globally. Today, it does not export any item. According to the official statistics, the corporation earned pre-tax profit amounting to BDT 1.07 bn during financial year 2014-2015. But that figure slipped to BDT 660 mn in FY'19.
- After paying tax, the net profit was estimated to be around BDT 310 mn in FY'19, down by BDT 100 mn from its performance in previous fiscal marking a net profit of BDT 400 mn. Giving examples, he said the government stopped giving gas connections to households and industries due to excessive pressure on the limited natural resource, which heavily affected production of their tubes.

<http://thefinancialexpress.com.bd/trade/steel-engineering-corp-losing-out-to-private-peers-1572149353>

International

German economy to grow in Q4 as business morale steadies

The Daily Star, October 27, 2019

- German business sentiment held steady in October, and Europe's largest economy should grow moderately in the final quarter after contracting earlier in the year, the Ifo economic institute said on Friday. Ifo said its business climate index was unchanged from the prior month in October at 94.6. That was just above the consensus forecast for 94.5.
- Europe's economic powerhouse shrank in the second quarter, and many economists expect it to have done so again in the third. That would put it in recession - usually defined as a period of at least two consecutive quarters of contraction.
- German sportswear group Puma said on Thursday it would take a hit from U.S. tariffs on China in the fourth quarter but still raised its sales forecast. Ifo's index on current conditions fell to 97.8 from 98.6 in September. But its expectations index rose to 91.5 from 90.9.

<https://www.thedailystar.net/business/news/german-economy-grow-q4-business-morale-steadies-1819258>

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