

## Stock Market & Company

### Stocks drop as poor results pour in

Newage, January 30, 2020

- Dhaka stocks dropped on Wednesday as many investors kept selling shares as more companies declared poor financial results. DSEX, the key index of the Dhaka Stock Exchange, decreased by 0.64 per cent, or 28.97 points, to close at 4,481.79 points on Wednesday after gaining 17.75 points in the previous session.
- After a slight gain at the beginning of Wednesday's session, the market started falling and maintained the vibe until the end of the session as investors went for selling shares amid poor financial disclosures by a number of companies.
- The share prices of Grameenphone continued declining as the company declared lower-than-expected dividend for the year of 2019. The share prices of Grameenphone dropped by 1.39 per cent on Wednesday as the company declared total 130 per cent cash dividend for 2019 against 280 per cent cash dividend it had declared for the previous year.
- Besides, the company in its price sensitive information on Tuesday mentioned that Telenor as shareholder of the company might not approve the final dividend in the annual general meeting as the shareholder did not remit interim dividend declared in 2019, which may concern other investors. The company announced a total of 130 per cent cash dividend for 2019 against 280 per cent cash dividend it had declared for the previous year.
- MI Cement declared loss of Tk 1.80 per share in the period of September-December of 2019 against Tk 0.31 per share in the same period in the previous year. Besides, Bangladesh Export Import Company and Bangladesh Building System declared a profit fall for the September–December period 2019 compared with that in the same period in the previous year.
- Earlier, Jamuna Oil, Bangladesh Steel Re-Rolling Mills, BSRM Steel witnessed significant profit fall while Investment Corporation of Bangladesh made loss in the July-December period of 2019.
- BBS Cables, SK Trims, British American Tobacco, Paramount Textile, Bangladesh Submarine Cable Company, ADN Telecom, Grameenphone, VFS Thread Dyeing and Square Pharmaceuticals were the other turnover leaders. KDS Accessories gained the most on the day with a 9.87-per cent increase in its share prices while MI Cement Factory performed the worst, losing 8.13 per cent.

<https://www.newagebd.net/article/98039/stocks-drop-as-poor-results-pour-in>

### Defaulted industrial loans surge by 24.75pc in one year till Sept

*Pvt sector credit growth hits fresh all-time low of 9.83pc in Dec*

Newage, January 29, 2020

- The amount of defaulted loans in the industrial sector increased by 24.75 per cent or Tk 10,795.29 crore as of September 30 last year as most of the bad loans that had been rescheduled in 2015 under a special loan restructuring facility for the sector became defaulted again.

- According to BB data, the amount of industrial non-performing loans increased to Tk 54,416.01 crore at the end of September last year from Tk 43,620.72 crore a year ago. Of the total amount, the defaulted loans of large industries stood at Tk 35,025.15 crore, medium industries at Tk 12,062.95 crore and small industries at Tk 7,327.90 crore at the end of September, 2019.
- Officials of the BB said that the maximum amount of industrial loans, disbursed to the large borrowers who enjoyed restructuring facility under a special BB scheme in 2015, had failed to repay their loans, thus resulting in the surge in defaulted loans.
- ‘The large industrial groups misused the Bangladesh Bank restructuring facility,’ said a managing director of a private commercial bank, adding that their restructuring debts became defaulted loans again. Experts and bankers blamed lack of good governance, corruption, political interference in approving loans, and a culture of impunity for the surge in NPL. They also said that wilful defaulters were becoming defaulters in every sector.
- Showing economic damages caused by political unrests as an excuse, 15 big industrial groups had appealed to the Bangladesh Bank for long-term loan rescheduling under the central bank’s large-loan restructuring policy, according to Bangladesh Bank sources. In response, the central bank, in a major move on January 27, 2015, approved defaulters of large loans – Tk 500 crore and above – to reschedule their debts on the grounds that they were affected by ‘various external and domestic factors beyond their control’.
- The total non-performing loans of banks rose by a staggering Tk 3,863.14 crore in three months till September last year, taking the amount of stress loans in the banking sector to Tk 1,16,288.31 crore. Meanwhile, the Bangladesh Bank data released on Wednesday showed that the private sector credit growth dropped to 9.83 per cent in December, 2019, the fresh low since 2008.
- As per the BB data, credit to the private sector increased to Tk 10.53 lakh crore at the end of December last year from Tk 9.59 lakh crore a year ago. In July last year, the BB projected 13.2 per cent private sector credit growth for the first half of the fiscal year 2019-2020.

