

Stock Market

Stocks gain for 4th day

New Age, May 30, 2019

- Dhaka stocks gained for the fourth consecutive day on Wednesday as investors kept buying shares amid budget-centric expectations. DSEX, the key index of Dhaka Stock Exchange, advanced by 0.47 %, or 25.43 points, to close at 5,354.19 points on Wednesday. The index gained 102 points in last four sessions.
- The average share prices of bank sector advanced by 0.8 %, pharmaceuticals by 0.52 %, energy by 0.5 % and non-bank financial institution by 0.49 %. Out of the 346 shares and mutual funds traded, 174 advanced, 117 declined and 56 remained unchanged.
- The market has been facing a downward trend for four months due to volatility in the financial market. The market has been struggling to rebound from the continuous fall as the financial sector is going through a severe fund shortage that affected the capital market.
- The financial sector remained volatile with fund crisis, huge bad loans, increased lending rate and pressure of exchange rate. Turnover at the bourse decreased to BDT 332.97 crore from BDT 403.13 crore in the previous session. New Line Clothings, which made its debut on the stock exchange on Sunday, led the turnover chart on Wednesday with its shares worth BDT 14.28 crore changing hands on the day.

HOW FIRMS GAVE DIVIDEND

Profit sharing scenario	Number of companies
Made profit but did not declare dividend	9
Made profit but gave no cash dividend	93
1-30% profit was shared with investors	52
31-50% profit was shared	53
51-80% profit was shared	47
80-100% profit was shared	33
Dividend was given from retained earnings as well	25

<http://www.newagebd.net/article/73906/stocks-gain-for-4th-day>

BSEC drafts revised public issue rules

Imposes three-year lock-in period for all shareholders of a company in its IPO prospectus

The Financial Express, May 30, 2019

- The securities regulator has revised the public issue rules by incorporating some provisions, including a three-year lock-in period for all the shareholders mentioned in the IPO (initial public offering) prospectus of a company.
- The Bangladesh Securities and Exchange Commission (BSEC) has formulated the draft amendment to the public issue rules as part of its reform initiatives for primary and secondary markets. As per the BSEC decision, a three-year lock-in period will be imposed on the shares of a company, held by all the shareholders mentioned in its IPO prospectus.
- The lock-in period will be counted from the date of the company's debut trading instead of publication of its draft prospectus. The names of sponsors, directors and holders of placement shares along with the number of their shares are mentioned in the IPO prospectus.
- As per the existing rules, a three-year lock-in period is imposed on the holdings by sponsors, directors and individuals having more than 10 % shares of a company. Besides, a one-year lock-in period is imposed on placement shares.

- A listed company will not be allowed to go for public issues, such as - rights offers and RPO (repeat public offering), without completing utilisation of the previous funds raised through public issues, including IPO. The securities regulator has also imposed the condition of making minimum amount of investment by eligible investors (EIs) in the secondary market to avail the IPO quota.
- The IPO quota for EIs will be reduced to 30 % from the existing 40 % under the fixed price method. The IPO quota for general investors, other than non-resident Bangladeshis (NRBs), will be raised to 50 %.

<http://thefinancialexpress.com.bd/stock/bsec-drafts-revised-public-issue-rules-1559186334>

BSEC sets out primary market reforms

The Daily Star, May 30, 2019

- The stock market regulator has moved to implement its reform measures on the primary market as part of its two-stage plan to restore investors' confidence. The move is aimed at preventing the plunge in stock prices as well as boosting investor confidence. The DSE, the premium bourse, has lost more than 700 points in the last three months.
- As part of the amendments, eligible investors will have to keep a certain amount of investment in the secondary market in order to enjoy quota advantages in an initial public offering (IPO) lottery.
- Similarly, the quota for eligible investors will be reduced to 30 % from 40 %. The general investors' quota (excluding non-resident Bangladeshis) will be enhanced to 50 % from 40 % in case of a fixed-price IPO method.
- Under the book building method, eligible investors' quota will be brought down to 50 % from 60 % and the general investors' quota (excluding NRBs) will be increased to 40 % from 30 %.
- When a company raises fund at face value, it goes through the fixed-price method. On the other hand, the company goes through the book building method if it wants premium over the face value. In case of a fixed-price method, issuers will have to raise at least BDT 50 crore, 10 % of the paid-up capital, or which is higher, according to the new amendment.

