

Stock Market

Stocks rebound as financial scrips gain

New Age, August 29, 2018

- Dhaka stocks on Tuesday gained again, after a brief correction in the previous session, as investors went for share purchasing, especially from the financial sectors. DSEX, the key index of the Dhaka Stock Exchange, advanced 0.61%, or 34.44 points, to close at 5,619.41 points on Tuesday after losing 11.94 points in the previous session.
- Before Monday, the market gained 217 points in five trading sessions. The trading began with bullish trend on Tuesday and the uptrend continued till the end of the session as investors went for share buying, especially from the financial sectors, market operators said.
- Although there was no visible positive news in the financial market of the country, the investors continued with injecting funds in bank and non-bank financial institute scrips, stockbrokers said. Prime minister Sheikh Hasina's scheduled visit to the Bangladesh Securities and Exchange Commission on September 12 to attend the 25th anniversary programme of the commission has been a catalyst for the market rally, they said.
- The turnover on the DSE advanced to BDT 611.71 crore on Tuesday compared with that of BDT 532.00 crore in the previous trading session.
- National Housing Finance, IPDC Finance, BRAC Bank, LankaBangla Finance, International Leasing and Financial Services, BBS Cables, IFAD Autos, City Bank and Active Fine Chemicals were the other turnover leaders.

<http://www.newagebd.net/article/49312/stocks-rebound-as-financial-scrips-gain>

Profits jump before listing, fall afterwards

Firms show inflated earnings figures during IPOs

The Daily Star, August 29, 2018

- The earnings of 19 out of the 21 textile companies that got listed on the Dhaka bourse between 2010 and 2015 have fallen sharply from the level shown during the initial public offerings. What is more, four of these companies have become junk because of their poor performance and failure to pay dividends to shareholders.
- The scenario is more or less the same for companies that went public in the five years to 2015. During the period, 67 companies were listed. Of them, the earnings of 48 went lower compared to the prelisting level, according to the latest data of the firms available on the DSE website.
- Only 17 were able to make higher earnings per share (EPS) last year compared to the year of

EARNINGS ANALYSIS OF 67 COMPANIES THAT RAISED CAPITAL DURING 2010-15

Sectors	Number of companies	Earnings fall (junks in brackets)	Earnings rise	Unchanged
Textile	21	19 (4)	2	
Engineering	11	8	3	
Pharma	8	5	3	
Power	6*	1	4	
Travel	3	3 (1)		
Food	3	2 (1)	1	
Miscellaneous	3	3		
Cement	2	1	1	
NBFI	2	1 (1)	1	
Insurance	2	2 (2)		
IT	2	1		1
Telecom	1	1		
Ceramic	1		1	
Paper	1	1 (1)		
Service	1		1	

* SUMMIT PURBANCHOL POWER AMALGAMATED WITH SUMMIT POWER.

the listing. The earnings of one firm remained unchanged while data about one company were not available. Ten companies were downgraded to the junk shares category while three closed operations.

- The sponsors of most of the companies bring the shares to the market when they think they have no potential to grow, said Abu Ahmed, a former chairman of the economics department of Dhaka University. The promoters also go for IPOs when they feel the necessity of raising capital to save themselves from bank loans, he said.
- The companies that got listed between 2011 and 2016 used 31% of their IPO proceedings for clearing bank loans, according to data of the Bangladesh Securities and Exchange Commission. It is true that some companies may have entered the market only to make quick gains, said Mohammed Ahsan Ullah, acting president of the Bangladesh Merchant Bankers Association.

<https://www.thedailystar.net/news/business/profits-jump-listing-fall-afterwards-1626022>

Junk stocks still rule gainers' chart

The Daily Star, August 29, 2018

- Junk stocks still dominate the chart of the top gainers of the premier bourse although the exchange took some tough measures against them weeks ago. The Dhaka Stock Exchange (DSE) last month delisted two junk stocks – Rahima Food Corporation and Modern Dyeing & Screen Printing Ltd.
- On August 5, it decided to review the business potential of 15 companies and even could delist them if there was no prospect of profitability. Despite all this, junk stocks continue to witness an upward trend in the stock exchanges for the last couple of days, whereas the companies themselves say they are not in a position that could prompt the share prices to rise.
- “Our company could not achieve any financial development because of a shortage of working capital,” Samata Leather Complex, one of the junk stocks, said through the DSE website. “But we have observed a recent unusual trend in share prices although we took no decision that could have initiated an abnormal price rise,” it said.
- Despite the statement, Samata's share prices soared 6.18% yesterday. In addition, many junk stocks made their way into the top 10 gainers list of the DSE. Of them, Jute Spinners gained 9.91%, Zeal Bangla Sugar Mills advanced 8.01%, Savar Refractories was up 7.43%, Dulamia Cotton Mill rose 6.7% and Shurwid Industries added 6.69%.

