

## Stock Market

### Stocks dip for 2nd week on political worries

New Age, October 28, 2018

- Dhaka stocks plunged for the second week amid a fall in the prices of more than two-thirds of the traded scrips as polls-centric worries dragged down share prices significantly before the regulator's intervention. DSEX, the key index of Dhaka Stock Exchange, lost 1.85 %, or 99.48 points, to close at 5,282.04 points on Thursday, the last trading session of the week, after losing 53.49 points in the previous week.
- The plunge in DSEX halted on third session of the week after Bangladesh Securities and Exchange Commission and different stakeholders on October 23 held a meeting to discuss the market situation, and the merchant bankers and brokerage houses at the meeting agreed to support the market. The daily average turnover on the bourse dropped further by 19.74 % to BDT 409.49 crore in the last week from BDT 510.17 crore in the previous week.
- Average share prices of all the large capitalised sectors except telecommunication declined over the week. Share prices of textile, energy, bank and non-bank financial institutions plunged by 3.59 %, 3.18 %, 1.39 % and 0.71 % respectively.
- Out of the 346 traded issues, 262 declined, 63 advanced and 21 remained unchanged. The share prices of Grameenphone soared by 5.0 % on the day as the company posted 27.63 % profit growth in the July-September period compared with that in the same period of the previous year.
- On the other hand, the share prices of jute and telecommunication advanced by 14.1 % and 5.34 % respectively that saved the market from further fall. DS30, the blue-chip index of DSE, also plunged 1.06 %, or 20.01 points, over the week to close at 1,876.06 points. Shariah index DSES shed 1.59 %, or 19.75 points, to close at 1,223.79 points. Khulna Power Company led the turnover chart with its shares worth BDT 113.00 crore changing hands.
- Summit Power, Delta Life Insurance Company, Dragon Sweater, Bangladesh Export Import Company, BBS Cables, United Power Generation & Distribution Company, Shahjalal Islami Bank, Square Pharmaceuticals and Indo-Bangla Pharmaceuticals were the other turnover leaders. Advent Pharma gained the most in the week with a 12.87-per cent increase in its share prices, while Indo-Bangla Pharmaceuticals was the worst loser, shedding 25.51 %.

<http://www.newagebd.net/article/54310/stocks-dip-for-2nd-week-on-political-worries>

### 46 more companies recommend dividend up to 350pc

The Financial Express, October 27, 2018

- Some 46 more listed companies recommended dividends up to 350 % last week for the year ended on June 30, 2018, according to separate official disclosures. Of the companies, 14 recommended higher dividends, 12 recommended lower and 17 recommended same dividends compared to the previous year.
- Three new companies recommended dividends for the first time after listing with the bourses, according to statistics from the Dhaka Stock Exchange. The companies whose recommended higher dividends are: Monno Jute Stafflers, Monno Ceramic Industries, Square Pharmaceuticals, Shepherd Industries, Olympic Industries, Unique Hotel & Reports, Kay & Que, BBS Cables, Saiham Textile, Miracle Industries, Titas Gas, Nurani Dyeing, Nahee Aluminum and Beacon Pharmaceuticals.
- Monno Jute Stafflers also became the most-valued stock on the DSE as its share price closed at BDT 4,658.60 each on Thursday, soaring 3.95 % or BDT 177.20 each. During the past six months, Monno Jute's share price surged by 156 % or BDT 2,839 each. In 2017, the Monno Jute Stafflers disbursed only 15 % stock dividend.
- Monno Ceramic has recommended 30 % stock dividend for the year ended on June 30, 2018. The company paid 5.0 % cash and 5.0 % stock dividend in 2017. Square Pharmaceuticals has recommended 36 % cash and 7.0 % stock

dividend for the year ended on June 30, 2018. In 2017, the third largest market-cap company disbursed 35 % cash and 7.50 % stock dividend.

