

Stock Market

BSEC guidelines bar cos from declaring dividend whimsically

New Age, June 28, 2018

- The Bangladesh Securities and Exchange Commission has made it mandatory for the listed companies not to declare dividends out of their capital reserve accounts and to maintain post-dividend retained earnings positive, and to distribute dividends for a year out of profits made in the year.
- Besides, the listed companies must explain the reason for declaring stock dividend and the utilisation of such retained amount as capital (stock dividend) must be disclosed in the annual report.
- According to the new rules, dividend must not be declared out of the capital reserve account or the revaluation reserve account or any unrealised gain or out of profit earned prior to the incorporation of the company.
- The company must not declare dividend through reducing paid-up capital or through doing anything so that the post-dividend retained earnings become negative or a debit balance.
- The guidelines also stated that no dividend would be paid other than out of profits of the year or any other undistributed profits.
- To prevent manipulation in the financial statements, the BSEC has made it mandatory for any listed company to authenticate any unaudited financial statements of the company on behalf of the board of directors with the signatures of the chief executive officer/managing director, chief financial officer and the company secretary including at least two directors of the board until and unless otherwise required by applicable primary regulators.

<http://www.newagebd.net/article/44641/bsec-guidelines-bar-cos-from-declaring-dividend-whimsically>

Stocks gain marginally after 2-day fall

New Age, June 28, 2018

- Dhaka stocks gained marginally on Wednesday after a two-day fall as investors went for bargain hunting targeting sector-specific companies ahead of their June closing.
- DSEX, the key index of Dhaka Stock Exchange, added 0.32 %, or 17.76 points, to close at 5,429.04 points on Wednesday after losing 110 points in the previous two trading sessions.
- They said that investors were rebalancing their portfolios before the June closure.
- Besides, a section of investors purchased shares amid optimism before the passage of the financial bill 2018.
- The proposed financial bill for the year of 2018-19 was passed in parliament on Wednesday afternoon.
- The market fell in the previous two sessions as investors took cautious steps as they feared that the government might make major changes to the budget at the last moment following criticisms from economists and professionals over different proposals in the budget.
- The turnover at the DSE increased to BDT 703.51 crore on Wednesday compared with that of BDT 639.42 crore in the previous session mainly due to large block transactions of shares of Renata, Grameenphone and Square Pharmaceuticals.
- DS30, the blue-chip index of the DSE, also added 0.14 %, or 2.88 points, to finish at 1,968.56 points.
- Shariah index DSES gained 0.49 %, or 6.28 points, to close at 1,266.12 points.

<http://www.newagebd.net/article/44646/stocks-gain-marginally-after-2-day-fall>

DSE joins UN's SSE Initiative to improve transparency

The Daily Star, June 28, 2018

- The country's premier bourse has signed a commitment letter with the Sustainable Stock Exchanges (SSE) Initiative of the United Nations to promote sustainability and transparency in the capital market.
- The initiative works as a partnership between the UN, UN-supported organisations, stock exchanges, investors, companies, regulators and governments. The DSE has become a partner of SSE after the signing of the letter on June 7.
- Nearly 75 stock exchanges worldwide have committed to sharing information and working with stakeholders under this commitment.
- The SSE aims to provide an effective platform for peer-to-peer dialogue among global exchanges.
- By exploring how stock exchanges can work together with investors, regulators, and companies, the SSE hopes to encourage sustainable investment along with enhancing corporate transparency and performance in respect to environmental, social and corporate governance issues.

<https://www.thedailystar.net/business/dse-joins-uns-sse-initiative-improve-transparency-1596451>

Economy

Interest rates go down from Jul 1

The Daily Star, June 28, 2018

- Top bankers yesterday decided to bring down the interest rates on both the loans and deposits to single-digit from July 1.
- The Association of Bankers, Bangladesh (ABB), a platform of the chief executive officers of the private banks, took the decision at a meeting at the Mutual Trust Bank Tower in the capital.
- Syed Mahbubur Rahman, chairman of the association, told The Daily Star that banks would lower the lending and deposit rates to 9 % and 6 % respectively in line with the instruction from the Bangladesh Association of Banks (BAB), a forum of the directors of the private banks.
- On June 20, the BAB sent a letter to its member banks asking them to reduce the interest rates on loans and deposits. The state-run banks also took a similar decision the following day.
- The development came several weeks after the government showered the private banks with a raft of privileges, drawing criticism from different quarters.
- Rahman, however, said that the ABB is an advocacy group of managing directors and can't impose any decision on banks.
- "The boards and management of respective banks will take the decision on how to bring down the interest rate. But, we will have to do it in line with the BAB decision," he said.
- The government has recently allowed the state enterprises to park 50 % of their funds with the private commercial banks, up from 25 % previously to help the lenders ride out the liquidity crunch.
- The state-owned enterprises keep deposits at banks at interest rates ranging between 9 % and 10.50 %, while the state-owned commercial banks provide term deposits at 8.50 % to 9.50 %.

