

Stock Market

Dhaka stocks end flat amid investors' pre-Eid cautious trading

New Age, May 28, 2019

- Dhaka stocks inched up Monday after a slight gain in the previous day as investors remained cautious ahead of Eid-ul-Fitr holidays and national budget announcement.
- DSEX, the key index of Dhaka Stock Exchange, gained 0.004 %, or 0.21 points, to close at 5,253.54 points on Monday.
- New Line Clothings made its debut on the day with a gain of 97 % in its share prices to close at BDT 19.80 each. The average share prices of non-bank financial institution advanced by 0.81 %, telecommunication by 0.8 %, energy by 0.5 % and textile 0.3 %.
- General insurance, pharmaceuticals and cement dropped by 0.9 %, 0.3 % and 0.3 % respectively. Out of the 346 shares and mutual funds traded, 175 declined, 107 advanced, and 65 remained unchanged.
- Turnover at the bourse rose to BDT 351.44 crore from BDT 328.91 crore in the previous session. DS30, the blue-chip index of DSE, added 0.16 %, or 2.92 points, to close at 1,828.30 points on Monday. DSE Shariah index DSES, however, dropped to 1,189.08 points, shedding 0.09 % or 1.08 points.
- Square Pharmaceuticals led the turnover chart with its shares worth BDT 20.19 crore changing hands. National Life Insurance Company gained the most on the day with a 8.72 % increase in its share prices while Prime Finance was the worst loser, shedding 9.34 %.

<http://www.newagebd.net/article/73718/dhaka-stocks-end-flat-amid-investors-pre-eid-cautious-trading>

Economy

Subsidy burden to be 23pc heavier

Govt may set aside BDT 9,000cr for LNG

The Daily Star, May 28, 2019

- The government's subsidy expenditure is likely to soar 22.28 % year-on-year to about BDT 45,000 crore next fiscal year as it looks to continue to provide cheaper gas and extend cash incentives to remitters and exporters.
- The price of gas has become a topic of much contention thanks to the addition of costlier imported liquefied natural gas to the supply from this fiscal year. The government is subsidising gas in current fiscal year as it is importing liquefied natural gas at a rate much higher than that of the locally produced gas.
- The per unit cost of imported LNG is BDT 25.17; after adding tax and regasification charges the total cost comes to BDT 33.44, according to Petrobangla. When the LNG is blended with local gas the cost of production for per unit comes to BDT 14.64.
- Subsequently, various companies of Petrobangla have proposed to the Energy Regulatory Commission to increase the gas price from BDT 7 to BDT 40 for various sectors like power, fertilisers and CNG auto rickshaws.

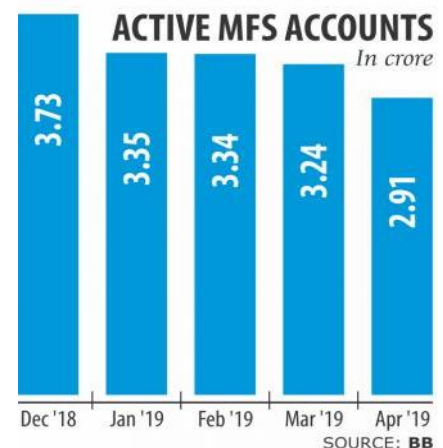
- The government is also planning to increase the cash incentive for exporters by one %age point. Currently, 26 sectors are provided with cash incentives ranging from 2 % to 20 % of their export proceeds to encourage higher shipments.
- But garment exporters, who fetch more than 80 % of the country's export receipts, demanded cash incentives in the incoming fiscal year to tide them through the rising costs amid implementation of the new wage scale in the industry.