<https://www.newagebd.net/article/98035/defaulted-industrial-loans-surge-by-2475pc-in-one-year-till-sept>

## Economy and Industry

### Banks start slashing deposit rates

The Business Standard, January 29, 2020

- Many banks have already lowered the interest paid on fresh deposits ahead of the schedule. Bankers said the preparatory one-sided cut in interest rates is necessary for executing the single digit rates — 6.0 per cent on deposits and 9.0 per cent on lending — from April 1 next.
- Shahjalal Islami Bank revised their deposit interest to 6 percent from the first day of this year. Padma Bank followed suit by also lowering interest to 6 percent from January 1. It also notified government and semi-government offices about it. In response, a number of their clients have decided to withdraw their deposits.
- Terming the enforcement of single digit rates challenging, Padma Bank Managing Director Ehsan Khasru said this will put them in a big liquidity crisis. In the meantime, South Bangla Agriculture and Commerce Bank has started asking their clients who have high interest fixed deposits to withdraw them.

- "Currently we are offering 7 percent as the highest interest on deposits. It will be possible to slash it to 6 percent from April 1," Rahel Ahmed, managing director of Prime Bank, told The Business Standard. However, a number of banks are still offering more than 9 percent interest on deposits. Fearing the tendency to start unfair competition, banks have decided to revise the deposit interest rate unanimously to 6 percent from February next.
- Dr Mohammed Haider Ali Miah, chairman of the Bangladesh Association of Banks and also the managing director of Exim Bank, said that interest rates need to be revised downward prior to lower lending rates. That is why they took the decision unanimously.

<https://www.tbsnews.net/economy/banking/banks-start-slashing-deposit-rates-40353>

## **Not more than 6pc deposit rate from Feb 1: banks**

Newage, January 30, 2020

- Bankers have agreed not to offer more than 6 per cent interest rate against their respective deposit products from February 1 as part of their preparations to implement the much-talked-about single digit lending rate from April 1. The bankers reached the agreement at a meeting held in the capital on Tuesday where the majority of the banks' managing directors were present.
- Unless cost of fund is brought down, the banks will not be able to implement the 9 per cent lending rate from April 1 this year as per an instruction of finance minister AHM Mustafa Kamal, bankers said.
- Asked whether the financially weak banks would be able to get required deposits when financially strong banks would offer 6 per cent interest against deposits, the immediate past president of Association of Bankers Bangladesh, Syed Mahbubur Rahman, told New Age, 'Neither it's mandatory for every banks to take deposits at 6 per cent rate nor it would be required for every bank.'
- The banks, which have sufficient deposits, would have scope for offering less than 6 per cent interest against deposits, he said. 'If deposits are not ensured at the rate of 6 per cent, the implementation of the single digit interest rate would not be sustained and that's why we have suggested the deposit rate from February 1,' he said.
- On August 2, 2018, the then finance minister, AMA Muhith, had first announced that the single-digit lending and deposit rates would come into effect on August 9 of the same year.

<https://www.newagebd.net/article/98038/not-more-than-6pc-deposit-rate-from-feb-1-banks>

## **IBN Sina Pharma to start food, plastic and API businesses**

The Business Standard, January 29, 2020

- The IBN SINA Pharmaceutical Industry Ltd has plans to invest Tk100 crore to expand into the businesses of food, polymer and Active Pharmaceutical Ingredients (API). The company will also start a business of bio-technology products.

