

Stock Market

Stocks gain for 6th day as investors eye post-elections prospect

New Age, December 27, 2018

- Dhaka stocks soared on Wednesday, extending the gaining streak to the sixth consecutive session as investors continued purchasing shares amid expectations of a better market after the December 30 national polls. DSEX, the key index of Dhaka Stock Exchange, advanced by 0.92 %, or 49.08 points, to close at 5,349.18 points on Wednesday. The DSEX gained 132 points in last six sessions.
- Today (Thursday) will be the last trading day for this month as the market will remain closed from December 28 to 31 on the occasion of public holidays, 11th parliamentary elections and bank holiday. Average share prices of bank, non-bank financial institution, pharmaceutical and textile sectors dropped by 2.1 %, 1.2 %, 0.7 % and 0.5 % respectively.
- Average share prices of energy, miscellaneous and cement dropped by 0.6 %, 0.2 % and 0.1 % respectively. The textile sector led the turnover chart on Wednesday by holding 16.1 % of the day's total turnover. The turnover on DSE inched up to BDT 388.24 crore on Wednesday compared with that of BDT 357.41 crore in the previous trading session.
- Of the 336 companies and mutual funds traded on Wednesday, 221 advanced, 76 declined and 44 remained unchanged. DSE blue-chip index DS30 increased by 0.69 %, or 12.93 points, to close at 1,867.68 points. Shariah index DSES added 0.68 cent, or 8.29 points, to finish at 1,226.75 points. Khulna Power Company led the turnover leaders with its shares worth BDT 12.28 crore changing hands.
- Bangladesh Export Import Company, National Life Insurance Company, Saiham Textile, JMI Syringes and Medical Devices, United Power Generation Company, Saiham Cotton, BDCOM Online, Shepherd Industries and MJL Bangladesh were the other turnover leaders. Phoenix Insurance Company gained the most on the day with an 8.88-% increase in its share prices, while Eastern Cables was the worst loser, shedding 7.74 %.

<http://www.newagebd.net/article/59962/stocks-gain-for-6th-day-as-investors-eye-post-elections-prospect>

Esquire Knit's IPO subscription to begin January 06

The company to raise BDT 562m

The Financial Express, December 26, 2018

- The public subscription of Esquire Knit Composite will open on January 06, as the company is set to raise a capital of over BDT 562 mn through IPO. The initial public offering (IPO) subscription period for the Esquire Knit Composite, a business unit of the Esquire Group, will continue up to January 20, 2019.
- The company will issue some 34.89 mn ordinary shares under the book-building method to raise a total capital worth BDT 1.50 bn. Of the total shares, 60 % or 20.83 mn shares (worth BDT 937 mn) are reserved for eligible investors at cut-off price.
- The cut-off price of Esquire Knit share was fixed at BDT 45 each on July 14 by the institutional investors through bidding under a book-building method. The remaining 40 % or 14.06 mn shares will be available for the IPO participants, including affected small investors and non-resident Bangladeshis.
- The general investors will get IPO shares at 10 % discount on cut-off price, meaning they will get each share of the company at BDT 40. The proceeds will be used to buy machinery, construct buildings and to meet the IPO expenses. The securities regulator -- Bangladesh Securities and Exchange Commission (BSEC) -- allowed the Esquire Knit to conduct bidding for its shares to set the cut-off price of its shares on January 23.

- The bidding was held on July 9-12. A total of 508 registered eligible institutional investors took part in the bidding at different price levels between BDT 15 and BDT 53. Finally, the company's cut-off price was fixed at BDT 45 each as per the book-building rules. The export-oriented knit garments company held a road show in April, 2017.
- Prime Finance Capital Management is the issue manager of the Esquire Knit IPO. Currently, the company's paid-up capital is BDT 1.0 bn and authorised capital is BDT 2.0 bn. Esquire Knit's revenue stood at BDT 4.45 bn for the year that ended on June 30, 2017. Its net profit was BDT 312 mn.

