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Stock Market & Company

Dhaka stocks advance for fifth day

The Newage, June 01, 2022

- Dhaka stocks advanced for the fifth session on Wednesday as a section of investors continued buying shares in expectation of better returns while many others remained cautious. DSEX, the key index of the Dhaka Stock Exchange, increased by 0.63 per cent, or 40.31 points, to close at 6,433.17 points on Wednesday.
- The DSEX gained 245 points in the past five sessions. Among the large capitalised companies, share prices of Square Pharmaceuticals, Olympic Industries, Delta Life Insurance, Bangladesh Shipping Corporation and IPDC Finance advanced the most.
- The turnover on the DSE increased slightly to Tk 743.12 crore on Wednesday compared with that of Tk 637.87 crore in the previous session. The DSE Shariah index added 9.03 points to close at 1,412.56 points and the DS30 index added 5.6 points to finish at 2,355.85 points.
- BEXIMCO topped the turnover chart with its shares worth Tk 51.14 crore changing hands. Orion Pharma, BEXIMCO, Beximco Pharmaceuticals, Ring Shine Textiles, Shinepukur Ceramics, IPDC Finance, GSP Finance, Shasha Denims, Rahima Food and Bangladesh Shipping Corporation were the other turnover leaders.
- Bangas Limited was the day's best performer, posting a gain of 9.99 per cent, while Social Islami Bank was the worst loser, shedding 3.52 per cent.

<https://www.newagebd.net/article/172122/dhaka-stocks-advance-for-fifth-day>

Union Group wants to acquire Ring Shine Textiles

The Newage, June 01, 2022

- Union Group has expressed its intention of acquiring Ring Shine Textiles Limited. The Group sent a letter to the Bangladesh Securities and Exchange Commission in this regard on May 17.
- Union Group has experiences in the same track of business activities like Ring Shine, the Group mentioned in the letter. 'Although the net assets value of the company is negative, we have agreed to take over the company because of a request by bankers concerned and to save the investors of share market as well as the assets of our country,' it said.
- As Ring Shine's factory started its commercial operations in the year 1998 and most of its machinery were installed at that time, it is now running in poor condition, it said. 'If we take over the company, our expertise will add value by BMRE and further investment, as much as needed to enhance production to a reasonable level,' the Group said.
- The only drawback in this takeover is the huge liability of the company which is much more than the asset and as the company is not performing well, the liability is increasing day by day, the letter said. 'In this situation, we need a thread bare discussion to negotiate the liability, waiver of bank interest, release of balance IPO fund, liability with BEPZA so that the deal can be happened in win-win,' it said.

<https://www.newagebd.net/article/172153/union-group-wants-to-acquire-ring-shine-textiles>

SS Steel owners allowed to take over Oimex

The Newage, June 01, 2022

- The Bangladesh Securities and Exchange Commission on Wednesday allowed owners of SS Steel Limited to take over Oimex Electrode Limited. The BSEC in a commission meeting presided over by its chairman Shibli Rubayat-Ul-Islam made the decision.
- BSEC commissioner Shaikh Shamsuddin Ahmed told New Age that the regulator approved the acquisition of Oimex Electrode. He said that the commission wanted to improve the business condition of the company that would benefit investors.
- BSEC officials said that SS Steel entrepreneurs would acquire sponsor-directors' portion of shares in Oimex at Tk 10 each. SS Steel would take all the liabilities of Oimex and inject fresh funds into the company to improve business situation.

<https://www.newagebd.net/article/172150/ss-steel-owners-allowed-to-take-over-oimex>

IFIC Bank to issue Tk 500cr bonds

The Daily Star, June 02, 2022

- IFIC Bank has received regulatory approval to raise Tk 500 crore through the issuance of unsecured, non-convertible bonds. The approval came in a meeting of the Bangladesh Securities and Exchange Commission yesterday.
- Fully redeemable and with a floating rate, the fund would be raised through private placement for financial institutions, insurance companies and corporates. Each unit price of the bond is Tk 1 crore. With the bond proceeds, the lender will strengthen its Tier 2 capital base. Sena Kalyan Insurance Company and Standard Chartered Bank are the trustee and mandated lead arranger respectively.

