

Stock Market

Dhaka stocks drop on profit taking after 5-day gain

New Age, August 28, 2018

- Dhaka stocks dropped on Monday, breaking a five-day gaining spell as investors went for profit-taking share sales, especially from the financial stocks. DSEX, the key index of the Dhaka Stock Exchange, shed 0.21 per cent, or 11.94 points, to close at 5,584.97 points on Monday after gaining 217 points in the previous five trading sessions.
- After a brief upward move, the market slid sharply and ultimately finished with a modest gain in a choppy trading as investors went for profit-taking share sales after gains in recent days, market operators said.
- They said that the market took a breather on Monday after the five-day surge amid investors' optimism over the market ahead of the prime minister Sheikh Hasina's visit to the Bangladesh Securities and Exchange Commission on September 12 to attend the 25th anniversary programme of the commission.
- The turnover on the DSE advanced to BDT 532.00 crore on Monday compared with that of BDT 420.24 crore in the previous trading session. On the other hand, a section of investors still kept buying shares from sector-specific large capitalised scrips as they assumed that the key index would cross 6,000-points mark, market operators said.
- Active Fine Chemicals, United Power Generation Company, BBS Cables, LankaBangla Finance, National Housing Finance, Dhaka Bank, RD Food, MJL Bangladesh and IFAD Autos were the other turnover leaders.

<http://www.newagebd.net/article/49245/dhaka-stocks-drop-on-profit-taking-after-5-day-gain>

DSE gets fund from Chinese strategic partner 'in a week'

The Financial Express, August 28, 2018

- The Dhaka Stock Exchange (DSE) is set to receive the fund from its Chinese strategic partner, which is a consortium of two stock exchanges, within a week against the DSE's shares sold to the partner. The Bangladesh Securities and Exchange Commission (BSEC) approved the proposal made by the Chinese consortium for being a strategic partner of Bangladesh's premier bourse on May 3 last.
- As per the BSEC approval, the DSE has sold its 25% stake or more than 450.94 mn shares to the Chinese consortium comprising Shenzhen Stock Exchange and Shanghai Stock Exchange.
- Minhaz Mannan Emon, a DSE director, said the Bangladesh Bank already approved the Non-Resident Investors BDT Account in which the fund from the Chinese consortium will be received. He also said the exchange's 25% stake would also be transferred to the BO (beneficiary owner) account of the strategic partner while receiving the fund.
- After transfer of the shares, 250 TREC (Trading Right Entitlement Certificate) holders of the DSE will receive around BDT 9.46 bn (946 crore) from the consortium. The fund will be distributed equally to the TREC holders as each of them sold 25% of their share holdings.
- As per Section 53 (N) of the Income Tax Ordinance, the government will get tax at the rate of 15% on capital gains of the TREC holders from the fund. Md. Shakil Rizvi, a former DSE president, said the amount of capital gains would vary from one TREC holder to another due to the differences of their costs of acquisition.

<http://thefinancialexpress.com.bd/stock/bangladesh/dse-gets-fund-from-chinese-strategic-partner-in-a-week-1535429512>

