

Stock Market & Company

Stocks gain slightly but turnover hits 8-month low

Newage, March 29, 2021

- Stocks gained slightly on Sunday after a two-day fall but the turnover on the Dhaka Stock Exchange hit an eight-month low as investors remained cautious amid deterioration in the COVID-19 situation in the country. DSEX, the key index of the DSE, added 0.31 per cent, or 16.73 points, to close at 5,343.94 points on Sunday after losing 86 points in the previous two sessions.
- The turnover on the DSE plunged to Tk 382.54 crore on Sunday from Tk 488.23 crore in the previous session. Sunday's turnover was the lowest after July 26, 2020 when it was at Tk 371.55 crore.
- The DSEX went through a choppy session on Sunday and finished in the positive zone as a few investors went for bargain hunting, market operators said. Investors went for buying shares of insurance companies and fundamentally weak companies on Sunday, they said.
- Share prices of fundamentally weak companies, including Rahima Food, First Finance, ICBI Bank, Aziz Pipes, C&A Textiles and Zeal Bangla Sugar Mills, soared on Sunday. The market remained dull throughout the session as most of the investors remained cautious on the trading floor amid the recent rise in coronavirus cases in the country.
- The media reported that the number of COVID-19 cases rose by 85 per cent in the past week, the 55th week of the coronavirus outbreak in the country, compared with that in the previous week. The country reported 23,100 COVID-19 cases in the 55th week ending on Saturday against 12,470 cases recorded in the 54th week.
- Apart from the coronavirus fallout, the market in recent weeks has been grappling with a number of issues, including the setting of the margin loan rate ceiling by the Bangladesh Securities and Exchange Commission, approval of initial public offerings of a number of companies within a short period of time and repeated changes made in policies by the regulator, market operators said.

<https://www.newagebd.net/article/133895/stocks-gain-slightly-but-turnover-hits-8-month-low>

BSEC to defer implementation of directive on margin loan interest cap for 6 months

The Financial Express, March 29, 2021

- The securities regulator is set to defer the implementation of its directive regarding the cap on margin loan interest for six months considering the interest of the market and its operators. The assurance of deferring the directive came Sunday at a meeting held at the office of the Bangladesh Securities and Exchange Commission (BSEC).
- The securities regulator issued a directive on January 14, 2021 setting the highest interest rate at 12 per cent on margin loan disbursed against listed securities. The directive said the highest spread on the cost of margin loans will be 3.0 per cent.
- The president of the Bangladesh Merchant Bankers Association (BMBA) Md. Sayadur Rahman said the representatives of top brokers and merchant bankers called on the BSEC chairman to press the necessity of deferring the directive. "We made a plea for deferring the implementation of the BSEC's directive for one year. The BSEC has agreed in principle to defer the directive for six months," Mr. Rahman said.
- The representatives of EBL Securities, IDLC Investments, LankaBangla Securities and City Brokerage, among other, attended the Sunday's meeting held with the BSEC chairman Prof. Shibli Rubayat UI Islam. The BMBA on March 24 sent a letter to the BSEC chairman with a plea for deferring the implementation of the directive regarding the cap on margin loan interest till June 30, 2022. In its letter, the BMBA said the directive should remain deferred until the low cost fund becomes available and the negative equity burden of the stock market intermediaries is resolved.

<https://thefinancialexpress.com.bd/stock/bangladesh/bsec-to-defer-implementation-of-directive-on-margin-loan-interest-cap-for-6-months-1616984759>

IPO PURCHASE BY GENERAL INVESTORS

Brokerages asked to ensure at least Tk 20,000 stocks investment each

Staff Correspondent | Published: 23:07, Mar 27, 2021

- The Bangladesh Securities and Exchange Commission has asked brokerage houses to ensure at least Tk 20,000 in investment by the general investors in the stock market to be eligible for participating in any initial public offering from April 1. The BSEC issued letters to brokerage houses in this regard in the past week.
- Earlier on December 31, 2020, the BSEC at a commission meeting decided to allot IPO shares among the general investors on pro rata basis instead of IPO lottery system.
- It also decided that the general investors must have at least Tk 20,000 in investment in the market to be eligible for participating in any IPO. The minimum value of application by a general investor for IPO subscription must also be Tk 10,000.
- The new system will come into effect on April 1. BSEC officials said that the new rules would be effective from the next IPO subscription and investors must follow the new system. So, the commission has reminded the brokerage houses to inform their clients about the new rules, they said.
- They also said that at least additional Tk 1,500 crore would be injected into the capital market through the system. The regulator imposed the minimum investment requirement on investors as many investors who did not have any investment on the secondary market opened many BO accounts only to win IPO lottery, the officials said.
- The BSEC decided to scrap the lottery system to ensure that every applicant would get shares on pro rata basis. Pro rata basis means assigning an amount to one person according to his/her share/portion of the whole.
- This would be calculated by dividing the investment of each applicant by the amount of oversubscription and then multiplying the resulting fraction by the total value of floating shares allotted for the retail investors.
- If the IPO is not oversubscribed, every applicant would get shares according to their investments.

