

Stock Market

Stocks rise after 2-day fall

New Age, January 30, 2019

- Dhaka stocks gained on Tuesday after a two-day fall as investors went for buying sector-specific scrips amid expectations of better financial results. DSEX, the key index of Dhaka Stock Exchange, advanced by 0.34 %, or 20.30 points, to close at 5,924.53 points on Tuesday after losing 45.77 points in the previous two sessions.
- Average share prices of the bank sector rebounded by 1.3 % after a decline in the previous two sessions. Share prices of general insurance, telecommunication and textile sectors advanced by 2.3 %, 1.4 % and 0.4 % respectively.
- Share prices of Grameenphone surged for the second day, by 1.47 % on Tuesday, as the company reported a profit growth of 28 % to post earnings per share at BDT 26.04 for the year ended on December 30, 2018. The board of directors of the mobile operator recommended 155 % final cash dividend along with interim cash dividend of 125 %.
- The surge in the GP share prices moved the index upward by 13 points. On the other hand, share prices of ACI plummeted by 6.94 % or BDT 23.5 to settle at BDT 315.00 as the profit of the company slumped by 94.30 % in July-December, 2018 compared with that in the same period of the previous year.
- The company blamed currency devaluation, interest rate increase, decrease in share of profit from joint ventures and associates, purchase rate variance due to international price hike and high income tax expenses for their significant profit fall. Average share prices of energy, non-bank financial institutions and pharmaceutical sectors dropped by 1.0 %, 0.6 % and 0.2 % respectively.
- Besides, a section of investors were waiting for Bangladesh Bank's monetary policy declaration today for the second half (January-June) of the financial year of 2018-2019. The turnover on DSE declined to BDT 945.85 crore on Tuesday compared with that of BDT 1,009.54 crore in the previous trading session. Of the 336 companies and mutual funds traded on Tuesday, 159 declined, 151 advanced and 37 remained unchanged.
- DSE blue-chip index DS30, however, dropped by 0.02 %, or 0.47 points, to close at 2,046.29 points. Shariah index DSES added 0.16 %, or 2.17 points, to finish at 1,331.62 points. Eastern Housing led the turnover leaders for the second day with its shares worth BDT 34.98 crore changing hands on Tuesday.

<http://www.newagebd.net/article/63247/stocks-rise-after-2-day-fall>

IFAD Autos acquires 49pc holding of Gulf Oil

The Financial Express, January 30, 2019

- IFAD Autos has acquired 49 % holding of Gulf Oil (BD) at a cost of above BDT 119.07 mn. In a disclosure, the company said all formalities regarding the acquisition have already been completed. Gulf Oil (BD), a subsidiary company of Gulf Oil International Limited (UK), is engaged in importing and selling its renowned brands of lubricant, grease and car care products in Bangladesh.
- In May, 2017 IFAD Autos signed a MOU with Gulf Oil Bangladesh with a view to subscribe 49 % of its equity shares at a cost of USD 1.685 mn. According to Monday's disclosure, IFAD Autos has acquired above 2.38 mn ordinary shares of Gulf Oil Bangladesh at a price of BDT 50 each.
- Earlier, IFAD Autos said in a disclosure that their investment in Gulf Oil Bangladesh is expected to contribute a profit of BDT 43.6 mn in the next year towards overall profitability of the company (approximately). IFAD Autos, presently an 'A' category company, was listed with the stock exchanges in 2015.

- The company's sponsor-directors hold 62.77 % shares, institutions 21.77 %, foreign shareholders 4.56 % and general shareholders 10.90 % as of December 31, 2018. The company's share price closed at BDT 100.70 each on Monday with a marginal loss of 0.49 % or BDT 0.50.