<http://thefinancialexpress.com.bd/stock/esquire-knits-ipo-subscription-to-begin-january-06-1545799655>

Coppertech gets BSEC nod to float BDT 20cr IPO

New Age, December 27, 2018

- The Bangladesh Securities and Exchange Commission on Wednesday approved Coppertech Industries Limited's proposal to raise BDT 20 crore from the capital market through issuing initial public offering.
- The engineering company will float two crore shares at an issue price of BDT 10 each. A BSEC meeting, presided over by its chairman M Khairul Hossain, approved the IPO proposal, said a BSEC press release. Coppertech will use the IPO fund for purchasing capital machinery and equipment, installing plant, paying bank loans and meeting up IPO expenses.
- As per the entity's audited financial statements for the year ended on June 30, 2018, the company's net asset value per share and weighted average earnings per share were BDT 12.06 and BDT 0.87 respectively. MTB Capital Limited is the issue manager of the company's IPO.

<http://www.newagebd.net/article/59960/coppertech-gets-bsec-nod-to-float-BDT-20cr-ipo>

Margin loan holders with negative equity get 2yrs more

New Age, December 27, 2018

- The Bangladesh Securities and Exchange Commission on Wednesday extended the suspension period for a sub-rule of the margin rules by another two years to allow investors with margin loans to trade shares despite a 150-% fall in their portfolio value.
- Following a request from Dhaka Stock Exchange Brokers Association, the commission decided to keep suspended the effectiveness of sub-rule 5 of rule 3 of the Margin Rules-1999 from January 1, 2019 to December 31, 2020. On April 10, 2013, the commission for the first time had suspended the effectiveness of the sub-rule with the aim of restoring stability at the stock market.
- According to the 3(5) of Margin Rules-1999, a stockbroker or a merchant bank is not allowed to make any new transaction in the margin account if the equity falls below 150 % of the debit balance. If the equity in a client's margin account falls below 150 % of the debit balance, the member will request the client to provide additional margin to bring the equity below 150 % of debit balance, it said.

<http://www.newagebd.net/article/59961/margin-loan-holders-with-negative-equity-get-2yrs-more>

Banking division cracks the whip on state banks

The Daily Star, December 27, 2018

- The banking division has sought specific plans from the state-owned commercial banks to bring down their huge amounts of default loans, which is progressively posing a threat to the sector's stability. The six state-owned banks accounted for 48.38 % of the sector's total default loans of BDT 99,371 crore at the end of September, according to data from the central bank.
- The default loans of the six banks amounted to 38.23 % of their total outstanding loans. Janata had the highest amount of default loans of BDT 14,376 crore, followed by Sonali at BDT 12,271 crore. Subsequently, Banking Division Secretary Asadul Islam yesterday held a meeting with the managing directors of the state-owned banks, where he stipulated that the default loans will have to be brought down next year at any cost.
- In the past the banking division took several initiatives to improve the financial position of the state-owned banks, but the efforts were in vain. For instance, many of the defaulters of state banks are directors of private banks, and when the state banks take initiatives to recover the loans the defaulters thwart the efforts by filing writ petitions with the court, dragging the matter for years. As of December 26, the bank has realised default loans of BDT 2,777 crore, of which cash collection is BDT 922 crore.

<https://www.thedailystar.net/business/news/banking-division-cracks-the-whip-state-banks-1679233>

Fund raising through rights hits three-year low

Two cos raise BDT 2.68 bn

The Financial Express, December 26, 2018

- Funds raised by listed companies through issuance of rights shares fell sharply by 76 % year-on-year in 2018, hitting three years low. Two listed firms netted about BDT 2.68 bn by issuing more than 268 mn rights at par in the outgoing calendar year, according to statistics available from the Dhaka Stock Exchange (DSE).
- A rights issue is an issue of additional shares by a listed company to raise capital from existing shareholders. With a rights issue, existing shareholders get the privilege to buy a specified number of new shares from the company at a particular price within a specified time. The companies intended to issue rights shares to either strengthen their capital structure or use funds for business expansion and loan repayment.
- The DSEX -- the prime index of DSE -- eroded more than 944 points or nearly 15.11 % between January 01 and December 24 this year. LankaBangla Finance collected more than BDT 1.59 bn by issuing 159 mn ordinary shares of BDT 10 each in the outgoing calendar year. The leading non-bank financial institution issued one rights share against two existing shares at a price of BDT 10. LankaBangla raised fund through rights to comply with the condition of BASEL-III.
- Another company -- Alif Manufacturing Company-- collected BDT 1.09 bn through issuing more than 109 mn rights shares. The textile company issued one rights share against one existing share at par. The purpose of the rights share issue of Alif Manufacturing, which was known as CMC Kamal Textile Mills, was to import capital machinery, factory building extension and BMRE of spare parts.

