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Stock Market & Company

Dhaka stocks drop as bearish trend persists

The New Age, April 03, 2023

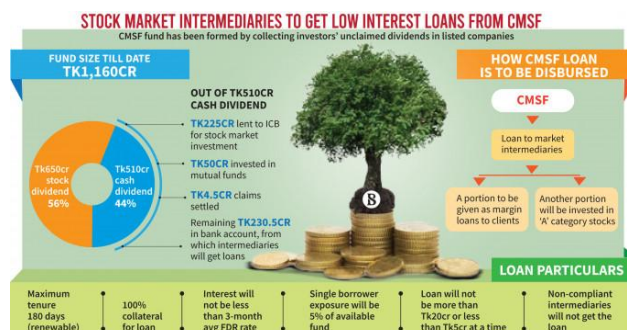
- Dhaka stocks dropped on Monday after gaining in the previous three trading sessions as a section of investors went for booking some profits amid a prolonged downward trend on the market and economic worries in the country, market operators said.
- DSEX, the key index of the Dhaka Stock Exchange, lost 4.34 points, or 0.06 per cent, and settled at 6,213.45 points after gaining 24.69 points in the previous three trading session.
- The turnover on the bourse increased to Tk 575.80 crore on Monday against Tk 531.83 crore on Sunday. On the sectoral front, IT issues exerted the highest turnover, followed by food and allied, and travel stocks.
- Most of the sectors displayed negative returns, out of which paper, jute and services exhibited the most correction on the bourse on the day. The DS30 index also decreased by 2.02 points to finish at 2,207.75 points and the DSE Shariah index declined by 4.12 points to close at 1,348.77 points on the day.
- Bangladesh Shipping Corporation topped the turnover chart with its shares worth Tk 42.90 crore changing hands. Unique Hotel, Genex Infosys, Eastern Housing, Aamra Networks, ADN Telecom, Aamra Tech, Rupali Life Insurance, Olympic Industries, and Sea Pearl Beach Resort and Spa were the other turnover leaders on the day.

<https://www.newagebd.net/article/198479/dhaka-stocks-drop-as-bearish-trend-persists>

Stabilisation Fund: A new financing window for stock market

The Business Standard, April 03, 2023

- The Capital Market Stabilization Fund (CMSF), which has been created by collecting investors' unclaimed dividends, is turning into a new funding window for the stock market.
- Last year, the Fund provided the Investment Corporation of Bangladesh (ICB) with Tk225 crore in several phases for investing in the secondary market.
- Now, the CMSF will provide market intermediaries with loans at low interest rates to increase liquidity in the capital market. The tenure of this loan will be 180 days, but it is renewable.
- According to the Bangladesh Securities and Exchange Commission (BSEC), the CMSF board will decide the interest rate, which will be at the higher end of the three-month average of fixed deposit receipt (FDR) rates.
- That means, the CMSF loan will be cheaper for brokers and merchant banks, as they have to pay 9% or more against the loans they take from commercial banks and non-bank financial institutions.
- The CMSF has started the process of disbursement after the decision of the capital market regulator to provide loans to market intermediaries.
- Considering the liquidity crisis, this loan will be given to increase the supply of new funds in the capital market. The CMSF will start disbursements soon after making the policy framework and credit risk assessment.

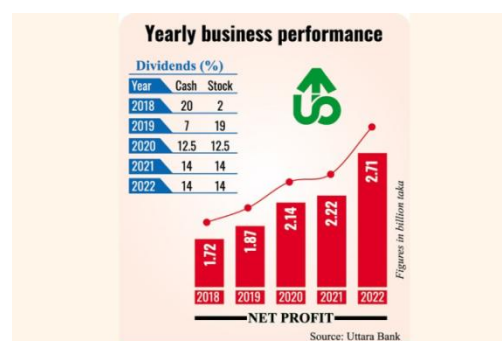


<https://www.tbsnews.net/economy/stocks/stabilisation-fund-new-financing-window-stock-market-610546>