<https://www.thedailystar.net/business/banking/interest-rates-go-down-jul-1-1596493>

JS set to pass Finance Bill today

The Financial Express, June 28, 2018

- The finance bill of proposed budget for the fiscal year, 2018-19, is expected to be passed today (Wednesday), two days ahead of the schedule. The budget will be passed the next day.
- Finance Minister AMA Muhith told reporters on Tuesday that the decision was taken to avoid passing the budget in the weekly holidays.
- He said the proposed budget may not see any significant change.
- "Budget will have no major changes. There is very little likelihood of bringing change in corporate tax," he said replying to a question.
- He said the tax-free ceiling will also not be changed now and in the future.
- The minister will not disclose new areas of the proposed budget, which may see changes.
- Muhith said Prime Minister Sheikh Hasina will give her views on the proposed budget on Wednesday in parliament.
- During her speech, the Prime Minister will announce the arena where the budget deserves changes, he said.
- Muhith will also deliver a speech in parliament to air his views on the comments and criticisms that came since the budget was placed on June 07.

<https://thefinancialexpress.com.bd/economy/bangladesh/js-set-to-pass-finance-bill-today-1530072785>

Banks to device own strategy for interest rate cut

New Age, June 28, 2018

- Association of Bankers Bangladesh, a platform of top executives of banks, on Wednesday decided that individual bank would device its own mechanism to bring down the interest rate on lending to 9 % with effect from July 1.
- The ABB took the decision at a meeting presided over by its chairman Syed Mahbubur Rahman, also the managing director and CEO of Dhaka Bank.
- Mahbub told New Age that at the meeting all banks were conveyed the discussion on rate cut the ABB held on Monday with Bangladesh Bank.
- 'We have decided that respective bank would device its own strategy to cut lending rate as per the decision of the bank sponsors,' he said.
- He said they would inform the central bank if any bank faced problem in implementing the decision and the central bank would try to solve the problem.
- Earlier, on Monday, the ABB requested Bangladesh Bank to provide them with the government deposits at 5-6 % interest for implementing their decision to cut the interest rate on lending to 9 % from July.
- When asked whether the average lending rate would be 9 %, Mahbub said that not all sectors but the sectors which would support economic growth would enjoy the rate cut.
- 'We will prioritise the sectors which would support the economic growth and job creation for interest rate cut,' he said.

<http://www.newagebd.net/article/44644/banks-to-device-own-strategy-for-interest-rate-cut>

Muhith breaks silence over banking crisis

He hints at taking special measures, but doesn't elaborate

The Daily Star, June 28, 2018

- Finance Minister AMA Muhith yesterday hinted that he would take some 'special measures' for the banking sector next month.
- "But it won't be possible to discuss it (the measures) at the moment," Muhith told the parliament in his closing budget speech.
- The veteran finance minister, now 85, placed the budget for 2018-19 in parliament on June 7 and came under attack from opposition and some ruling party lawmakers for his silence about the growing irregularities in the banking sector.
- Probably this criticism has forced the finance minister to dedicate a paragraph addressing the issues of the banking sector in his closing budget speech.
- Muhith said there was a lot of talk in and outside parliament about the discipline and necessary reforms in the banking industry.
- The central bank has also made funds cheaper for all banks by reducing its repo rate by 75 basis points.
- In the budget for the next fiscal year, the finance minister has proposed a 2.5 % cut in corporate tax for banks, non-bank financial institutions and insurance companies.

<https://www.thedailystar.net/business/banking/muhith-breaks-silence-over-banking-crisis-1596499>

International

Asian Stocks Drop, Yen Gains on Trade Skepticism: Markets Wrap

Bloomberg News, June 28, 2018

- Asian stocks fell Thursday and the yen pushed higher as traders remained skeptical about the Trump administration's announcement of less harsh measures on Chinese investments. Treasury yields steadied and the dollar ticked lower.
- Stocks declined in Japan and South Korea as the S&P 500 Index reversed gains to close lower after White House economic adviser Larry Kudlow said the decision not to adopt a more stringent approach on trade did not represent a softer stance on China. Chinese shares sank deeper into the red as anxiety remains around the nation's assets after stocks lost almost USD2 trillion in five months, and the yuan remained under pressure. Emerging-market currencies declined, with the MSCI EM Currency Index headed for its worse quarter since the three months ended September 2015.
- Kudlow's comments re-established the White House's hard line on trade as investors grapple with the implications of the on-again, off-again dust-ups with key partners. In China, the yuan's fastest fall since its 2015 devaluation is adding a new dimension to already frayed tensions with America. Banks in the S&P 500 fell a record 13th straight day.

<https://www.bloomberg.com/news/articles/2018-06-27/asia-stocks-to-open-mixed-dollar-strengthens-markets-wrap>

Highlighted Event

Bank Asia elects new vice chairman

The Daily Star, June 28, 2018

- Md Nazrul Huda, an independent director of Bank Asia, has recently been elected as vice chairman of the bank.
- He is a former deputy governor of Bangladesh Bank. He served the central bank for 35 years in different capacities, Bank Asia said in a statement yesterday.
- Huda obtained master's degrees in economics from both the University of Dhaka and the University of New England, Australia. He has a number of publications on issues relating to economy and banking.

<https://www.thedailystar.net/business/bank-asia-elects-new-vice-chairman-1596463>

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