- Speaking with The Business Standard, IBN SINA Pharma's Chief Financial Officer Md Jasim Uddin said, "We are investing in the three emerging sectors to diversify our business. We are optimistic that the move will bring more profit to the company and shareholders will also get more returns."
- IBN Sina Pharma's board of directors decided in the last meeting that the company will get involved in the polymer business. Accordingly, they will form a subsidiary company named IBN Sina Polymer Industry Ltd.
- The factory of this subsidiary company will be built in Gazipur, with joint investments from IBN Sina Pharma and IBN Sina Trust.
- The IBN Sina Polymer Industry Ltd will produce and market plastic products and pet-bottles. The size of the plastics market in Bangladesh reached approximately Tk25,000 crore in 2017, according to the Bangladesh Plastic Goods Manufacturers and Exporters Association.
- Md Jasim Uddin, chief financial officer of the pharma company, revealed that the amount of investment they intend to make has not been fixed yet. IBN Sina Pharma will produce raw Active Pharmaceutical Ingredients (API). The API is the primary ingredient in a tablet or capsule. They are setting up a subsidiary company named IBN Sina API Ltd for this purpose. The company is also building a plant at the API Park in the Gajaria area of Munshiganj. The company finalised a good number of API molecules during the product development phase, and is waiting to start trial production by February-March of 2020, said a company official.

<https://www.tbsnews.net/economy/stock/ibn-sina-pharma-start-food-plastic-and-api-businesses-40173>

## **Govt cuts stamp duty on bond trust deed**

Newage, January 29, 2020

- Finance ministry has cut the stamp duty on registration of trust deed of issuance of bond, debenture and sukuk (Islamic bond) to 0.1 per cent from 2 per cent to boost the country's bond market. The ministry has also set the highest amount of the duty at Tk 10 lakh on total value of a deed.
- Internal Resources Division of the ministry on Monday issued a gazette notification, signed by IRD senior secretary Abu Hena Md Rahmatul Muneem, slashing the duty for bond, debenture and sukuk approved by the Bangladesh Securities and Exchange Commission.
- Officials said that the government cut the rate of duty following recommendations of the BSEC as well as of a government committee on long-term financing and capital market development.
- The BSEC recommended that the duty should be reduced saying that high rate of stamp duty and other fees and taxes were discouraging the bond issuers to raise funds through the bond market.
- The committee in its report also said that the high rate of stamp duty along with other fees, including issue manager fee, trustee fee and liability fee, increased the cost of issuance of bond.
- For example, an issuer had to pay Tk 4 crore as stamp duty for registration of trust deed of bond worth Tk 200 crore, the committee said. The government collects stamp duty under Stamp Act 1899.

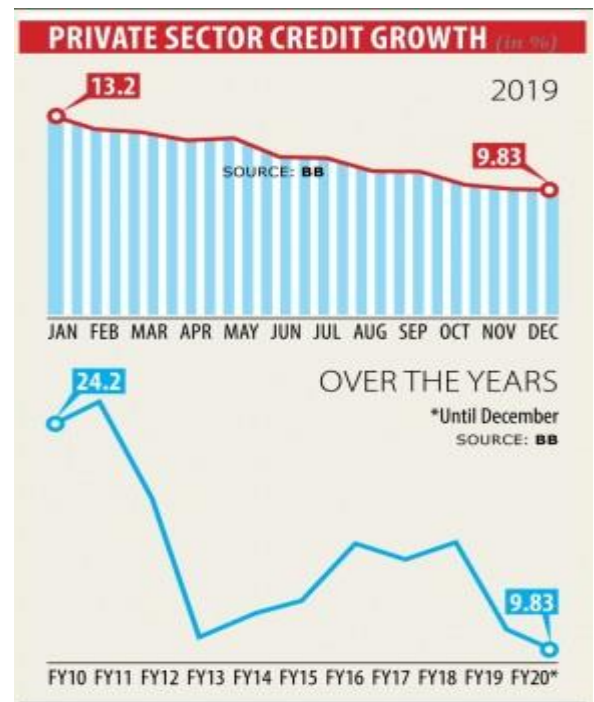
<https://www.newagebd.net/article/98034/govt-cuts-stamp-duty-on-bond-trust-deed>