Uttara Bank's 2022 profit jumps 22pc on currency devaluation

The Financial Express, April 04, 2023

- Uttara Bank Ltd has posted a 22 per cent year-on-year growth in profit to Tk 2.71 billion for 2022, thanks to higher income from export-import business.
- Its consolidated earnings per share (EPS) stood at Tk 4.20 for 2022, up from Tk 3.45 a year before, according to a disclosure issued on Monday.
- Based on the higher profit, the board of directors of the bank has recommended 14 per cent cash and 14 per cent stock dividend for 2022. Having been listed on the Dhaka bourse in 1984, it disbursed 14 per cent cash and 14 per cent stock dividend for 2021 as well.
- The bank also reported consolidated net asset value (NAV) per share Tk 31.79 and consolidated net operating cash flow per share of Tk (14.32) for 2022 as against Tk 28.80 and Tk (0.83) respectively for the previous year.



<https://thefinancialexpress.com.bd/stock/bangladesh/uttara-banks-2022-profit-jumps-22pc-on-currency-devaluation>

How to minimise risk when regulator demands more money into the bearish market?

The Financial Express, April 04, 2023

- The recent regulatory decision to increase minimum investment by mutual funds from the existing 60 per cent to 80 per cent in the capital market will squeeze risk diversification opportunities and scope of generating profits, according to asset managers. The stock market, in its current form, entails high risk when it comes to return on investments.

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- Several asset managers, who spoke on condition of anonymity, said they think the existing 60 per cent minimum investment in the capital market kept room for better risk management.
- "The scope of diversifying the MF's investments helps secure better profits. The new provision will narrow this scope," said an asset manager.
- As per the new provision, the fund managers will have to invest at least 80 per cent of a fund into the capital market, with the remaining 20 per cent in the money market. The present permissible limit for money market investment is 40 per cent of a mutual fund - both open end and close end.

The increase in investment requirement from 60pc to 80pc in capital market will shrink scope for profits: Asset managers

<https://thefinancialexpress.com.bd/stock/how-to-minimise-risk-when-regulator-demands-more-money-into-the-bearish-market>

BMSL's mutual fund gets go-ahead

The Daily Star, April 04, 2023

- The Bangladesh Securities and Exchange Commission (BSEC) has given go-ahead to the BMSL National Housing Growth Fund. The primary target of the open-ended mutual fund is to collect Tk 25 crore. Of that, the National Housing Finance and Investments has already provided Tk 2.5 crore and the rest of the fund will come from the general investors.
- Each unit price of the fund is Tk 10. BMSL Asset Management Company is the asset manager of the fund.
- Trustee and custodian of the fund is Bangladesh General Insurance and Brac Bank respectively.

<https://www.thedailystar.net/business/economy/news/bmsls-mutual-fund-gets-go-ahead-3287886>

Why BSEC took a year to approve 2 banks' stock dividends

The Business Standard, April 03, 2023

- The Bangladesh Securities and Exchange Commission (BSEC) has taken nearly one year to approve the stock dividends declared by two newly listed banks.
- The Union Bank, on 28 April last year, declared 5% cash and 5% stock dividends to its shareholders for 2021, and the South Bangla Agriculture and Commerce Bank (SBAC) on 27 April 2022 declared 3% cash and 1% stock dividends for 2021.
- On 2 April this year, the banks finally got consent from the stock market regulator to raise their paid-up capital through stock dividends.
- When asked about the delay, Rezaul Karim, spokesperson and executive director of BSEC, told The Business Standard (TBS), "The two banks failed to meet the conditions of the commission. But the commission gave a late approval under special consideration as the banks are also obliged to meet the conditions of Basel-III."
- The SBAC Bank and Union Bank got shareholders' approval for the dividends at the annual general meeting (AGM) held in June and July last year respectively. They disbursed the declared cash dividends among shareholders in August.
- But as per the BSEC rules, it needs prior approval from the commission to disburse stock dividends to shareholders' beneficiary owners (BO) accounts.
- According to the BSEC notification, an application must be submitted to the commission for approval to distribute stock dividends within five working days of the approval of dividends at the AGM. And if the company is eligible for the disbursement of stock dividends, the commission will approve the application within 15 working days.