Steelmakers flexing muscles

The Daily Star, August 28, 2018

- Steelmakers are investing thousands of crores of BDT either to expand existing capacity or set up new units as consumption is on the rise. Per capita steel consumption in Bangladesh has grown more than 54% to 37kg in the last eight years thanks to the government's large infrastructure projects and the thriving housing sector.
- According to market players, per capita steel use was 24kg in 2010. Market leader Bangladesh Steel Re-Rolling Mills (BSRM) and other top firms such as Anwar Ispat, AKS, GPH, KSRM and Bashundhara Steel have expanded their capacity in recent years.
- PHP Family, a Chittagong-based business group, which has invested BDT 1,500 crore for a new unit in Feni, plans to invest about BDT 31,600 crore in the next five years to seven years to set up an integrated steel plant on 500 acres of land in the Mirsarai Economic Zone. Chinese companies have also shown interest to invest in the steel sector. Bangladesh's steel sector has made great strides since the country's independence.
- In 1972, local millers used to produce a meagre 47,000 tonnes of steel. The figure rose to 55 lakh tonnes in 2017 and is expected to hit 70 lakh tonnes this year. The sector turns over about BDT 30,000 crore a year in sales revenue.
- The growing use may cheer up manufacturers and retailers, but Bangladesh lags far behind its peer countries and neighbour India when it comes to consumption. The country's consumption is almost half of India's 65kg and one-seventh of Asian average of 255kg, according to local companies and India-based information services provider SteelMint.
- The sector's growth is mainly driven by the government's spending on mega infrastructure projects, which account for more than 40% of the consumption, said Manwar Hossain, managing director of Anwar Group of Industries.
- The demand has been growing at more than 15% annually for the last few years, said Md Ashrafuzzaman, director for marketing and sales of GPH Ispat. BSRM is the market leader with 25% share and produces about 15 lakh tonnes of steel every year.
- There are some 400 big, medium- and small-sized steel mills in the country with a combined production capacity of 80 lakh tonnes. Of them, the top 10 companies hold more than 50% stakes. Local millers manufacture mainly two types of products: flat steel (corrugated iron sheet and cold rolled coil) and long steel (mild steel rod and thermo-mechanically treated bar). They primarily source raw materials from ship-breaking industry in Chittagong and also import 15 lakh tonnes of billets each year.

<https://www.thedailystar.net/news/business/steelmakers-flexing-muscles-1625572>

China's Foton to assemble vehicles in Bangladesh

The Daily Star, August 28, 2018

- Foton Motor, a Chinese vehicle manufacturer, will set up a plant in Bangladesh by next year to assemble commercial vehicles, a top official of the company said yesterday. "The market for commercial vehicles in Bangladesh is very potential as the demand is increasing in line with the country's consistent economic growth," said Chang Rui, president of Foton International.
- He was talking to The Daily Star after the signing of an exclusive dealership deal with local ACI Motors at the ACI Centre in the capital for marketing Foton vehicles. Rui did not disclose the amount Foton will be investing in the assembly plant.
- At present, the country's market size for commercial vehicles is about BDT 4,200 crore a year and the segment is dominated by Indian vehicles. Japanese vehicles used to control the segment a decade ago.

- ACI Motors believes that this partnership will enable it to grab 10% of the market of commercial vehicles within the next three years, according to Subrata Ranjan Das, executive director of the company. He said they would launch the commercial sales of Foton vehicles in November this year.
- By signing the agreement, ACI Motors has become the sole distributor of a wide range of commercial Foton vehicles like pick-up van, double cabin pick-up, school van, dump truck, transit mixer, bulk cement carrier, fire service vehicle, cleaning vehicle, and heavy crane.

<https://www.thedailystar.net/news/business/chinas-foton-assemble-vehicles-bangladesh-1625551>

Ceramic makers decry gas diversion to power plants

The Daily Star, August 28, 2018

- Production in ceramic factories in Dhaka's adjacent areas has been badly hampered for an acute gas crisis over the past couple of weeks as the supply of gas has been diverted to power plants. Production in some cases has decreased by two thirds due to the inadequate pressure of gas, a prerequisite for running the factories, said ceramic producers.
- Titas has reduced gas pressure to industries to supply gas to power plants as a backup since the recent discovery that coal, which is used in producing power, had been stolen from the Barapukuria coal mine. In the letter addressed to the Titas managing director, the BCMEA said the ceramic factories in areas like Savar, Dhamrai, Gazipur, Shreepur, Kashimpur, Tongi, Joydebpur and Mirzapur in Tangail have been suffering for an inadequate supply of gas.
- The gas pressure goes down to 2-3 pounds per square inch (PSI) and even reaches zero although Titas assured providing the factories 15 PSI, which is sufficient to continue production, the BCMEA said in the letter.
- The affected factories have altogether been losing BDT 2 crore every day for the production being affected, the letter mentioned. The BCMEA mentioned the names of nine factories which have been facing the gas crisis.
- The factories are Peoples Ceramic Industries Ltd, Dacca Ceramic & Sanitarywares, Monno Ceramic Industries, Shinepukur Ceramics, Protik Ceramics, Standard Ceramic Industries, Fu-wang Ceramic Industry, Sun Power Ceramics and ATI Ceramics.

