

Stock Market

Weekly analysis

Stocks crawl back into green on regulatory interventions

Daily average turnover jumps 22pc

The Financial Express, July 28, 2019

- Stocks inched up in the outgoing week, snapping a three-week losing streak, as institutional investors came forward to stop the big declines. Week on week, DSEX, the prime index of the Dhaka Stock Exchange (DSE), rose 2.56 points to 5,233.
- In the past 15 trading days until July 22, the DSEX lost 455 points amid panic sell-offs triggered by various factors such as imposition of penalty tax on listed companies, move to liquidate People's Leasing and Financial services and a tussle between Grameenphone and the telecom regulator.
- In the first two sessions of the week, DSEX shed 164 points, plunging to 31-month low, which spread panic among investors. A group of aggrieved investors also staged demonstrations in front of the DSE building throughout the week in protest against the inaction of the authorities concerned to stop the free fall.
- The week also saw two other indices of DSE edge up. The DS30 index, comprising blue chips, advanced 6.61 points to finish at 1,836 and the DSE Shariah Index gained 2.41 points to end at 1,173. The total turnover on the prime bourse stood at BDT 19.98 bn, up from BDT 16.36 bn in the week before.
- The daily turnover averaged out at BDT 3.99 bn, soaring 22 % over the previous week's average of BDT 3.27 bn. The market capitalisation of the DSE also rose 0.57 % to BDT 3,844 bn on Thursday from BDT 3,822 bn in the week before.
- Fortune Shoes dominated the week's turnover chart, with 20.85 mn shares worth BDT 820 mn changing hands. The company accounted for 4.10 % of the week's total turnover. SEML FBLSL Growth Fund was the week's best performer, posting a gain of 59.71 % while Meghna Pet Industries was the worst loser, plunging 17.70 %.

<http://thefinancialexpress.com.bd/stock/stocks-crawl-back-into-green-on-regulatory-interventions-1564201413>

LafargeHolcim's half-yearly profit up 51pc

The Daily Star, July 28, 2019

- LafargeHolcim Bangladesh's net profit rose 51 % year-on-year to BDT 79.40 crore in the first half of 2019. Its earnings per share (EPS) also increased to BDT 0.68, which was BDT 0.45 in the same period a year ago. The multinational cement manufacturer's half-yearly financial report was approved in a board meeting on Thursday.
- The report shows its EPS rose to BDT 0.38 in the April-June quarter whereas it was BDT 0.26 in the same quarter the previous year. It also shows that the second quarter's revenue amounted to BDT 449 crore, which was BDT 385 crore a year ago. The net operating cash flow per share stood at BDT 1.21 in the six months, which was BDT 0.61 in the period the previous year.

<https://www.thedailystar.net/business/news/lafargeholcims-half-yearly-profit-51pc-1777942>

BSEC asks DSE to take steps for Coppertech listing

The Financial Express, July 25, 2019

- The securities regulator has asked the premier bourse to take steps for the listing of Coppertech Industries as per the section 5(4) of the listing regulations. The Bangladesh Securities and Exchange Commission (BSEC) also asked the Dhaka Stock Exchange (DSE) to inform them (regulator) within 10 working days about what steps have been taken for the listing of the company.
- The BSEC gave the instruction in a letter sent to the DSE on Wednesday. When asked, BSEC Executive Director Mohammad Saifur Rahman confirmed the regulatory instruction. On Monday, the DSE sought regulatory waiver of the section 5(3) of the listing regulations so that the Coppertech Industries can be listed on the DSE, as the stipulated timeframe for its listing has already expired.
- The section 5(3) calls for completing the listing procedures within a maximum period of 30 working days from the date of closure of subscription list. In response, the securities regulator asked the DSE to apply the section 5(4) of the listing regulations.
- The section 5(4) reads that the exchange may relax any requirement/provision relating to the listing of any securities. Contacted, a senior DSE official expressed the hope that the procedure for listing of Coppertech Industries would be completed within 10 working days.
- Earlier, the approval for the listing proposal was delayed, as the company got mired in some 'controversies' over its financial statement. The BSEC approved the Coppertech's IPO proposal on December 26, 2018 for raising a capital of BDT 200 mn under the fixed-price method.

<http://thefinancialexpress.com.bd/stock/bsec-asks-dse-to-take-steps-for-coppertech-listing-1564030117>

Suspension of approvals to affect other businesses also, GP decries BTRC decision

The Financial Express, July 26, 2019

- Grameenphone (GP), the country's largest mobile phone operator, has protested the telecom regulator's decision to withhold issuing any kind of approvals, including NOCs (no-objection certificate), to the operator. The GP requires such approvals for its regular operations.
- On July 18, the Bangladesh Telecommunication Regulatory Commission (BTRC) decided to refrain from issuing any kind of approval related to service and maintenance to Grameenphone and Robi to create pressure on the operators to clear dues.

<http://thefinancialexpress.com.bd/stock/suspension-of-approvals-to-affect-other-businesses-also-gp-decries-btrc-decision-1564118130>

GSK's EPS jumps 206pc in April-June

The Financial Express, July 25, 2019

- The GlaxoSmithKline (GSK) Bangladesh's earnings per share (EPS) soared 206 % in April-June (Q2) quarter of 2019 compared to the same period last year. The multinational company's earnings per share stood at BDT 11.19 for April-June 2019 as against BDT 3.65 for April-June 2018, according to an official disclosure on Thursday.