<https://www.thedailystar.net/news/business/junk-stocks-still-rule-gainers-chart-1626013>

No visible headway yet in BSEC e-data submission move

The Financial Express, August 28, 2018

- The proposed Electronic Data Gathering, Analysis and Retrieval (EDGAR) system of the securities regulator has not made any visible progress yet, though the move was initiated two years ago. The Bangladesh Securities and Exchange Commission (BSEC) had earlier taken the initiative to introduce the EDGAR system aimed at speeding up the data and information submission by market intermediaries and listed companies.
- The commission officials, however, said they have not started the work for EDGAR system fully yet owing to different reasons, including the delay in appointing the consultant for the project. For example, Mohammad Saifur Rahman, a BSEC executive director and spokesperson, said the project proposal for the EDGAR system requires approval from different ministries, including the planning ministry.
- The Asian Development Bank (ADB) had also tagged a condition for introducing e-data gathering system with its third phase of the Capital Market Development Project (CMDP-III). After the introduction of the e-data gathering system, all

intermediaries and listed companies will have to submit data and information through a format to the securities regulator.

- A delegation of the commission led by its chairman Professor M Khairul Hossain had a meeting with the US Securities and Exchange Commission in August, 2016. The other representatives of the securities regulator's delegation were the BSEC commissioner Dr. Swapan Kumar Bala and BSEC executive director Mohammad Saifur Rahman.

<http://thefinancialexpress.com.bd/stock/no-visible-headway-yet-in-bsec-e-data-submission-move-1535428635>

BTRC to take further clarification from GP

New Age, August 29, 2018

- Bangladesh Telecommunication Regulatory Commission will seek further clarification from leading mobile phone operator Grameenphone regarding the audit findings that claimed BDT 11,530 crore from the operator for the period of 1996-2017.
- A move in this direction was taken following request from the telecom operator after the audit report, prepared by third-party auditor, was finalised for making claim, a senior official of the commission told New Age.
- As the operator expressed its interest to clarify further its stance over the audit report that was carried out by Toha Khan Zaman & Co in association with India's CNK & Associates LLP, the commission would provide GP with the scope, he said.
- Under the initiative, the commission already forwarded the audit report to the mobile phone operator, he said. The government has issued a demand letter to mobile operator Robi claiming BDT 867 crore after accepting a separate audit report on the company at a commission meeting held on July 19.
- The claim amount of GP was also accepted in the same meeting but the commission is yet to issue final demand letter to GP in this regard. The commission would issue a letter on the final claim to GP after getting its response over the audit report.
- The amount to be paid by GP includes BDT 7,443 crore in BTRC dues and BDT 4,085.95 crore in NBR dues. As per the audit report, the leading mobile phone operator shared BDT 1,039.08 crore less revenue with the telecom regulator since 1997. The operator's outstanding payable to the BTRC includes BDT 5,129.16-crore compound interest or compensation for delay payment.

<http://www.newagebd.net/article/49309/btrc-to-take-further-clarification-from-gp>

Economy

Export to cross \$60b by 2021: Tofail

The Daily Star, August 29, 2018

- Commerce Minister Tofail Ahmed addresses a discussion on “Bangladesh's political economy (1952-2041) and the relevance of the National Mourning Day” organised by the Federation of Bangladesh Chambers of Commerce and Industry at its office in Dhaka yesterday. PHoto: FBCCI
- Bangladesh's export figure will cross the \$60 bn mark by 2021 thanks to the presence of high quality diversified products in the export basket, Commerce Minister Tofail Ahmed said yesterday. Bangladesh shipped only 25 kinds of products worth BDT 787 crore in 1972, just after the independence of the country, he said.
- The country exported 700 different kinds of products to 199 countries worth \$41.5 bn last fiscal year, of which \$37 bn came from the export of commodities and the remaining from the services sectors, Ahmed said. Being the second largest garment exporter in the world, Bangladeshi manufacturers shipped \$30.66 bn worth of apparel items last fiscal year, Ahmed said.
- The minister also praised the quality of the products of the country's emerging pharmaceuticals sector. He said the local producers meet 98% of the local demand for medicine and also export the items to 100 countries. If the sustainable development goal is implemented properly, the rate of extreme poverty in Bangladesh would come down to less than 3% by 2030, Ahmed expected.
- The economy will be buoyant as the government has been implementing some mega projects like the Padma bridge, Payra sea port and power plants. After achieving independence in 1971, many renowned global economists said Bangladesh would be the model of the poorest countries of the world, but they now speak highly of the economic development the country has achieved, Ahmed said.
- The size of the country's gross domestic product was only \$8 bn in 1972, which is \$280 bn now, said Atiur Rahman, former governor of Bangladesh Bank.