- Shepherd Industries has recommended a 12 % cash dividend for the year ended on June 30, 2018. It paid 10 % stock dividend in the last year. Unique Hotel & Reports has recommended 22 % cash, Kay & Que 5.0 % cash, BBS Cables 10 % cash and 5.0 % stock, Saiham Textile 15 % cash, Miracle Industries 8.0 % stock, Titas Gas 25 % cash, Nurani Dyeing 2.0 % cash and 11 % stock and Beacon Pharmaceuticals 6.0 % cash dividend.
- The companies whose recommended lower dividends are: M.I. Cement, Paramount Textile, Fareast Islami Life Insurance, Quasem Industries, Gemini Sea Food, Zahintex Industries, Shahjibazar Power Company, Bangladesh Building Systems, Advanced Chemical Industries (ACI), R.N. Spinning Mills, Hamid Fabrics and ACI Formulations. Three new companies - Advent Pharma, Bashundhara Paper Mills and Indo-Bangla Pharmaceuticals have recommended dividend for the first time.

<http://thefinancialexpress.com.bd/stock/46-more-companies-recommend-dividend-up-to-350pc-1540615706>

## **First Security Bank to issue BDT 7.0b bond**

The Financial Express, October 26, 2018

- The board of directors of First Security Islami Bank has decided to issue fully redeemable non-convertible "Mudaraba Subordinated Bond". The non-convertible subordinated bond will be BDT 7.0 bn and fund will be raised through private placement with seven years' maturity, said an official disclosure on Thursday. The bank will issue the bond for raising fund to meet capital requirement under Basel III and strengthen its regulatory capital base.
- The bond issue is subject to approval of the regulatory authorities like Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank (BB), said the disclosure. The bank's share price fell 1.96 % to close at BDT 10 on Thursday. Its share price traded between BDT 9.80 and BDT 17 in last one year.
- As per unaudited financial statements of the bank, consolidated earnings per share (EPS) stood at BDT 0.13 for July-September 2018 as against BDT 0.24 for the same period last year. In nine months from January to September 2018, consolidated EPS was BDT 0.58 as against BDT 0.97 for the same period in 2017.
- The consolidated net operating cash flow per share (NOCFPS) was minus BDT 6.14 for January-September 2018 as against minus BDT 9.47 for January-September 2017. The consolidated net asset value (NAV) per share was BDT 15.60 as of September 30, 2018 and BDT 14.26 as of September 30, 2017. First Security Islami Bank, which was listed on the Dhaka bourse in 2008, disbursed 10 % stock dividend for the year ended on December 31, 2017. In 2016, the bank disbursed 5.0 % cash and 5.0 % stock dividend.

<http://thefinancialexpress.com.bd/stock/first-security-bank-to-issue-BDT-70b-bond-1540529711>

## **LankaBangla suffers huge loss**

The Daily Star, October 28, 2018

- LankaBangla Finance posted negative earnings per share in the third quarter of 2018 after suffering huge losses in its operation in the capital market. The company's consolidated EPS was BDT 0.24 in the negative for the July-September period, down from BDT 0.90 in the same quarter previous year.
- The company had to keep a huge amount in the provisioning for the losses, which pushed the EPS to fall, said Khwaja Shahriar, managing director. The non-bank financial institution had to keep BDT 25.53 crore in provision for diminution in values of share investment in the third quarter, much higher from BDT 25.52 lakh in the same period a year ago.

- Price of each share of the company also fell 14.55 % in the last 10 working days to BDT 22.9 at the Dhaka bourse on October 25. The company's third quarter report also showed a drastic fall in income from stock investment this year. The investment income also fell 61.49 % year-on-year to BDT 6.57 crore in the quarter.

<https://www.thedailystar.net/business/news/lankabangla-suffers-huge-loss-1652671>