<https://www.thedailystar.net/business/economy/banks/news/ific-bank-issue-tk-500cr-bonds-3037371>

Kattali Textile's profit rises 17% in nine months

The Business Standard, June 01, 2022

- Kattali Textile Limited – a manufacturer and exporter of garments products – has reported a 17% increase in profit during the first nine months of the current fiscal year. But in the third quarter through March this year, its profit fell 31% compared to the same period of the previous fiscal year.
- According to its stock exchange filings, in the July-March period, its earnings per share (EPS) rose to Tk1.05, an increase from Tk0.90 at the same time of fiscal 2020-21. The company said its EPS increased due to huge efficiency at cost of goods sold and operating expenditure.

- In the January-March period, its EPS declined to Tk0.20 against Tk0.29 in the same period of FY21. Kattali Textile got listed on local stock exchanges in 2018. In FY21, the company reported a profit of Tk6 crore, a 61% fall from the previous year. It paid a 10% cash dividend to its shareholders for FY21.

<https://www.tbsnews.net/economy/stocks/kattali-textiles-profit-rises-17-nine-months-431266>

BSEC okays draft prospectus of Sandhani Income Fund

The Business Standard, June 01, 2022

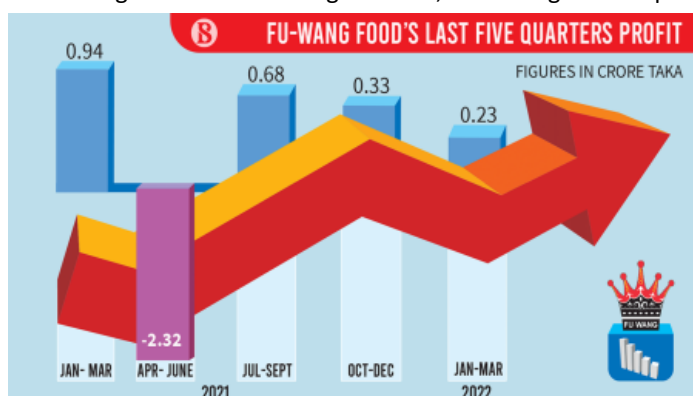
- The Bangladesh Securities and Exchange Commission (BSEC) has approved the draft prospectus of Sandhani AML SLIC Fixed Income Fund, an open-ended mutual fund. The commission approved the prospectus at its 825th meeting on Wednesday.
- According to BSEC, the primary target size of the fund is Tk50 crore. Of this, the sponsor will provide Tk10 crore and the remaining Tk40 crore will be raised by selling mutual fund units to investors at a face value of Tk10 each.
- Bangladesh General Insurance Company Ltd is the trustee, while Brac Bank Ltd is the custodian of the fund. The fund's asset manager - Sandhani Asset Management Limited - will focus on mid-and large-cap stocks, while capital protection will get high priority.

<https://www.tbsnews.net/economy/stocks/bsec-okays-draft-prospectus-sandhani-income-fund-431282>

Fu-Wang Food's new board stresses up-gradation of factory, marketing channel

The Business Standard, June 01, 2022

- Three new directors, nominated by Minori Bangladesh – a subsidiary of the Japanese farming company Minori Co Ltd – have taken the initiative to upgrade Fu-Wang Food's factory and strengthen its marketing channel, according to company officials. Since its inception in 1997, the company has had confectionery items – cakes, breads, biscuits, toasts, snacks, and instant noodles.
- In February this year, Minori Bangladesh nominated Miya Mamun, Md Afzal Hossain, and Sidratul Mahabub Hasan to Fu-Wang's board who replaced the food company's managing director Arif Ahmed Chowdhury and directors Afsana Tarannum and Lubaba Tabassum.
- Miya Mamun is now the new managing director of the food company. Minori Bangladesh had earlier bought a 7.61% stake in Fu-Wang Food's former entrepreneur-director.
- The Bangladesh Securities and Exchange Commission (BSEC) approved the new owner on the condition that he would invest another Tk20 crore in the development of the company in the interest of the general shareholders.



<https://www.tbsnews.net/economy/stocks/fu-wang-foods-new-board-stresses-gradation-factory-marketing-channel-431290>

Individual investors' five proposals to the finance minister

The Business Standard, June 01, 2022

- Bangladesh Pujibazar Biniogkari Oikya Parishad – a forum of the country's individual stock investors – on Wednesday submitted its five proposals to the finance minister's office for the upcoming national budget. In a letter signed by its Secretary General Kazi Abdur Razzak, the forum requested the minister to focus on the development and vibrancy of the capital market in the national budget for the fiscal 2022-23.
- They sought a 750 basis points corporate tax cut to 15% for publicly traded companies as, they said, it would attract well-performing firms to go public and help the market development and increase the tax revenue of the government.
- Undisclosed money should be channelised only through the capital market on the condition of a 10% tax payment, the forum said, adding that the move would help increase the fund flow to the capital market, contribute to industrialisation, and discourage syphoning off money abroad.