<https://www.newagebd.net/article/133828/brokerages-asked-to-ensure-at-least-tk-20000-stocks-investment-each>

Beacon Pharma may export drugs to Syria

The Business Standards, March 29, 2021

- Beacon Pharmaceuticals Limited, listed on both stock exchanges in the country, said it may export drugs worth \$5 million to Syria by December 2021 if the Syrian government agrees. A technical team of Syrian government recently inspected Beacon Pharma's plant and expressed satisfaction verbally on the company's overall operations.
- However, no written agreement or deal has been made between the two parties, said Beacon Pharma on the Dhaka Stock Exchange and Chittagong Stock Exchange websites on Sunday, after they inquired about a news report that said the company may export drugs to Syria.
- It said there is potential to increase exports to \$10 million within one year, which may have a positive impact on the company's financials. "The worldwide Covid-19 situation is going down very roughly. In this situation we do not confirm this deal before signing the agreement."
- "We also assure you, after completion of the signing ceremony with the government of Syria we will inform you and other regulatory authorities on time," it added.

<https://www.tbsnews.net/bangladesh/beacon-pharma-may-export-drugs-syria-223525>

Economy & Industry

WB now doubles GDP growth forecast

The Daily Star, March 29, 2021

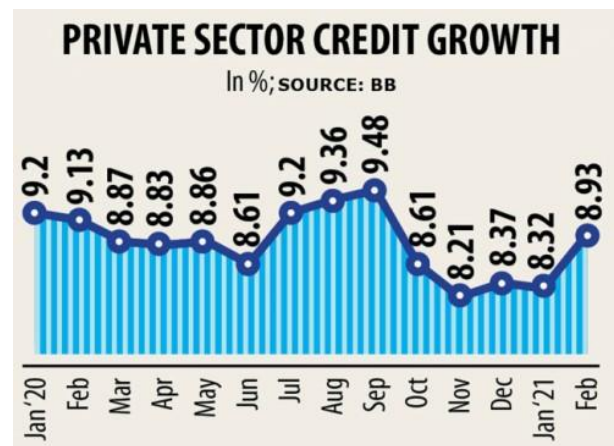
- The World Bank has more than doubled its gross domestic product (GDP) growth prediction for Bangladesh for the current fiscal year as the economy shows signs of recovery. The Washington-based lender expects the economy to grow 3.6 per cent in the FY2020-21, up from a projection of 1.6 per cent made in the Global Economic Prospects Update in January.
- For all latest news, follow The Daily Star's Google News channel. "The economy is expected to recover gradually, with real GDP growth projected at 3.6 per cent in FY21," the WB said in a document.
- The new prediction was made in a paper of the Bangladesh Third Programmatic Jobs Development Policy Credit. The new GDP growth prediction is still far lower than the government's estimate of 7.4 per cent for the current fiscal year.
- In January, the lender said in Bangladesh growth was estimated to have decelerated to 2 per cent in the last fiscal year. It is now projecting a growth of 2.4 per cent for FY20, according to the document, which was prepared in February.
- The government's provisional estimate showed the GDP had grown by 5.24 per cent in the last fiscal year. Private consumption growth will accelerate as pandemic-related disruptions wane in the second half of the fiscal year, supported by remittance inflows, the development lender said.

<https://www.thedailystar.net/business/news/wb-now-doubles-gdp-growth-forecast-2068565>

Credit growth rises moderately

The Daily Star, March 29, 2021

- Private sector credit growth went up moderately in February to keep up with the recovering trend of the economy, but bankers say the rising coronavirus infections and deepening uncertainty have dipped the growth in March. The year-on-year credit growth stood at 8.93 per cent in February, up from 8.32 per cent a month earlier, data from the central bank showed.
- Businesses commenced to expand their enterprises heavily last month riding on the slower coronavirus infection, but the momentum has faced a roadblock this month when the deadly flu started spreading in a consistent manner, said managing directors of three banks.
- The credit flow to the private sector has already decreased to a large extent as businesses have adopted a "go-slow" policy once again, they said.
- Bangladesh recorded at least 3,908 new infections of Covid-19 yesterday, which is the highest since July 3 last year. Infection number in 24 hours remained above 3,500 for the sixth consecutive day yesterday.
- "Businesses took a positive stance to start their businesses in the period of January and February. But, the rising infection has dealt a blow to the confidence for expansion of their businesses," said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.