Fund raised through rights in five years

Year	Total cos	Raised funds
2014	Nine	Tk 20 billion
2015	Nil	Nil
2016	Three	Tk 3.66 billion
2017	Four	Tk 11.14 billion
2018	Two	Tk 2.68 billion

Source: DSE

- Meanwhile, the Bangladesh Securities and Exchange Commission (BSEC) in July last canceled the right share subscription of Zaheen Spinning, which was allowed to raise BDT 985.50 mn from the capital market earlier. In 2017, four listed firms raised around BDT 11.14 bn by issuing more than 868 mn rights shares, with IFIC Bank accounting for half of the fund, the DSE data shows.

<http://thefinancialexpress.com.bd/stock/bangladesh/fund-raising-through-rights-hits-three-year-low-1545800772>

BB gets new executive director

The Daily Star, December 27, 2018

- Monsura Khatun has recently been promoted to executive director (statistics) at Bangladesh Bank. Prior to the promotion, she was a general manager of the credit information bureau, according to a statement.
- Monsura started her career as an assistant statistical officer at the statistics department of Bangladesh Bank in 1984. She obtained her graduation and postgraduation degrees in statistics from the University of Rajshahi.

<https://www.thedailystar.net/business/news/bb-gets-new-executive-director-1679224>

Economy

Power import gets easier

Bangladesh can import electricity from Nepal, Bhutan thru' Indian territory

The Daily Star, December 27, 2018

- India has issued a new cross-border power trading regulation, which will go a long way in helping Bangladesh import electricity from Nepal and Bhutan using Indian transmission lines to meet growing energy needs, officials said. India's power ministry approved the "Guidelines for Import/Export (Cross Border) of Electricity-2018" on December 18.
- In case of tripartite agreements, cross-border trade of electricity across India shall be allowed under the overall framework of bilateral agreements signed between the Indian government and the government of the respective neighbouring country or countries of the participating entities, it said.
- Dhaka has signed a memorandum of understanding (MoU) with Kathmandu on electricity import. The first meeting of a corresponding joint working group and joint steering committee was held in Kathmandu on December 3-4. A tripartite agreement between Dhaka, New Delhi and Kathmandu may be signed soon to help Bangladesh import electricity from Nepal, said an official of the ministry.
- At present, Bangladesh imports 1,160 megawatts of electricity from India. Infrastructure is being developed by way of a proposed high voltage direct current system in Cumilla to enhance further supply. A dedicated power station with capacity of 1,600MW with a dedicated transmission system is being developed in India and will be ready in the next three and a half years, said BPDB.
- Bangladesh has a plan to import 9,000MW of electricity from Nepal to mitigate the increasing demand of electricity by 2040, reported news agency BSS in August. An MoU with Bhutan is now at the final stage, said the power secretary.

