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Stock Market & Company

Stocks end 2021 on a happy note

The Financial Express, December 30, 2021

- Stocks ended higher on Thursday, the last trading day of this year, as investors showed their buying interest on sector-wise issues amid high hopes in the New Year. DSEX, prime index of Dhaka Stock Exchange (DSE), went up by 25.50 points or 0.37 per cent to settle at 6,756. DSEX added more than 1,354 points or 25 per cent during the year 2021.
- Two other indices also closed higher. The DS30 index, comprising blue chips, advanced 10.26 points to finish at 2,532 and the DSE Shariah Index rose 3.84 points to close at 1,431. Turnover, a crucial indicator of the market, stood at Tk 9.21 billion on the country's premier bourse, climbing by 25 per cent over the previous day's tally of Tk 7.35 billion.
- A total number of 157,713 trades were executed in the day's trading session with a trading volume of 172.37 million shares and mutual fund units. Sonali Paper & Board Mills topped the turnover chart once again with more than 1.17 million shares worth Tk 1.12 billion changing hands, followed by Asia Insurance, Bangladesh Shipping Corporation, Genex Infosys and Beximco.
- Ratanpur Steel Re-rolling Mills was the day's best performer, posting a gain of 10 per cent, while South Bangla Agriculture & Commerce Bank was the worst loser, losing 5.0 per cent. The Chittagong Stock Exchange also ended higher with its All Shares Price Index (CASPI)—gaining 44.56 points to close at 19,666 while the Selective Categories Index – CSCX rising 25.10 points to close at 11,813.
- The port city bourse traded 23.79 million shares and mutual fund units with a turnover value of more than Tk 586 million.

<https://thefinancialexpress.com.bd/stock/stocks-end-2021-on-a-happy-note-1640860580>

Bangladesh's capital market sees off eventful year

The Financial Express, December 31, 2021

- The country's capital market passed yet another eventful year with a 25 per cent return in the core index of the main bourse despite tussles between the two regulatory bodies concerned over some policy issues. During the outgoing year 2021, the Dhaka Stock Exchange (DSE) also posted a decade-high daily turnover value along with a rise in market cap to GDP (Gross Domestic Product) ratio.
- The daily turnover, an important gauge, stood at Tk 14.75 billion on an average in 2021, up by 127 per cent year-on-year. The DSE witnessed the second highest-ever turnover worth above Tk 3.54 trillion, posted in 240 trading sessions - executed in the outgoing year. The DSE market capitalisation to GDP ratio stood at 18.01 per cent, while the market P/E (price earnings) stood at 17.58 at the end of 2021.
- A consistent rally enabled the DSE broad index - DSEX - to stay above 6,700 points, as buoyancy added strength to the equity indices despite worries over virus-infused shocks to the country's economy in the first half of the year.
- The DSEX closed the year at 6,756, surging 1,354 points or 25 per cent year-on-year, on Thursday, the last trading day of 2021. In 2020, the DSEX posted a 21 per cent return.
- Major sectors posted hefty returns in the outgoing year, and the heavyweight banking sector saw the highest return with 15 per cent gain. It was followed by pharma with 14.9 per cent, telecom 14.4 per cent, engineering 11.8 per cent, power 9.5 per cent, and food 9.30 per cent.
- The market was consolidating round the year, but the momentum picked up in October. The index crossed the psychological barrier of 7,000 points to reach the record high of 7,367 points on October 10. Market capitalisation stood at Tk 5,421 billion, with a 21 per cent surge from the previous year.
- The CSE All Share Price Index (CASPI) of the port-city bourse also registered about 26 per cent positive return year-on-year, to finish the year at 19,666.

| | 2020 | 2021 | Change | Change (%) |
|------------------------|-----------|-----------|-----------|------------|
| DSEX | 5,402 pts | 6,757 pts | 1,355 pts | 25.10 |
| Daily average turnover | Tk 6.48b | Tk 14.68b | Tk 8.19b | 126.40 |
| IPO funds | Tk 9.62b | Tk 21.80b | Tk 12.18b | 127 |
| BO accounts | 2.55m | 2.03m | -0.52m | -20.29 |

Source: Dhaka Stock Exchange

<https://thefinancialexpress.com.bd/stock/bangladeshs-capital-market-sees-off-eventful-year-1640919091>

Submarine Cable Co to issue 1.44cr shares to govt

The Daily Star, December 30, 2021

- Stocks of Bangladesh Submarine Cable Company Ltd (BSCCL) jumped yesterday after the state-run enterprise announced that it is going to issue shares to the government against its investment at a market price instead of face value. BSCCL shares rose 8.81 per cent to Tk 207 on the Dhaka Stock Exchange after the disclosure that its board decided to issue 1.48 crore shares against Tk 166 crore share money deposit.
- Dilution occurs when a company issues new shares that results in a decrease in the existing stockholders' ownership percentage. The submarine cable company received Tk 140 crore from the government in the financial year 2015-16 under a project to install and establish the second submarine cable. In 2016-17, the company got Tk 26 crore for the same project.
- Against the fund injection, the company is now going to issue the shares to the government. To set an appropriate share price, the government had appointed ICB Capital Management for an independent recommendation.