<https://www.thedailystar.net/business/news/credit-growth-rises-moderately-2068561>

12:00 AM, March 28, 2021 / LAST MODIFIED: 07:08 AM, March 28, 2021

RMG orders slump

Buyers go slow amid fresh fears and lockdowns

The Daily Star, March 29, 2021

- International buyers are following a 'go-slow' policy in placing orders with apparel suppliers in Bangladesh because of fresh lockdowns and stricter restrictions in key markets amid a rise in coronavirus infections and piling up of unsold goods amid depressed sales.
- Local garment suppliers say there were receiving 20 per cent fewer work orders for the next season beginning from June.
- For all latest news, follow The Daily Star's Google News channel.
- The fewer order placements are taking place mainly in small and medium enterprises as they have less production capacity and weak financial strength, and a few trade partners or buyers abroad.
- Moreover, the demand for deferred payment is still as severe as it was in the initial months of Covid-19 in 2020. In a few cases, it has worsened as the situation in the Western market is dire, industry insiders say.
- AK Azad, managing director of Ha-Meem Group, a top garment supplier, faces fewer orders and deferred payment.
- "I know the lockdown will lengthen, and there is an uncertainty, and I am trying to improve the efficiency so that I can survive during Covid-19."
- The third wave of infections is sweeping through Europe, which accounts for 60 per cent of garment exports from Bangladesh.
- Countries such as Italy, Germany, France and UK are reinstating stricter lockdowns, and many other countries across the world are following the suit.
- Previously, buyers used to give at sight, a form of payment due on demand. It requires the party receiving the good or service to pay a certain sum immediately upon being presented with the bill of exchange.



RISKS AND WAY FORWARD

- Exporters got **20%** fewer work orders for next season
- Small enterprises are the worst sufferers
- Third wave of infection sweeping through the West
- Exporters improving efficiency to cut cost

<https://www.thedailystar.net/business/news/rmg-orders-slump-2067993>

Bangladesh's businesses worried over Suez Canal blockage

The Daily Star, March 29, 2021

- The canal, a vital route of Asia and Europe, blocked by a 224,000-tonne container since Tuesday, is reportedly holding up an estimate of \$9.6bn worth of goods each day.
- Ever Given container ship is pictured in Suez Canal in this Maxar Technologies satellite image taken on March 26, 2021. Maxar Technologies/Handout via REUTERS
- Ever Given container ship is pictured in Suez Canal in this Maxar Technologies satellite image taken on March 26, 2021. Maxar Technologies/Handout via REUTERS.
- The blockage of the Suez Canal caused by a massive container vessel has stoked concerns in Bangladeshi businesses, especially apparel exporters, as the crucial artery for global shipping remains closed for the fifth day in a row.

- Ships carrying a large number of Bangladeshi goods are now waiting to transit the shortest maritime route for goods travelling from Asia to Europe.
- Around 45,000-50,000 TEUs (twenty feet equivalent units) of containers, which are exported from Bangladesh's Chattogram to Europe each month, cross through the canal via hub ports like that of Colombo, Singapore, and Port Klang of Malaysia.
- RMG exporters now apprehend prolonged delays in shipments to buyers. The delay will add to the supply chain disruption for both exports and imports, inflicting more losses on businesses, said the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).
- Many shipping lines have slowed down taking bookings from Europe, which might lead to a raw material crisis in Bangladesh industries, said Ahsanul Haque Chowdhury, president of the Bangladesh Shipping Agents Association (BSAA).

<https://www.tbsnews.net/economy/trade/bangladeshs-businesses-worried-over-suez-canal-blockage-223510>

International

The European Central Bank President Christine Lagarde addresses a news conference on the outcome of the meeting of the Governing Council, in Frankfurt, Germany. Reuters/file

The Daily Star, March 29, 2021

- An upsurge in new coronavirus cases is forcing governments across Europe into new, damaging lockdowns that threaten to delay a much hoped-for return to growth, economists say.
- The plan was that mass vaccination programmes would turn the tide on the pandemic, allowing locked-down consumers free rein after months penned up at home. Instead the virus has embarked on a third wave which is proving more difficult to bring under control.
- For all latest news, follow The Daily Star's Google News channel. French President Emmanuel Macron warned Thursday that the European Union would have to do more and beef up its already massive 750 billion euro (\$885 billion) virus recovery fund as a result.
- The EU had made a major effort after the first wave last year, Macron said, but "following the second and third waves... we will no doubt have to add to our response".
- In September, as the economy picked up sharply after a rapid reverse in the first wave, expectations were high that by the middle of this year it would be solidly back on track, thanks especially to the vaccine rollout.
- Just a couple of weeks ago, European Central Bank head Christine Lagarde was even talking about a "firm rebound in activity in the second half of the year".

<https://www.thedailystar.net/business/news/pandemic-upsurge-hits-europe-recovery-hopes-2068533>

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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).

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