<https://www.thedailystar.net/business/news/bsec-sets-out-primary-market-reforms-1750933>

Summit, JERA Asia team up for \$500m energy project

The Daily Star, May 30, 2019

- Summit Corporation and JERA Asia yesterday signed a memorandum of understanding to initiate an energy infrastructure project at Matarbari in Cox's Bazar involving an investment of more than \$500 mn. The project will provide impetus to Bangladesh's trade by developing various terminals for cargo and primary fuel in Matarbari.
- The project is expected to be functional within two years of signing an agreement between Summit, JERA Asia and the government of Bangladesh. The project will have a capacity to handle 20 mn tonnes of bulk cargo per annum.

- In April, Summit LNG Terminal Co Ltd, a consortium of Summit and Japanese trading giant Mitsubishi, commissioned its floating storage and re-gasification unit, the second in Bangladesh, boosting the supply of much-needed gas for the country.
- Tokyo-based JERA is an energy company with global reach that has strength in the entire energy supply chain, from participation in liquefied natural gas (LNG) and other fuel resource projects and fuel procurement, through fuel transportation to power generation.

<https://www.thedailystar.net/business/news/summit-jera-asia-team-500m-energy-project-1750963>

Many listed firms don't give cash dividends despite profits

The Daily Star, May 30, 2019

- Seeing GBB Power was on a rising streak in the later half of 2017, Motahar Hossain decided to put most of his money in the stock in January 2018 -- anticipating a handsome cash dividend. But he got a jolt when GBB Power published its annual report in October last year: despite making good profit the company's board announced no dividend for its shareholders.
- And the board did not give any reason for the decision. Had it retained the profit earned to invest in the company's growth to attain better rate of returns in future, the retail investors would have been unruffled.
- But the radio silence meant the company's share price tumbled to BDT 8.5 from BDT 19.80, sinking Hossain's investment along the way.
- GBB Power though is not alone. There were eight other companies that did not share their gains with their retail investors: AB Bank, People's Leasing, Prime Finance, BD Welding, Evince Textile, Information Services Network, Samata Leather, and Shinepukur Ceramics.
- Then there were 93 other companies that logged in profits -- with 18 registering more than BDT 50 crore -- but declared only stock dividend, according to data from the Dhaka Stock Exchange.

<https://www.thedailystar.net/business/news/many-listed-firms-dont-give-cash-dividends-despite-profits-1750954>

Bank Asia gets new audit committee chairman

The Daily Star, May 30, 2019

- Dilwar H Choudhury has recently been elected chairman of the audit committee of the board of directors of Bank Asia. He is a recognised professional banker having 35 years' work experience in eight different countries of Asia, Europe and Africa, the bank said in a statement yesterday.
- Choudhury was a former managing director (current charge) of City Bank. He had played the role of CEO of three different banks in Turkey, Pakistan and Bangladesh. He also worked as a banking associate at KPMG, Dhaka office under Word Bank's Financial Sector Reform Programme for 2004-05.