<https://www.thedailystar.net/business/economy/stock/news/submarine-cable-co-issue-144cr-shares-govt-2928576>

KDS Accessories to invest Tk4.4cr to boost capacity

The Business Standard, January 01, 2022

- KDS Accessories Ltd has decided to invest Tk4.4 crores to add new machines and do needed repair work in its plants to boost the production capacity. If utilised fully, the extended capacity and improved productivity would add Tk10 crore to its annual revenue, the company informed its shareholders.
- The garment accessories manufacturer said it would invest TK1.61 crores to replace machine parts for its packaging board plant in Chattogram, which would increase efficiency and productivity. It will also invest Tk2.1 crore in its button unit for adding another six tuning machines, two centrifugal casting machines and water polishing machines along with standard spare parts.
- Tk68 lakh will be invested to add 20 sets of braiding machines for its existing elastics and narrow fabrics unit that will increase overall efficiency and productivity. The addition and replacement would increase the company's annual manufacturing capacity by nine lakh pieces of cartons, 1.3 lakh pieces of CG button, 96 lakh yards of drawcord and drawstring.

<https://www.tbsnews.net/economy/stocks/kds-accessories-invest-tk44cr-boost-capacity-351844>

Golden Jubilee Mutual Fund will give good returns to investors: BSEC chairman

The Business Standard, January 01, 2022

- The Golden Jubilee Mutual Fund has been set up with unclaimed dividends of investors and people will get good returns by investing in this mutual fund, said Shibli Rubayat-Ul-Islam, chairman of the Bangladesh Securities and Exchange Commission (BSEC).
- "The management of this mutual fund has been designed in such a way that the fund would never decrease rather increase gradually. So, investors can expect good returns," the BSEC chairman said at a programme titled "Outcome of Result Oriented ICT Workshop and Inauguration of Golden Jubilee Mutual Fund" recently organised by the Capital Market Stabilisation Fund.
- He further said that mutual funds play the biggest role in the stock market all over the world and the commission is working to boost the enthusiasm of the general public towards the mutual funds of the country. "After we took the responsibility in May 2020, the first complaint we received was that investors do not receive dividends. We sent letters to companies asking about the dividends. Later, it was revealed that dividends worth Tk22,000 crore are with the companies," Shibli added.

<https://www.tbsnews.net/economy/stocks/golden-jubilee-mutual-fund-will-give-good-returns-investors-bsec-chairman-351829>

Tax relief sought for all investors in all types of bonds

The Financial Express, January 02, 2022

- The securities regulator has recommended making tax-exemption facility available for all investors in all types of bonds to help encourage mobilisation of funds from the capital market for the sake of the country's industrialisation.
- The Bangladesh Securities and Exchange Commission (BSEC) has made the suggestion in a recent letter to the chairman of the National Board of Revenue (NBR).
- Currently, individual investors other than banks, insurers and financial institutions are entitled to have tax waiver on the income gained from investments in zero-coupon bonds. However, none is tax-exempt from the income realised from the investments in other types of bonds.
- So, a large number of investors are not encouraged to invest in bonds while the issuers are also less interested in raising funds through such instruments. Keeping this in view, the BSEC has suggested ensuring tax waiver for all investors, including banks, insurers and financial institutions, on their income generated from investments in all bond types.
- The BSEC letter highlights that some amendments are needed in the bond-related sections of the Income Tax Ordinance-1984. The BSEC also recommends revising the definition of publicly traded companies, registered in Bangladesh under the Companies Act 1994, replacing the word 'share' by the 'securities'.

<https://thefinancialexpress.com.bd/stock/tax-relief-sought-for-all-investors-in-all-types-of-bonds-1641091007>

Transactions through DSE-Mobile app up over 50pc

The Financial Express, January 02, 2022

- Transactions of the listed securities through DSE-Mobile app have continued to rise as the number of active users of this digital application rose 50.51 per cent in last two years. The number of active users of the DSE mobile application rose to 77,064 on December 30, 2021, the last trading day of the outgoing year, according to information of Dhaka Stock Exchange (DSE).
- The number of active users of the DSE mobile app was 51,199 on December 30, 2019. As a result, the number of active users rose 50.51 per cent or 25,865 during 2019-2021. Above 13.39 million trades were executed through the DSE-mobile app in the outgoing year 2021, according to DSE information.
- During the year 2021, the premier bourse DSE saw a turnover of above Tk 426.81 billion through the DSE mobile app. Investors purchased the securities worth Tk 217.82 billion while they sold securities worth above Tk 208.98 billion through the DSE-mobile app in the outgoing year 2021. The number of active accounts stood at 20.03 million as on December 30, 2021.