## United Airways shareholders in distress

The Daily Star, October 28, 2018

- Over 95 % shareholders of the once top private airline United Airways are in great anxiety because of the nose-diving share price and no tangible signs of resumption of services two and a half years on. Stocks of the airline have become so cheap that a shareholder has to sell as many as 5,000 of them to buy a Dhaka-Cox's Bazar round ticket.
- At present, each United Airways stock is selling at BDT 3.20 -- one-third the face value of BDT 10. The sinking price is particularly concerning given that general public holds 70.42 % of the airline's shares, institutes 13.24 % and foreigners 12.18 % shares.
- Sponsors of the airline had long jumped off the sinking ship. In 2011-12, sponsors had 12.34 % stakes in United Airways, according to data from the Dhaka Stock Exchange. That %age now stands at just 4.16 %. Another stockholder regrets buying the shares in July 2014, just two months before the airline's announcement of indefinitely grounding its fleet.
- Within two months of the announcement on September 25, 2014, he sold off all his stocks. The present management of the company blames the then management of the Civil Aviation Authority of Bangladesh (CAAB) for their current sorry state: the airline was given the stepsister treatment.
- United's flight operations were suspended on March 7, 2016, but Choudhury is hopeful that the airline will fly again. Now the company is trying to add six more aircraft to the existing fleet of two Airbus, five Boeing, two ATR-72 and one Dash 8 by issuing shares to a company that leases planes. Bangladesh Securities and Exchange Commission approved the issuance of 31.28 crore ordinary shares to get aircraft worth of BDT 312.80 crore on December 21, 2016.
- On July 12, 2010 it was listed with the DSE and Chittagong Stock Exchange. The company raised BDT 100 crore from the capital market through the initial public offering. In 2011 it issued rights shares at BDT 15 including a premium of BDT 5 per share on the basis of 1:1. The total number of rights shares issued were 21 crore, which brought in BDT 315 crore.



<https://www.thedailystar.net/business/news/united-airways-shareholders-distress-1652677>

## Savers face dearth of govt savings tools

*No supply shortage, says DNS*

The Financial Express, October 26, 2018

- Supply shortage of different types of state-run savings certificates in many post offices and bank branches has been causing problems for many savers willing to invest funds in these instruments, insiders said. Especially, the shortage of Family Savings Certificate (FSC) acute since the instrument that offers the highest yield rate has been on high demand.
- But the availability of savings certificates at Department of National Savings (DNS) bureau offices has been almost steady. Aspirant savers are not being able to buy savings certificates for many bank branches and post offices say they do not have the same in their possession.
- Some investors suspect that the short supply is being created deliberately to limit their overall sales. The government's borrowing from the saving scheme has already overshot the target. Talking to this correspondent, a good number of savers said they have been unable to buy FSCs and Three-Monthly Profit Bearing Savings Certificates despite trying for three to five months.
- If the government has a plan to discourage selling savings certificates, it can officially impose restriction, so that people do not have to face hassles, they opined. Sector insiders said the sales of high-yielding savings certificates have been rising during the last few years, as people do not have better investment options.
- In the recent months the sales have increased notably, as the finance minister has announced that the yield rates on the savings schemes will be rationalised. Minara Begum, who wanted to purchase a FSC worth BDT 100,000, also visited GPO many times. She failed to buy a FSC worth BDT 50,000 from the office, as it has no savings certificates of low denominations.
- The government has no official directive to reduce their sales. But unofficially they are discouraging big investment, as the government's liability for interest payment has increased significantly in the last few years. Currently, DNS sells four types of savings certificates, and their yield rates are up to 11.76 %. According to a DNS study, post offices sell about 55 % of the total savings instruments, followed by banks 33 %, and savings bureaus 12 %. The government's net borrowing target from the savings instruments in current fiscal year (FY), 2018-19, is BDT 261.97 bn. The borrowing from the savings certificates in this July-August period is BDT 90.57 bn.

<http://thefinancialexpress.com.bd/economy/bangladesh/savers-face-dearth-of-govt-savings-tools-1540612505>

## Economy

### Chinese eye bigger share in construction machinery market

The Daily Star, October 28, 2018

- The construction machinery market in Bangladesh is growing steadily given the fast expanding skyline and construction activities. Last fiscal year, the construction sector grew 16.25 % to BDT 73,594 crore and the real estate sector 15.14 % to BDT 61,935 crore, according to the Bangladesh Bureau of Statistics.
- The higher growth is luring Chinese companies to Bangladesh. More than 20 Chinese companies that manufacture construction equipment took part in the exposition and they expressed interest in establishing business relations with Bangladeshi companies.
- One of the largest professional construction machinery manufacturers in China, SL Machinery has supplied more than 80 units of cranes and different kinds of construction equipment to large businesses houses in Bangladesh, according to Huang.