<http://thefinancialexpress.com.bd/stock/ifad-autos-acquires-49pc-holding-of-gulf-oil-1548736602>

Omani firm starts supplying LNG

The Financial Express, January 30, 2019

- Oman Trading International (OTI), an Omani firm, started supplying liquefied natural gas (LNG) to Bangladesh from Monday, which will help meet the growing demand for gas in the country.
- The Omani firm is the second supplier of LNG in Bangladesh after Qatar's RasGas that has been supplying LNG since April 2018. The Omani LNG cargo is, however, three months ahead of its scheduled start of supplying regular LNG to Bangladesh. The OTI has supplied the LNG following a request from the state-run Petrobangla, said the official.
- Petrobangla could also start utilising the full capacity of the floating LNG terminal of the US-based Excelerate Energy by re-gasifying around 500,000 Mcf/d equivalent of LNG for consumers since January 25, 2019 riding on the arrival of OTI's LNG cargo, said the official.
- The commercial operation of the Excelerate's floating, storage and re-gasification unit (FSRU) -- Excellence -- began on August 18, 2018 after importing the first LNG with the FSRU on April 24, 2018. But the delay in the construction of a 30-kilometre, 42-inch diameter Anwara-Fouzdarhat gas transmission pipeline kept the FSRU unutilised for long.
- The state-run Gas Transmission Company Ltd (GTCL) could, however, complete the construction of the pipeline and commission it on November 27, 2018, readying to carry additional re-gasified LNG.
- With the OTI's LNG supply, the country's FSRU is currently re-gasifying the maximum agreed capacity of LNG. Petrobangla has imported LNG through 15 regular cargoes and one commissioning cargo as of January 29, 2019. Under the sales and purchase agreement (SPA) for 1.0 mn tonnes per year (Mtpa) of LNG over 10 years, signed in May 2018, Bangladesh was scheduled to get first lean LNG supply from OTI from May 2019.

<http://thefinancialexpress.com.bd/trade/omani-firm-starts-supplying-lng-1548819248>

Standard Bank to raise BDT 5.0 bn

The Financial Express, January 30, 2019

- Standard Bank will raise a capital worth BDT 5.0 bn to strengthen its capital base as part of Tier-II Regulatory Capital requirement. The fund will be collected issuing coupon bearing non-convertible fully redeemable unsecured 3rd subordinated debt for a period of seven years with floating rate.
- The company's board of directors has taken the decision of issuing subordinated debt through private placement subject to the approval of the regulatory authorities. Standard Bank, presently an 'A' category company, was listed with the stock exchanges in 2003.
- The company's sponsor-directors hold 38.93 % shares, institutions 21.70 %, foreign shareholders 2.43 % and general shareholders 36.94 % as of December 31, 2018. The company's share price closed at BDT 12.20 each on Monday with a marginal loss of 3.17 % or BDT 0.40.

<http://thefinancialexpress.com.bd/stock/bangladesh/standard-bank-to-raise-BDT-50-bn-1548736194>

CURBING MONOPOLY

Call on GP's SMP status today

The Daily Star, January 30, 2019

- The telecom regulator will sit today to take a call on whether Grameenphone will be declared the Significant Market Power (SMP) operator, a move that can shake up the country's mobile telephony landscape. The SMP is a regulation that imposes restrictions on an operator once it corners 40 % of the subscribers, revenues and spectrum.
- As of December last year, Grameenphone has 46.33 % share of the active customer base. For the last few years, the operator's revenue share has been more than 50 %. Within the next couple of weeks Bangladesh Telecommunication Regulatory Commission will decide what restrictions will be placed on the SMP operator, a top official of the regulator told The Daily Star yesterday.
- The BTRC in its regular commission meeting yesterday discussed the matter and found only Grameenphone as the operator with more than 40 % revenue and customer market share, said its acting chairman Md Jahurul Haque. It will take hardly two weeks to go into implementation after taking the decision, said Haque, also the commissioner of BTRC's legal and licensing department.
- The government passed the SMP regulation, which has been in the works since 2011, in November last year and later the BTRC formed a committee to devise a process to implement it. BTRC officials said the committee recommended increasing the SMP operator's tariffs for both voice calls and data and imposing different quality control parameters for it.
- The new regulation -- which is already available in India, Thailand, Singapore and Malaysia -- states if an operator is found to wage anti-market activities the BTRC can step in to break the monopoly or oligopoly through it. Any competitor can also lodge complaint against the SMP and the regulator will have a look into it. The restrictions are expected to give a leg-up to Robi and Banglalink and to a certain extent to Teletalk. Robi now has 29.87 % market share, Banglalink 21.35 % and Teletalk 2.46 %.