<https://www.thedailystar.net/business/news/power-import-gets-easier-1679245>

Farm loan disbursement drops by 9.17pc in Jul-Nov

New Age, December 27, 2018

- Loan disbursement by banks to farmers dropped by 9.17 % or BDT 755.25 crore in the July-November period of this fiscal year compared with that in the same period of the previous fiscal year amid worsening liquidity shortage in the banking sector.
- State-run, private and foreign banks disbursed BDT 7,475.60 crore in farm loans in the five months of FY 2018-19 against BDT 8,230.88 crore disbursed in the same period of FY 2017-18, according to the latest Bangladesh Bank data. Apart from the slowdown in loan disbursement, overdue amount in the farm loan segment also increased at the end of November this year.
- At the end of November this year, overdue amount in the farm loan segment increased to BDT 6,731.91 crore or 17 % of BDT 39,606.40 crore in outstanding loans in the sector. In November last year, BDT 6,419.98 crore was overdue in the farm loan segment, representing 16.34 % of BDT 39,286.08 crore in outstanding loans in the segment.
- In the five months of FY19 state-owned banks, private commercial and foreign commercial banks disbursed 34.29 % of their annual farm loan disbursement target while they had disbursed 40.35 % of their target in the same period of FY18.
- The central bank has set BDT 21,800 crore as farm loan disbursement target for FY19 for banks. The target was BDT 20,400 crore for FY18. As banks were enjoying adequate liquidity in the first several months of last fiscal year, disbursement of farm loans by them was in line with their annual target, BB officials said.
- Besides, advance deposit ratio adjustment-centric move of banks along with the implementation of single-digit lending rate were among the other reasons for the slowdown in farm loan disbursement.
- As per the BB report, eight state-owned banks — Agrani Bank, BASIC Bank, BDBL, Bangladesh Krishi Bank, Janata Bank, Rajshahi Krishi Unnayan Bank, Rupali Bank and Sonali Bank — disbursed BDT 3,668.29 crore in farm loans in July-November of FY19. The figure is 37.15 % of their BDT 9,875 crore annual target. Farm loan disbursement by the banks was BDT 3,321.17 crore or 34.63 % of their annual target in the five months of FY18.

<http://www.newagebd.net/article/59957/farm-loan-disbursement-drops-by-917pc-in-jul-nov>

FID directs SOBs to set realistic bad loan recovery targets

New Age, December 27, 2018

- The state-owned banks were on Wednesday directed to set realistic loan recovery targets for the new year against the backdrop of serious mismatch between recovery rates and the targets. They were also asked to streamline scrutiny of loan approval process so that the wilful defaulters cannot get loan.
- The directives were issued by new financial institutions division secretary Asadul Islam while he was presiding over a review meeting on bad loan status in the state-owned commercial banks. Officials attending the meeting said this was the first meeting on bad loan recovery by the state-owned banks since the appointment of Asadul as the FID secretary in August.
- The officials also said the meeting expressed concern over poor bad loan recovery against lofty projection. FID data revealed that Sonali Bank managed to recover BDT 208 crore in bad loans against the projection of BDT 900 crore in the first quarter of the current fiscal year.
- Janata Bank recovered bad loans worth BDT 57.40 crore against the projection of BDT 450 crore in the same period and Agrani Bank could realise BDT 65.1 crore against its target of BDT 500 crore. The recovery of bad loans by Rupali Bank was BDT 47.1 crore against the target of BDT 1,000 crore and that of BASIC Bank was BDT 22.81 crore against the target of BDT 140 crore.

- BDBL, the smallest commercial state-owned bank, recovered BDT 33.7 crore against its target of BDT 90 crore in the July-September period of FY19. Sonali Bank managing director Obayed Ullah Al Masud told reporters that they were asked to give plans to expedite bad loan recovery.

<http://www.newagebd.net/article/59958/fid-directs-sobs-to-set-realistic-bad-loan-recovery-targets>

International

German industry views Brexit, Trump as biggest risks to economy

New Age, December 27, 2018

- Germany's leading industry groups said on Wednesday that Britain's departure from the European Union and trade disputes triggered by US president Donald Trump's 'America First' policies were posing the biggest risks to growth and prosperity.
- The German economy, Europe's largest, is expected to post its weakest growth rate in many years in 2018 as exporters are facing headwinds from abroad. But vibrant domestic demand means many companies are still able to expand business.
- In a survey conducted by Reuters, the heads of Germany's leading industry associations said they did not see the economy entering a recession and that most forecasts were predicting a solid growth rate of around 1.5 % for 2019. But the industry associations said the economic woes of company executives were increasing and the government should do more to help them, for example by lowering corporate taxes and investing more in digital infrastructure.
- If Britain left the EU in March without any agreement on its future relations with the bloc, this would create massive uncertainties for trade and business, Kempf warned. Holger Bingmann, head of the BGA trade group, said Brexit was the 'most urgent problem for the German economy' while an escalation of international trade disputes sparked by the United States could potentially derail the economic upswing.
- DIHK President Eric Schweitzer said German companies are still worried about the US imposing higher import tariffs on European cars. 'The threat of car tariffs is still on the table,' Schweitzer warned. The German economy likely grew by around 1.5 % this year, compared with 2.2 % in 2017.

<http://www.newagebd.net/article/59965/german-industry-views-brexit-trump-as-biggest-risks-to-economy>

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