- In six months for January-June 2019, its EPS was BDT 22.25 for as against BDT 15.14 for January-June 2018. The company's net operating cash flow per share (NOCFPS) was BDT 37.66 for January-June 2019 as against BDT 29.94 for January-June 2018.
- The net asset value (NAV) per share was BDT 72.57 as on June 30, 2019 and BDT. 178.49 as on June 30, 2018. The company also informed that net asset value (NAV) per share is calculated by dividing shareholders' equity with total number of shares.
- The shareholders' equity of April-June 2019 has decreased by 59.34 % in comparison with that of same period in the previous year (BDT 874,154,665.45 in Q2 2019 vs BDT 2,150,184,321.98 in Q2 2018). In Q2 2019, BDT 53 per share final dividend was paid to shareholders. A valuation of retirement fund was carried out in Q2 2019 and an actuarial loss was recognized in other comprehensive income.

<http://thefinancialexpress.com.bd/stock/gsk-eps-jumps-206pc-in-april-june-1564035589>

Economy

GLOBAL INNOVATION INDEX

Bangladesh's position remains unchanged

The Daily Star, July 28, 2019

- Bangladesh was placed 116th out of 129 countries in this year's Global Innovation Index, unchanged from last year's ranking. The country scored 23.31 in 100 in a survey of innovative capacity of the countries by the World Intellectual Property Organisation (WIPO).
- In South Asia, India was placed 52nd, Sri Lanka 89th, Pakistan 105th and Nepal 109th, showed the survey report, which was released in New Delhi on Wednesday. The GII, in its 12th edition this year, is co-published by Cornell University, INSEAD, and the WIPO, a specialised agency of the United Nations.
- Published annually since 2007, the GII is now a leading benchmarking tool for business executives, policy makers and others seeking insight into the state of innovation around the world.
- The GII 2019 shed light on economies based on 80 indicators, from traditional measurements like research and development investments and international patent and trademark applications to newer indicators including mobile-phone app creation and high-tech exports.
- Bangladesh was ranked 124th on institutions pillar, 127th on human capital and research, 86th on infrastructure, 96th on market sophistication, 120th on business sophistication, 91st on knowledge and technology outputs, and 115th on creative output.

SOUTH ASIAN COUNTRIES IN GLOBAL INNOVATION INDEX

COUNTRY	RANKING (out of 129 countries)	SCORE (0-100)
India	52	36.6
Sri Lanka	89	28.5
Pakistan	105	25.4
Nepal	109	24.9
Bangladesh	116	23.3

SOURCE: WIPO

<https://www.thedailystar.net/business/news/bangladeshs-position-remains-unchanged-1777963>

Special company to be formed for safety monitoring

News Age, July 25, 2019

- Bangladesh Garment Manufacturers and Exporters Association has started its work to form a company named RMG Sustainability Council to carryout safety inspection and remediation in the readymade garment sector following the departure of European Union buyers and brands led initiative Accord on Fire and Building Safety in Bangladesh.
- The trade body has prepared a concept note on the initiative saying that to ensure self-monitoring in the area of workplace safety and to deal with the industrial relations, workers efficiency and welfare, as well as the environmental sustainability issues proactively, the BGMEA has taken the initiative to establish a private sector led multi-stakeholder sustainability platform named RSC.
- The council would be operated under the legal framework of the Bangladesh government and in close cooperation with the commerce ministry while collaborating with labour ministry and Department of Inspection for Factories and Establishments.
- The RSC would take over the structure, operations and resources of Accord as it phases out from Bangladesh the brand-led initiative would not be able to continue its operations in Bangladesh after 281 working days from May 8 this year as per the verdict of the Supreme Court.

<http://www.newagebd.net/article/79879/special-company-to-be-formed-for-safety-monitoring>

Private credit growth target may be 15pc

BB set to unveil monetary policy on July 30

The Daily Star, July 28, 2019

- The central bank may set a 1.5 %age points lower private sector credit growth target for the second half of the year amid the shrinking demand for credit. For instance, private sector credit growth hit a six-year low of 11.29 % in June, according to data from the Bangladesh Bank.
- The central bank though was hoping it would be 16.50 % when it had set the target earlier in January in its monetary policy for the first half of 2019. The private sector credit growth target is immaterial as it will have little impact on the investment scenario.

AT A GLANCE

Policy rates and SLR/CRR may not change

Lower credit growth to help achieve GDP growth target and contain inflation

MPS goals will not be achieved in absence of corporate governance, say economists

Measures should be taken to improve confidence of businesses

Lenders and businesses will have to play a collective role in implementing the MPS

<https://www.thedailystar.net/business/banking/news/private-credit-growth-target-may-be-15pc-1777996>

International

China's industrial profits fall in June, add to fears of slowdown

New Age, July 28, 2019

- Profits earned by China's industrial firms contracted in June after a brief gain the previous month, fuelling concern that a slowdown in manufacturing from a bruising trade war will drag on economic growth.
- China's industrial profits have been softening since the second half of 2018 as the economy slowed and the US-China trade dispute escalated, with many industrial firms putting off business decisions and scaling back manufacturing investment.
- Economic growth in the second quarter slowed to a near 30-year low. Industrial profits fell 3.1 % in June from a year earlier to 601.9 bn yuan (\$87.5 bn), according to data released by the National Bureau of Statistics (NBS) on Saturday, following a 1.1 % gain in May.
- In the first six months, industrial firms earned profits of 2.98 trillion yuan, down 2.4 % from a year earlier, compared with a 2.3 % drop in January-May. The drop in first-half profits was driven by declining profits in the auto, oil processing and steel sectors, Zhu Hong of the statistics bureau said in a statement accompanying the data.
- Producer price inflation, one gauge of industrial profitability, eased to zero in June from a year earlier, rekindling worries about deflation, which could prompt authorities to launch more aggressive stimulus measures.

<http://www.newagebd.net/article/79896/chinas-industrial-profits-fall-in-june-add-to-fears-of-slowdown>

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.