<https://www.thedailystar.net/news/business/export-cross-60b-2021-tofail-1626016>

Police to get banking licence

The Daily Star, August 29, 2018

- Bangladesh Bank has decided to give approval for one more commercial bank to be set up despite opposition from different corners. The central bank's board yesterday settled on giving Bangladesh Police Welfare Trust the go-ahead to take required procedural measures to set up the company for the proposed Community Bank Bangladesh.
- Bangladesh Police Welfare Trust, a concern of Bangladesh Police, had applied to Bangladesh Bank on May 23 for a licence to set up the new Community Bank Bangladesh, to be owned by Bangladesh Police.
- With this new one, the number of scheduled banks in the country will stand at 59. Prime Minister Sheikh Hasina had earlier agreed to allow Bangladesh Police to set up a new bank if they could arrange BDT 400 crore as paid-up capital.
- A BB official told The Daily Star yesterday that the central bank would communicate with Bangladesh Police Welfare Trust in one or two days asking it to submit a business plan on how to operate the proposed bank.
- The managing director of the proposed bank will have to present the business plan before the central bank's board. The central bank gave the approval or the “letter of intent” for the proposed bank at a time when the country's banking sector is plagued with financial irregularities and bad loans.
- At March's end, the total amount of default loans in the banking sector stood at BDT 88,589 crore, up from BDT 74,303 crore at the end of December 2017. Approval for two more commercial banks -- Bengal Bank and People's

Bank -- is in the works, said the BB official. The two proposed banks may get the letters of intent within the shortest possible time as the central bank has almost completed verifying documents they submitted.

<https://www.thedailystar.net/news/business/police-get-banking-licence-1626010>

International calls fall by 20pc in 6 months as new termination rate bites

The Daily Star, August 29, 2018

- The daily average incoming international calls through the legal channel has declined by 20% or 1.1 crore minutes over a span of just six months after the government 'surprisingly' increased the call termination rate in February this year.
- The average international call termination through the legal channel declined to 4.3 crore minutes per day in July this year from 5.4 crore minutes per day in February this year, according to the latest data of the Bangladesh Telecommunication Regulatory Commission.
- The BTRC introduced the new call termination rate on February 27 this year. The average international call termination through the legal channel was 5.3 crore minutes in March and 5.2 crore minutes in April this year.
- As per the BTRC directive on the new call rate, international gateway operators are allowed to bring international calls at 2.5 US cents (BDT 2) per minute instead of the previous rate of 2 US cents per minute. The operators, however, are allowed to share revenue with the government at 1.75 US cents (BDT 1.4) per minute.
- An official told New Age that the commission's reluctance to identify illegal voice over internet protocol business and pressure from influential quarters to keep the rate high played as major factors behind the drastic fall in the volume of international incoming calls.
- Besides the implementation of new call rate, growing mobile application-based phone calls also known as over-the-top (OTT)-based calls was another reason for the sharp fall in incoming international phone calls through the legal channel.
- As a result of the decline in international calls and reluctance to identify illegal VoIP businesses, the government is being deprived of a huge amount of revenue as IGW operators are supposed to share 40% of their revenue with the government.

<http://www.newagebd.net/article/49308/international-calls-fall-by-20pc-in-6-months-as-new-termination-rate-bites>

International

Nestle, Starbucks wrap up \$7.15b licensing deal

The Daily Star, August 29, 2018

- Nestle and Starbucks said on Tuesday they had concluded their licensing deal for the Swiss food giant to market the US coffee maker's packaged coffees and teas around the world.
- The \$7.15 bn deal grants Nestle perpetual rights to sell Starbucks products such as Starbucks, Seattle's Best Coffee and TeavanaTM/MC outside of the US company's coffee shops, and will result in about 500 Starbucks employees shifting to Nestle.

<https://www.thedailystar.net/news/business/nestle-starbucks-wrap-715b-licensing-deal-1626007>

US goods trade deficit rises as exports fall

The Daily Star, August 29, 2018

- The US goods trade deficit widened sharply in July as exports of agricultural products tumbled, suggesting trade will likely be a drag on economic growth in the third quarter. The Commerce Department said on Tuesday the goods trade gap surged 6.3% to \$72.2 bn last month. Exports of goods dropped 1.7% to \$140.0 bn, weighed down by a 6.7% plunge in shipments of food, feeds and beverages.
- That likely reflected a continued reversal of soybean exports after farmers front-loaded shipments of the crop in April and May to China before Beijing's retaliatory tariffs came into effect in early July. The United States and China are embroiled in a trade war marked by tit-for-tat tariffs.
- Last month, there were also decreases in exports of capital and consumer goods, though motor vehicle exports rose. Imports of goods increased 0.9% to \$212.2 bn in July, boosted by imports of food, industrial supplies and capital goods.
- There were also increases in motor vehicle imports, but imports of consumer goods fell. The US government reported last month that trade contributed 1.06 percentage points to the economy's 4.1% annualized growth pace in the second quarter.

<https://www.thedailystar.net/news/business/us-goods-trade-deficit-rises-exports-fall-1625980>

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