- Zhou Lei, director for overseas business at Shanghai Pengpu Machine Building Plant, said his company is looking for local agents in Bangladesh. The company manufactures bulldozers and exports the products to Africa, Southeast Asia, the Middle East, Latin America and Commonwealth of Independent States.
- Both the construction and the real estate sectors contribute significantly to the country's economy. In fiscal 2017-18, the construction sector's contribution to the gross domestic product was 7.89 % and the real estate sector's 7.82 %, according to BBS.

<https://www.thedailystar.net/business/news/chinese-eye-bigger-share-construction-machinery-market-1652686>

## StanChart to play bigger role in Bangladesh

The Daily Star, October 28, 2018

- Standard Chartered wants to play a larger role in fostering the economic, financial and social development of Bangladesh by promoting trade and investment and helping local companies go global, said the group chairman of the British lender. "Bangladesh has tremendous potential," José Viñals, group chairman of Standard Chartered, told The Daily Star in an interview last week. Viñals, who was appointed the group chairman of Standard Chartered in December 2016, was in Bangladesh last week on a four-day visit.
- During his visit, Viñals met with a number of the bank's clients in Dhaka and Chattogram and exchanged views with economists, diplomats, regulators and policymakers on how Bangladesh can continue on its high growth trajectory and reiterated the bank's commitment to driving commerce and prosperity in the country.
- To realise the country's potential, appropriate government actions and collaboration with the private sector are needed, said Viñals, who began his career as an economist before spending 25 years at the Central Bank of Spain, where he rose to be the deputy governor.
- One should not expect the current growth rate would be sustained forever if the country does not improve on areas such as infrastructure, education and business-friendly environment. The economist said the bank already plays and will play the important role of being a bridge between Bangladesh and the rest of the world by bringing in foreign direct investment to the country, which is badly needed for many reasons.
- The rule of law, stability and predictability, and business-friendly atmosphere are critical for attracting foreign investors as well as incentivising domestic investors. With the fourth industrial revolution in terms of communications and technology, the skills for the new economy are not the skills for the old economy, said Viñals, who was director of the International Monetary Fund's monetary and capital markets department prior to joining Standard Chartered.
- The final challenge facing the global economy is the monetary policy of the US, where the Federal Reserve System has been increasing the interest rates for quite some time now. The London-listed bank, which is focused on Asia, the Middle East and Africa, came to Bangladesh in 1948 and acquired Grindlays Bank in 2000, which started operations here in 1905, giving it a footprint for more than a century.

<https://www.thedailystar.net/business/news/stanchart-play-bigger-role-bangladesh-1652695>

## Economists slam govt for approving so many banks

New Age, October 28, 2018

- Economists on Saturday criticised the government for giving approval to so many banks in the country and said that governance in the financial sector was at stake. It was very unusual that country's banking sector was at the mercy of

the government, they made the comment at while addressing the launch of a book 'Towards an Inclusive Green Bangladesh' by Atiur Rahman, former Bangladesh Bank governor, at Pathak Shamabesh Centre in the city.

- 'The country's banks are at the mercy of finance minister AMA Muhith. Our tax money goes to the budget and finance minister give it over to the banks. I do not know what type of banking it is,' former deputy governor of Bangladesh Bank Khandker Ibrahim Khaled wandered.
- Dhaka University professor Shibli Rubayet Ul Islam appreciated Atiur Rahman for publishing the book and said it would help project positive Bangladesh to the world. Atiur Rahman said that during his tenure as the governor of the Central Bank he received tremendous support from the government and this helped the central bank face aptly the challenges of global financial crisis and promoting sustainable and inclusive finance at the same time.