- The Bangladesh Pujibazar Biniogkari Oikya Parishad also demanded the tax on dividend income to be completely waived at the investor level as the government collects tax at source from companies before they disburse dividends. The source tax should be the ultimate tax liability of dividend earning investors, they opined, adding that the move would inspire long-term investments in the stock market and help the market stabilisation.

<https://www.tbsnews.net/economy/stocks/individual-investors-five-proposals-finance-minister-431286>

Economy & Industry

Bank chairmen can be subsidiary directors till June 2023

The Daily Star, June 02, 2022

- Bank chairmen along with the heads of executive, audit and risk management committees who hold directorships of associated subsidiaries or foundations will be able to continue to serve in the latter role till June next year, said Bangladesh Bank yesterday.
- Last month, the central bank had instructed persons who are now in such directorship roles to resign or get exempted by June 30 this year. But banks will face financial losses if the resignations or exemptions come about within a short period of time, which would subsequently pose a risk, says a central bank circular.
- Banks informed the central bank that it would be difficult to run the subsidiaries and foundations due to a lack of skilled manpower. Against this backdrop, banks have been granted a deadline extension until June next year so that they can prepare efficient successors to run the subsidiaries and foundations.

<https://www.thedailystar.net/business/economy/banks/news/bank-chairmen-can-be-subsiidary-directors-till-june-2023>

Big internal consumption remains a blessing for Bangladesh

The Business Standard, June 01, 2022

- The call money rate has increased a bit in our banking channel. I would not, however, call it a liquidity crisis – although many banks are experiencing a liquidity pressure at the moment.
- Those who have mismatched the balance sheet have increased the call money rate to fix the anomalies. The risk increases if balance sheets are mismatched, so bankers need to keep an eye on this. Otherwise, other healthy banks also have to face the same problem.
- Being a country with a large population, one of the great advantages of Bangladesh is that there is large domestic consumption. It is a blessing for those who meet this consumption desire. At present, our growth in the entire export sector, including garments, has been good. Overall, we are in a positive position.
- Post-Covid, investors have begun working on new ventures. The hope is that the economy will recover soon. From that point of view, I would say credit growth in the private sector is also good. Investments in new factories and businesses have increased due to increasing demand in the market. At the same time, due to the rise in the value of the dollar, more credit has to be given to acquire the same amount of commodities as before this change.
- The goal of our monetary policy on credit growth in the private sector has not been achieved so far. It is likely, however, that a jump will be registered next June. With this in mind, I think the goal can be achieved this financial year. All things considered, this can be termed a good beginning and also a good time for future investments.

Md Arfan Ali is the president and managing director of Bank Asia

<https://www.tbsnews.net/economy/budget/big-internal-consumption-remains-blessing-bangladesh-430786>

International

Stocks struggle in Asia, dollar gains as inflation hits records

The Daily Star, June 01, 2022

- Stocks and bonds struggled in Asia on Wednesday while the US dollar rose as investors worried about inflation and the hit that containing it with rate rises will bring to global growth. Shanghai emerged blinking from two months of lockdown but as data showed steep falls in factory activity across Asia from the withering of China's demand, relief was short-lived.
- MSCI's broadest index of Asia-Pacific shares outside Japan (.MIAPJ0000PUS) was dragged 0.7% lower by a 1% drop for Hong Kong's Hang Seng index (.HSI). Japan's Nikkei (.N225) rose 0.6%. S&P 500 futures were last up 0.4%, but had given up larger early gains. Euro STOXX 50 futures rose 0.5%, as did FTSE futures.
- Soaring food and energy costs drove eurozone inflation to a record-high 8.1% in May, Tuesday figures showed, stoking concern about rate rises not just in Europe but globally. The dollar has arrested a three-week slide and made a two-week high of 129.23 yen late in the Asia session. It rose on the euro, sterling, Aussie and yuan and last traded at \$1.0708 per euro and \$0.7170 on the Aussie.
- Two-year German bund yields hit their highest in over a decade on Tuesday and benchmark 10-year Treasury yields rose 10 basis points (bps). They were steady at 2.8694% late in Tokyo trade.

<https://www.thedailystar.net/business/economy/stock/news/stocks-struggle-asia-dollar-gains-inflation-hits-records-3036691>

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