## Private sector's appetite for credit craters

Hits the lowest since 2008 last month

The Daily Star, January 29, 2020

- Private sector credit growth dropped to the lowest since 2008 in December last year, in continuation of its downward trend of the previous 21 months. In December last year, the year-on-year credit growth stood at 9.83 percent, down from 9.87 percent from one month earlier, according to Bangladesh Bank data, which goes as far back as 2008.
- "Private sector credit growth will decline significantly within the next three to four months if the government continues to borrow from banks heavily," said Ahsan H Mansur, executive director of the Policy Research Institute.
- As of January 15, the government borrowed Tk 50,842 crore from the banking sector, exceeding its annual limit of Tk 47,364 crore for fiscal 2019-20. The large revenue shortfall has compelled the government to borrow so heavily from banks, Mansur said.
- As per the National Board of Revenue's provisional data, it logged in Tk 105,161 crore in collections for the first half of the fiscal year, up 7.3 per cent year-on-year. The sum missed the periodic target by Tk 31,507 crore.
- The central has recently been forced to revise its key monetary and credit programmes, setting a fresh government sector credit growth of 37.7 per cent for fiscal 2019-20. In July last year, it had set the target of 24.3 per cent.



<https://www.thedailystar.net/business/news/private-sectors-appetite-credit-craters-1860514>

## Government eyes Tk77 trillion investment to take GDP growth to 8.51%

The Business Standard, January 29, 2020

- The government intends to attract over Tk77 trillion in investments to implement the eighth five-year plan, aimed at increasing the gross domestic product (GDP) growth to 8.51 percent. The General Economic Division under the Planning Commission is going to set a target to draw Tk19 trillion of the amount from the public sector and over Tk58 trillion from the private sector.
- If successfully implemented, the plan would guarantee 10.5 million employment opportunities – 7.5 million in Bangladesh and the remaining 3 million abroad. The plan would also bring down moderate poverty rate to 12.17 percent by the 2024-25 fiscal year, from the existing 20.5 percent. Extreme poverty is expected to drop to 5.28 percent by FY25 from 10.5 percent recorded in the previous fiscal year.



- Achieving SDGs requires an effective partnership between the governments, private sectors, development partners, NGOs, academicians and professional bodies. SDG17 articulates the need for multi-stakeholder partnership for mobilising resources, transferring technology, sharing knowledge to fully materialise the agenda 2030.



- Bangladesh integrated well the Agenda 2030 into the national development plan at the early stage because the period for achieving SDGs coincided with the starting period of the 7th five year plan, Shamsul informed. Megaprojects, including the construction of the Padma Bridge, Dhaka Mass Transit, Payra Deep Sea Port, Rooppur Nuclear Power Plant, Matarbari power plant and the Chattogram-Cox's Bazar Rail Link are expected to boost the economy by at least 2 percent.

<https://www.tbsnews.net/economy/government-eyes-tk77-trillion-investment-take-gdp-growth-851-40335>

## International

### US deficit seen ballooning over \$1tn this year: CBO

The Daily Star, January 29, 2020

- The US budget deficit is expected to swell this year to over \$1 trillion and remain above that level for a decade as government debt balloons, the independent Congressional Budget Office said Tuesday.
- Because of the large deficits, CBO said the US debt will grow to 98 percent of the size of the American economy by 2030 -- the highest share since 1946 -- and continue to rise "far higher than it has ever been" to 180 percent of GDP by 2050.
- Following President Donald Trump's massive tax cut package at the end of 2017, the deficit has been marching higher, despite administration promises that reducing taxes for corporations and the wealthy would pay for themselves. The budget gap came in just under the \$1 trillion mark last year but is expected to average \$1.3 trillion from 2021 through the end of the decade, according to the CBO's latest forecasts.
- The agency forecast US economic growth will be 2.2 percent this year, adjusted for inflation, "largely because of continued strength in consumer spending and a rebound in business fixed investment." GDP growth is expected to average 1.7 percent over the coming decade, according to the updated forecasts.

<https://www.thedailystar.net/business/news/us-deficit-seen-ballooning-over-1tn-year-cbo-1860991>

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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

## BASL Networks

### Head Office

Hadi Mansion (2nd 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

### Bijoynagar Extension

Prime Tower (3rd Floor),  
180-181  
Dhaka-1213  
Phone: +8801716180767

### Khulna Branch

28, Sir Iqbal Road (1st Floor)  
Khulna  
Phone: +88-041-731208-9

For International Trade & Sales, please call at +8801993111666, +880 02 9515826, Ext: 101 at Business hour. For further query, write to us at [research@basl-bd.com](mailto:research@basl-bd.com).