<http://www.newagebd.net/article/54314/economists-slam-govt-for-approving-so-many-banks>

## **AnonTex riding on BB favours**

The Daily Star, October 28, 2018

- Bangladesh Bank has given AnonTex, which took more than BDT 5,500 crore from Janata Bank through serious irregularities, a controversial permission to take more loans from other state-owned banks as well, reschedule its loans and value its assets afresh to make it look like a healthy company.
- The garment exporter has BDT 557 crore defaulted loans with Janata Bank. AnonTex's business style came under question when a BB investigation in January this year revealed that it was given loans worth BDT 5,500 crore, 13 times the ceiling set by the central bank, with approval from Janata's board.
- Now the central bank itself seems to be ignoring its own investigation, allowing the company more loans without ensuring that the additional money slopped on the company would not also get stuck like the previous loans. Interestingly, the latest green signal from the BB came even though Janata Bank's board did not consent to the company's proposal for rescheduling its loans and revaluation of its assets. Such an approval from the BB without the consent of the client's bank is against banking norms.
- Bangladesh Bank's actions are even more paradoxical as two of its officials sent two separate letters with completely opposite directives. On October 3, its Deputy General Manager Mizanur Rahman Akon sent a letter, asking Janata to accept AnonTex's proposal. In its January investigation, the BB found Janata Bank gave a staggering loan of BDT 5,508 crore to AnonTex through various irregularities. Of the sum, BDT 2,643 crore were bad loans.

<https://www.thedailystar.net/frontpage/news/anontex-riding-bb-favours-1652755>

## **International**

### **Microsoft overtakes Amazon as 2nd most valuable US company**

New Age, October 28, 2018

- Microsoft Corp regained its spot as the second most valuable US company on Friday after a disappointing quarterly report from Amazon.com wiped \$65 bn off the online retailer's market capitalisation. Apple Inc tops the list at over \$1 trillion after crossing that threshold in September. Microsoft's market capitalisation was Wall Street's highest in late 1998 through early 2000 before the dot-com bubble burst.
- Amazon's shares dropped 7 %, the most in nearly three years after its holiday season sales outlook missed targets, fanning concerns that Wall Street's tech darlings are finally starting to face stronger competition.



- Microsoft fell a more modest 1.1 % in a broad technology sell-off that was also driven by a weaker-than-expected report from Google-parent Alphabet Inc, leaving the Nasdaq composite index down 1.9 % late Friday afternoon. Shares of Microsoft remain up nearly 4 % from Wednesday, when the four-decade-old software company beat quarterly profit expectations, driven by its cloud computing business that competes with Amazon's.
- Its stock market value on Friday stood at \$823 bn, on track to close above Amazon's for the first time since April, when it gave up its spot as second largest company by market capitalisation. Amazon was worth \$805 bn on Friday, after falling below Microsoft's in extended trade on Thursday. The drop was equivalent to the combined values of Target Corp and Corning Inc.
- Amazon's tumble left it up around 40 % year to date, while Microsoft has gained about 25 % in 2018. On Wednesday, Amazon's stock traded at the equivalent of 70 times expected earnings, its lowest level since 2011. The average analyst price target for Microsoft puts its market cap at \$963 bn, while the average price target for Amazon values it at \$1.068 trillion.

<http://www.newagebd.net/article/54320/microsoft-overtakes-amazon-as-2nd-most-valuable-us-company>

## **China's industrial profits up 14.7pc in first nine months**

The Financial Express, October 27, 2018

- Profits of China's major industrial firms grew 14.7 % year on year in the first nine months of 2018, down from the 16.2-per cent expansion for the January-August period, official data showed Saturday. Profit at 34 of the 41 sectors surveyed rose compared with one year earlier, unchanged from that for January-August, according to the National Bureau of Statistics (NBS).
- In September, combined profits at industrial firms with annual revenue of more than 20mn yuan (about 2.88mn US dollars) rose 4.1 % year on year to 545.5 bn yuan. The pace of growth slowed from 9.2 % in August, reports Xinhua.
- NBS official He Ping attributed the slowdown in September to a pullback in the growth of industrial production and product prices as well as a high comparative base from last year. According to the NBS, the sectors of steel, construction materials, oil and chemicals, which contributed 72.4 % to the overall industrial profit increase, posted strong profit growth in the first nine months.
- During the January-September period, cost per 100 yuan of revenue dropped 0.29 yuan from the same period last year to 84.31 yuan. The debt-asset ratios of major industrial firms dropped 0.4 %age point from a year ago to 56.7 % by the end of September.

<http://thefinancialexpress.com.bd/economy/global/chinas-industrial-profits-up-147pc-in-first-nine-months-1540626336>

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