<https://www.thedailystar.net/business/news/call-gps-smp-status-today-1694857>

Economy

Bangladesh performs poorly in global corruption index

The Financial Express, January 30, 2019

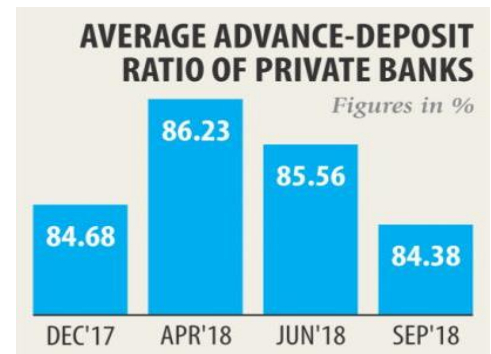
- Bangladesh has gone down by six steps in the corruption perception index (CPI) 2018, reflecting the country's poor performance in preventing corruption. It scored 26 out of 100, standing at 149th position among 180 countries covered by the index, globally prepared by Berlin-based Transparency International (TI).
- In the previous CPI, Bangladesh's standing was 143rd. From the bottom of the tally, the country stood at 13th position, down by four notches in contrast with the CPI 2017 when the position was 17th with scoring 28 from the bottom. In South Asia, Bangladesh is ahead of only Afghanistan in the latest CPI and falls among the region's only two countries – the other is Maldives – which have seen a decline in its score.
- Local chapter of the TI - Transparency International Bangladesh (TIB) - disclosed the CPI outcomes at a press briefing at its Dhanmondi office on Tuesday.

<http://thefinancialexpress.com.bd/national/bangladesh-performs-poorly-in-global-corruption-index-1548745467>

Advance-deposit ratio now within regulatory limits

The Daily Star, January 30, 2019

- The average advance-deposit ratio (ADR) of private banks came down within the regulatory limit in September last year after going past the ceiling in April, thanks to adequate liquidity. The ratio came down to 84.38 % in September from 86.23 % in April, according to Bangladesh Bank data.
- Currently, banks are required to maintain an ADR of 85 %, meaning they can lend BDT 85 against a deposit of BDT 100. In January last year, the BB slashed the ADR by 1.5 %age points to 83.5 % in a bid to tighten banks' capacity to lend. The ratio for Shariah-based banks was cut to 89 % from 90 %.
- The new rate comes into effect from March this year. Eleven private banks had their ADR above the authorised limit in September, against 22 lenders in April, central bank data showed. The number of the non-compliant banks dropped after the central bank cut down the cash reserve requirement (CRR) by 1 %age point to 5.5 % – a move that has freed up about BDT 20,000 crore for banks to lend.
- Bankers have recently urged the central bank to give them more time to adjust to the new ADR or withdraw it as the liquidity pressure started to deepen after the election. The major portion of deposits has remained with state-run banks whereas private banks are in the driving seat when it comes to lending, according to Khan. The liquidity pressure had eased for several months from June last year due to the availability of funds after the CRR relaxation.



<https://www.thedailystar.net/business/news/advance-deposit-ratio-now-within-regulatory-limits-1694860>

BB to guard against inflation in first half

Monetary policy to be announced today

The Daily Star, January 30, 2019

- The central bank is set to bring down the private sector credit growth target for the first half of 2019 slightly with a view to containing inflationary pressure. The monetary policy for the January to June period will be announced today by Bangladesh Bank Governor Fazle Kabir.
- Although inflation dropped to a 19-month low in December last year, there are fears it will surge surrounding the post-election optimism. In the monetary policy for the second half of 2018, the private sector credit growth was set at 16.80 %.
- The forthcoming monetary policy will focus on ensuring the disbursement of quality credit and tackling the upward trend of core inflation, Ahmed said. In the first four months of the fiscal year, exports soared 16.75 % year-on-year to \$16.77 bn. During the period, imports increased 6.64 % to \$23.43 bn. Remittance, too, increased during the period: by 9.03 % to \$6.28 bn.
- The central bank reduced its repo rate by 75 basis points to 6 % and slashed the CRR by one %age point to 5.5 % on April 15 last year in the wake of huge pressure from the sponsors of private banks.
- Majority of the banks are now keeping their attention to adjust their loan-deposit ratio by March this year in line with the central bank directive, which has subsequently put a negative impact on the private sector credit growth in recent months.