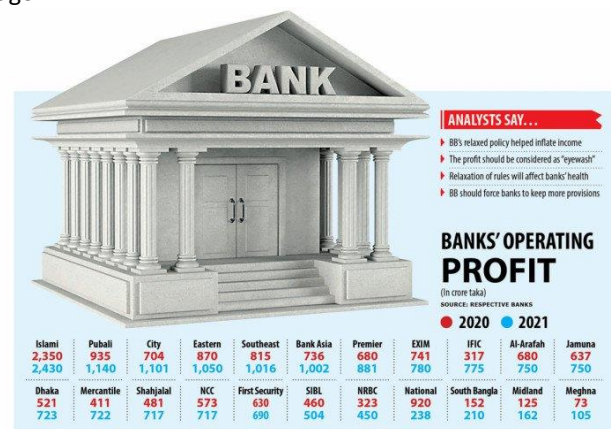
<https://thefinancialexpress.com.bd/stock/transactions-through-dse-mobile-app-up-over-50pc-1641095597>

Economy & Industry

Banks glowing with paper profit

The Daily Star, January 02, 2022

- Banks clocked higher operating profit in 2021 mainly due to the Bangladesh Bank's relaxed policy that allowed them to count income from unrealised instalments of loans. An analysis of operating profit of 22 banks showed all of the lenders except one posted higher profit in 2021 compared to a year ago.
- The forbearance offered by the central bank helped the lenders enjoy the high operating profit but this would not bring any good for the banking sector as a whole, warned analysts.
- Rather, it will weaken the financial health of banks in the long run, they said.
- As per the central bank policy, banks were not allowed to treat borrowers as defaulters if they repaid only 15 per cent of their total instalments payable.
- Besides, banks were permitted to transfer the unrealised interests on the 85 per cent of the loans instalments to their income book although the sums were not paid. This helped banks register the hefty profit.
- Of the banks, Islami Bank Bangladesh recorded the highest profit, at Tk 2,430 crore, last year in contrast to Tk 2,350 crore the year before. IFIC Bank posted the highest growth in operating profit, which rose 144 per cent to Tk 775 crore.
- The central bank has asked banks to preserve an additional 2 per cent provision along with the required 1 per cent against the loans under the relaxed policy.



<https://www.thedailystar.net/business/economy/banks/news/banks-glowing-paper-profit-2930461>

Banks will see good business in 2022

The Business Standard, December 31, 2021

- The banking sector will see good business opportunities in the New Year as both external and internal factors reflect full scale resumption of economic activities. However, the only uncertainty is how borrowers will behave in phasing out from the loan moratorium facility.
- The banking sector has already started to phase out the relaxed policy offered during pandemic. However, there is ample liquidity in the market which is a good sign and it may be supportive in the future. Bangladesh Bank also says they will be supportive as monetary policy will be relaxed.
- We are seeing a good comeback in the market. External economic activities, that is export and import, will increase, which will open other investment opportunities. Exports will increase further, along with the demand for manpower. Bangladesh is making new agreements with different countries, which is a good sign. In addition, our capital machinery imports are increasing. FDI (Foreign Direct Investment) is also likely to increase.
- Foreign investors will be more convinced now than ever to come to Bangladesh considering our indicators as we have shown good resilience in economic performance in the last two years. It will boost our economy further.
- The government policy towards the FDI is also in a positive tone. The economic zones are being activated. Overall, the investment environment seems to be positive and I believe it will continue in the future. If investment increases, it will also make a positive impact on other issues including employment. Infrastructural projects like Metro Rail and Padma Bridge will add new value in the economy when completed.

<https://www.tbsnews.net/supplement/banks-will-see-good-business-2022-351367>

International

Asian markets down as investors look to uncertain 2022

The Daily Star, December 30, 2021

- Asian stocks were mostly down in Wednesday trade as a "Santa Claus rally" showed signs of fatigue and continued fears over the Omicron variant -- as well as uncertainty about economic prospects for 2022 -- weighed on markets.
- Covid-19 cases have surged across the world, prompting governments to impose new measures to limit contagion while the travel industry faced thousands of flight cancellations. Warnings from the World Health Organization that the risk from the variant remains "very high" have compounded the sense that the pandemic is far from over, though data showing a reduced risk of hospitalisation has lifted spirits.
- Reflecting the uncertainty, Tokyo closed down in thin holiday trade on Wednesday, with the market weighed down by US futures losses. Seoul was also down, while Sydney and Wellington rose. Europe opened mixed, with London's FTSE slightly up while Paris and Frankfurt fell. In China, markets fell, in a slide analyst partly attributed to losses in shares of major liquor brands -- including Kweichow Moutai, one of the world's biggest drinks companies.
- "The drop is mostly contributed by some blue chips, in particular the baijiu names," Zhang Gang, a strategist at Central China Securities, told Bloomberg. "It's likely that some funds want to cash out before the year-end after the recent rebound.
- "Hong Kong's Hang Seng Index was down as investors eyed uncertain prospects for 2022 as well as a continued debt crisis in the mainland's property market.
- A continued regulatory clampdown by Beijing on overseas listings by Chinese firms has also weighed down markets -- though expectations that the country's central bank will add further stimulus in 2022 offered some hope. But trading volumes remain thin going into the new year, when prospects for global growth and the long-term impact of the Omicron variant are expected to become clearer.

<https://www.thedailystar.net/business/global-economy/news/asian-markets-down-investors-look-uncertain-2022-2928536>

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