<https://www.thedailystar.net/business/banking/news/bank-asia-gets-new-audit-committee-chairman-1750927>

17 new cos included, effective from June 11

CSE revises Shariah Index

The Financial Express, May 30, 2019

- The Chittagong Stock Exchange (CSE) has revised its Shariah Index on the basis of performance of the CSE listed companies. The new index will be effective from June 11. The CSE Shariah Index is reviewed twice in a year, said a press release on Tuesday.
- The new 17 companies which have been included are: Aramit Cement, Aziz Pipes, Bangladesh Building Systems, BBS Cables, Kay & Que, Navana CNG, Usmania Glass Sheet, Ambee Pharma, Indo-Bangla Pharmaceuticals, Silva Pharmaceuticals, Aman Cotton Fibrous, Kattali Textile, ML Dyeing, Matin Spinning Mills, Pacific Denims, Shasha Denims and VFS Thread Dyeing.
- On the other hand, seven companies-- Advanced Chemical Industries, Beximco Synthetics, GBB Power, GQ Ball Pen Industries, Orion Pharma, Tosrifa Industries, United Power Generation and Distribution Company were excluded from the previous list.

<http://thefinancialexpress.com.bd/stock/cse-revises-shariah-index-1559112692>

Economy

Japanese investors call for easing trade barriers

The Daily Star, May 30, 2019

- Japanese investors have called for removal of trade barriers to Bangladesh as they ponder over parking in more funds in the country, according to a leader of the Japan-Bangladesh chamber. In recent years, Bangladesh has become a lucrative destination for Japanese investors due to cheap labour and trade privileges centring its status as a least-developed nation.
- Last year, the total number of Japanese companies in Bangladesh was 278, up from 260 in 2017 and 245 in 2016. As of November last year, the amount of investment made by private Japanese companies in Bangladesh was \$326 mn, excluding Japan Tobacco's \$1.5 bn acquisition of Akij's cigarette business.
- The problems listed by the Japanese companies in Bangladesh include inadequate logistics and infrastructure, difficulty in quality control and shortage of skilled manpower. Bangladesh takes the second largest clearance time from the airport and seaway compared to other Asian nations. Currently, it takes 15.6 days to get clearance for sea freights and 7.9 days for air cargo.
- In a survey conducted by Japan External Trade Organisation (Jetro) earlier this year, the majority of the Japanese companies operating in Bangladesh said they were planning to go for business expansion over the

<https://www.thedailystar.net/business/news/japanese-investors-call-easing-trade-barriers-1750942>

Facebook, Google, Youtube must be VAT registered by July 1

The Daily Star, May 30, 2019

- The internet giants such as Facebook, Google, Youtube and other digital platforms have to complete VAT registration to run business in Bangladesh once the new VAT law comes into effect on July 1. The National Board of Revenue (NBR) has taken the move with the aim of collecting untaxed money from the online-based advertising which is being siphoned off from the economy.
- The government does not get mentionable VAT from the most popular social networking site Facebook, video streaming site Youtube, search engine giant Google and other digital platforms, Syed Mushfikur Rahman, director of NBR's VAT Online Project, told the news agency.

<https://www.thedailystar.net/business/vat-registration-is-must-for-facebook-google-youtube-in-bangladesh-1750936>

International

Huawei challenges legality of US defence bill as sanctions fight ramps up

New Age, May 30, 2019

- China's Huawei Technologies Co has filed a legal motion seeking to declare a US defence law unconstitutional, in the telecom equipment maker's latest bid to fight sanctions from Washington that threaten to push it out of global markets.
- The motion for summary judgment in its lawsuit against the US government, filed late Tuesday in the US District Court for the Eastern District of Texas, asks to declare the 2019 National Defence Authorisation Act (NDAA) unconstitutional the latest development in lawsuit brought by Huawei in March.
- The NDAA bill, passed by the US Congress last summer, places a broad ban on federal agencies and their contractors from using Huawei equipment on national security grounds, citing the company's ties with the Chinese government.
- Huawei, the world's largest telecoms network gear maker, has repeatedly denied it is controlled by the Chinese government, military or intelligence services. US secretary of state Mike Pompeo kept up pressure on Huawei on Wednesday.
- Huawei recently faced even greater sanctions as the US Commerce Department on May 16 put the company on a trade blacklist that bans companies from doing business with it, in a move which immediately disrupted the global tech sector.

<http://www.newagebd.net/article/73908/huawei-challenges-legality-of-us-defence-bill-as-sanctions-fight-ramps-up>

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