<https://www.thedailystar.net/news/business/ceramic-makers-decry-gas-diversion-power-plants-1625557>

Economy

FDI inflow curve heads downward again

The Financial Express, August 28, 2018

- The foreign direct investment (FDI) in Bangladesh dropped again in the past fiscal year (FY) after three years of gaining, according to the latest statistics of the central bank. Provisional data of the Bangladesh Bank (BB) on the annual balance of payments (BoP) showed that the gross inflow of FDI declined by 7.90% to US\$ 2.79 bn in FY 2017-18 from \$3.03 bn in FY 2016-17.
- According to the BoP data, the net inflow of FDI also slipped to \$1.58 bn in the past fiscal year from \$1.65 bn in FY '17. Thus the rate of decline in the net FDI stood at 4.23 per cent. It is to be noted that the net FDI data, as presented in the BoP table, do not denote the actual net inflow, but it is a primary estimation.
- The country last experienced a decline in FDI in FY '14, when the net inflow of FDI declined by 14.45% to \$1.48 bn from \$1.73 bn in FY '13. The decline in FDI in the past fiscal year also went against the ambitious projection made in the Seventh Five Year Plan (7FYP) of the country.

- For FY '18, the 7FYP projected an FDI inflow worth \$ 5.87 bn. But the gross inflow of FDI stood at \$ 2.79 bn. Thus the difference between the projection and the actual inflow hovered over \$ 3.0 bn. In FY '17, the actual inflow of FDI also stood well behind the projection of \$ 4.31 bn.
- Mr Aftab ul Islam, former president of American Chamber of Commerce in Bangladesh (AmCham), gave four major reasons for the low level of FDI inflow into the country. The average corporate tax rate is 40% in Bangladesh while it ranges between 17 and 25% in countries like Thailand, Indonesia, Vietnam and India, the business leader mentioned.

<http://thefinancialexpress.com.bd/economy/bangladesh/fdi-inflow-curve-heads-downward-again-1535340617>

Indian co to supply 350 HD trucks to Bangladesh

The Financial Express, August 28, 2018

- India based company Eicher Trucks and Buses, part of VE Commercial Vehicles, Monday announced that it has bagged an order for 350 heavy duty trucks from Bangladesh Road Transport Corporation (BRTC), according to a report by www.autocarpro.in.
- The BRTC has bought 350 units of Eicher 20.16, the 16 tonnes GVW haulage truck. The company says keeping the customers profitability in mind, the Eicher 20.16 has been designed to deliver best-in-class fuel efficiency, superior uptime with modern ergonomics.
- The new order will further drive VECV's vision of modernising the commercial vehicle industry in Bangladesh. The delivery of the order is expected to take place within 8 months. Commenting on this development, SS Gill, senior vice president and head, International Business, VE Commercial Vehicles, said, "The commercial vehicle industry in Bangladesh has been growing rapidly in the past few years.
- Eicher Trucks and Buses has led the introduction of modern technology in Bangladesh with best-in-class fuel efficiency, superior reliability and a host of features to enhance the comfort and safety of drivers and profitability for transporters, he further said.
- This order further strengthens our position in Bangladesh, where we have been growing by over 37% CAGR for the last 5 years."

<http://thefinancialexpress.com.bd/trade/indian-co-to-supply-350-hd-trucks-to-bangladesh-1535375113>

International

China's July industrial profits up 16.2pc but slow from June

The Financial Express, August 28, 2018

- Profits earned by China's industrial firms rose 16.2 per cent, more than 20 mn yuan, in July from a year earlier, retreating from 20.0% gain in June, official statistics showed Monday.
- In the first seven months of 2018, industrial profits rose 17.1% from the same period last year, compared with a 17.2% rise in the first half, according to the National Bureau of Statistics (NBS).
- China's industrial firms' liabilities grew 6.5% in July from a year earlier, compared with a 6.6% rise in June, reports Reuters. The data covers large companies with annual revenue of more than 20 mn yuan from their main operations.

<http://thefinancialexpress.com.bd/economy/global/chinas-july-industrial-profits-up-162pc-but-slow-from-june-1535355287>

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