- The private sector credit growth stood at 13.20 % in December last year, after being on the slide since May. As per the central bank's instruction, conventional banks will have to bring down the loan-deposit ratio to within 83.50 % from their existing ceiling of 85 % and Shariah banks to 89 % from 90 %.

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<https://www.thedailystar.net/business/news/bb-guard-against-inflation-first-half-1694866>

High NPLs to slow growth

PRI suggests loans shouldn't be concentrated in large borrowers

The Daily Star, January 30, 2019

- High non-performing loans (NPLs) are threatening the growth and stability of the economy, the Policy Research Institute of Bangladesh said yesterday, calling for stemming loan concentration to large borrowers and cutting the number of state banks.
- The think tank said NPLs and classified loans have increased significantly, especially in the state banks, with the top 20 borrowers holding a third of the default loans.
- The PRI said the recent economic growth of Bangladesh has helped the country to be one of the top 10 fastest growing nations in the world. The PRI said there are uncertain balance-sheet risks at several state-owned and private commercial banks. Recent changes in the tenure and family membership of bank boards have weakened oversight, it added.
- Ghulam Rahman, president of the Consumers Association of Bangladesh, said depositors are deprived of fair interests on their deposits owing to the high NPLs.

<https://www.thedailystar.net/business/news/high-npls-slow-growth-1694863>

BB likely to file case with NY court over reserve heist Thursday

The Financial Express, January 29, 2019

- Bangladesh Bank (BB) is likely to file a lawsuit with a New York (NY) court on January 30 (January 31 in Bangladesh) to recover the money heisted by hackers from the central bank's account with Federal Reserve Bank of New York.
- Hackers stole a total US\$101 mn from Bangladesh's account at the New York Fed in February 2016. Of the amount, \$81 mn was transferred to four accounts at the Rizal Commercial Banking Corp (RCBC) in Manila and another \$20 mn to a bank in Sri Lanka.
- But the transfer of \$20 mn to Sri Lanka had failed because of a spelling error by the hackers. Later, BB was able to retrieve about \$15 mn from the Philippines.

<http://thefinancialexpress.com.bd/economy/bangladesh/bb-likely-to-file-case-with-ny-court-over-reserve-heist-thursday-1548766034>

International

US economy loses \$11 bn in shutdown

New Age, January 30, 2019

- The US economy was expected to lose \$3 bn from the partial federal government shutdown over president Donald Trump's demand for border wall funding, congressional researchers said on Monday as 800,000 federal employees returned to work after 35 days without pay.
- Overall, the US economy lost about \$11 bn during the five-week period, The nonpartisan Congressional Budget Office said. It expects \$8 bn to be recovered, however, as the government reopens and employees receive back pay. CBO said the cost of the shutdown would make the US economy 0.02 % smaller than expected in 2019. More significant effects will be felt by individual businesses and workers, particularly those who scrambled to make ends after not being paid.
- The longest shutdown in US history ended on Friday when Trump and Congress agreed to temporary government funding - without money for his US-Mexico border wall - as the effects of the shutdown intensified across the country.
- The Republican president had demanded that legislation to fund the government contain \$5.7 bn for his long-promised wall. He says it is necessary to stop illegal immigration, human trafficking and drug smuggling, while Democrats call it costly and inefficient.
- A committee of Republican and Democratic lawmakers have scheduled an initial meeting on Wednesday, which will be open to the public, as they try to negotiate a compromise on border security before the February 15 deadline.
- That session is likely to see little more than opening statements by lawmakers. Subsequent meetings could be conducted in private, where the hard bargaining would take place, several congressional aides said.
- Owing to rules governing legislation in the House of Representatives requiring a 72-hour period for lawmakers to review legislation before having to vote on it, the committee might have to wrap up its work by around Feb. 10 in order to meet a February 15 deadline for congressional approval.

<http://www.newagebd.net/article/63251/us-economy-loses-11-bn-in-shutdown>

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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
Mr. Monir Hossain Research Associate	monir@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 contact **Mr. Sumon Das, Chief Executive Officer**. Please call at +8801993111666, +880 02 9515826, Ext: 101 at Business hour.

For further query, write to us at research@basl-bd.com.