<https://www.thedailystar.net/business/news/subsidy-burden-be-23pc-heavier-1750012>

MFS accounts fall 22pc in four months

The Daily Star, May 28, 2019

- The number of active user accounts in the mobile financial service industry declined 22 % in the last four months because of strengthening of monitoring by the central bank and a variety of options available to customers.
- The industry started the year with 3.73 crore active user accounts but at the end of April it declined to 2.91 crore, according to a report of the central bank.
- However, the number of total registered users stood at 6.83 crore in April and is growing. Also, the downward trend has had almost no impact on the transaction volume: BDT 34,976 crore changed hands in April. BB data pointed to positive growth in other parameters in the industry.
- As per existing rule, if an account does not make a transaction for 90 days, it will be struck off from the list of the active accounts. However, the account holder will still be on the list of registered users.



<https://www.thedailystar.net/business/news/mfs-accounts-fall-22pc-four-months-1749994>

Local industries are allowed to borrow from offshore banking

Foreign currency loans with lower interest

The Financial Express, May 28, 2019

- Local industrial enterprises are now allowed to receive foreign currency loans with lower interest rate from offshore banking operation of banks, officials said.
- Under the regulations, interested local industrial enterprises will have to submit loan proposal in prescribed forms to the Banking Regulation and Policy Department (BRPD) of the central bank for approval, according to a notification issued by the central bank on Monday.
- The notification was issued as a clarification of its Policy for Offshore Banking Operation of the Banks in Bangladesh. Earlier on February 25 this year, the central bank of Bangladesh issued the policy aiming to strength the operations of bank's offshore banking units through mitigating risk.

- Currently, the banks are offering their lending rates ranging between 10 % and 12 % for large and medium scale industries while interest rates on loans for small industries range between 10 % and 15 %, according to the private banker.
- Earlier on May 05, the central bank introduced floating interest rate policy on short-term foreign currency loans through linking with global bench mark rate. Under the revised policy, the banker is now allowed to fix the interest rates on buyers'/suppliers' credit at six-month LIBOR (London Inter-bank Offered Rate) plus maximum 3.50 % instead of earlier maximum 6.0 %.

<http://thefinancialexpress.com.bd/trade/local-industries-are-allowed-to-borrow-from-offshore-banking-1559015038>

International

China says US demand on its SOEs is 'invasion' on economic sovereignty

New Age, May 28, 2019

- The United States has called on China to curb the development of its state-owned enterprises (SOEs), a demand that China sees as an 'invasion' on its economic sovereignty, Chinese state news agency Xinhua said on Saturday.
- Trade tensions between Washington and Beijing escalated sharply earlier this month after the Trump administration accused China of having 'reneged' on its previous promises to make structural changes to its economic practices.
- Washington later slapped additional tariffs of up to 25 % on \$200 bn of Chinese goods, prompting Beijing to retaliate. As trade talks stalled, both sides have appeared to be digging in. China has denied it had walked back on its promises but reiterated it would not make concessions to 'matters of principles' to defend its core interests, although no full details were given.

<http://www.newagebd.net/article/73625/china-says-us-demand-on-its-soes-is-invasion-on-economic-sovereignty>

Disclaimer

This document has been prepared by Bank Asia Securities Ltd (BASL) based on publicly available data for information purpose only and does not solicit any action based on the material contained herein and should not be construed as an offer or solicitation to buy or sell or subscribe to any security. Neither BASL nor any of its directors, shareholders, member of the management or employee represents or warrants expressly or impliedly that the information or data of the sources used in the documents are genuine, accurate, complete, authentic and correct. However, all reasonable care has been taken to ensure the accuracy of the contents of this document. BASL or Research & Development Department will not take any responsibility for any decisions made based on the information herein. As this document has been made for the Traders of BASL and strongly prohibited for circulation to any clients, investors or any other persons from outside of BASL.

About Bank Asia Securities Ltd

Bank Asia Securities Limited (BASL) is one of the leading full-service brokerage companies in Bangladesh. The company was formed in 2009 and running its operation as a majority owned subsidiary of Bank Asia Limited. BASL offers full-fledged standard brokerage services for retail, institutional and foreign clients with a dedicated team of skilled professionals. The company is currently providing the brokerage services under the membership of Dhaka Stock Exchange Limited (DSE).

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 call at +8801993111666, +880 02 9515826, Ext: 101 at Business hour. For further query, write to us at research@basl-bd.com.