<https://www.tbsnews.net/economy/stocks/why-bsec-took-year-approve-2-banks-stock-dividends-610538>

Three directors to transfer Baraka Power stakes to holding companies

The Business Standard, April 03, 2023

- Three directors of Baraka Power Ltd have announced plans to transfer their entire stakes at the company to two holding companies, according to the Dhaka Stock Exchange (DSE). Directors Ahsanul Kabir, Faisal Ahmed Chowdhury and Nanu Kazi Mohammed Miah will sell a total of more than 1.43 crore shares in the block market, according to the disclosure.
- On the other hand, two of the corporate directors of Baraka Power – NRB Ventures (Pvt) Limited and Fusion Holdings (Pvt) Limited – together will buy the same number of shares from the block market.
- An official of the company told The Business Standard, Baraka Group was founded by some non-resident Bangladeshis (NRBs) in the mid-2000s, and Baraka Power had over 130 of the NRB investors before its listing.
- As most of the individuals leave the country, they find it more convenient to hold the listed company shares via holding companies they own. As a result, the shareholder directors become nominated directors representing their holding companies.

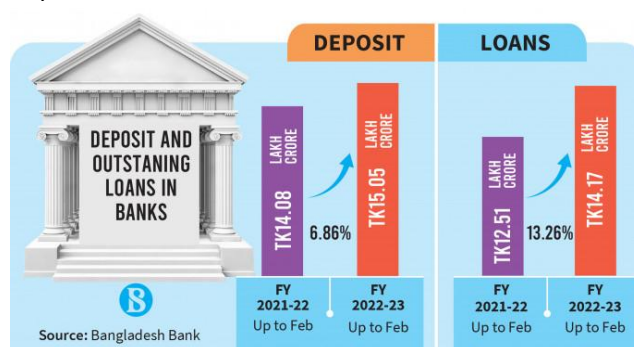
<https://www.tbsnews.net/economy/stocks/three-directors-transfer-baraka-power-stakes-holding-companies-610202>

Economy & Industry

Bank deposits increase by Tk17,000cr in Feb

The Business Standard, April 03, 2023

- Deposits in the country's banks increased by about Tk17,000 crore in February compared to the previous month. The amount of loans disbursed by banks during the period has increased by around Tk6,000 crore.
- According to the central bank data, the total amount of deposits in the banks stood at Tk15.05 lakh crore at the end of February 2023. Out of this, demand deposits were Tk1.79 lakh crore and time deposits were Tk13.26 lakh crore. At the end of January, the total deposit was Tk14.88 lakh crore.
- In October 2022, the amount of deposits in the banks was Tk14.90 lakh crore. In November 2022, it was Tk14.87 lakh crore, which increased to Tk14.89 lakh crore in December that year.
- At the end of February 2023, the amount of loans in the banking sector stood at Tk14.17 lakh crore, which was Tk14.11 lakh crore at the end of January. The amount of loans in banks was Tk14.41 lakh crore in December 2022, Tk14.18 lakh crore in November, and Tk14.03 crore in October last year.
- According to the central bank data, the amount of bank deposits has been increasing for the past two months. The year-on-year growth in deposits in February was 6.86%. Earlier, in January the rate was 6.14%, which means deposit growth increased by 72 basis points in a month.
- The deposit growth was 5.44% in December 2022. On the other hand, loan growth declined to 13.26% in February from 13.89% in January 2023.



<https://www.tbsnews.net/economy/banking/bank-deposits-increase-tk17000cr-feb-610570>

Pvt sector credit growth hits 11-month low in Feb

The New Age, April 03, 2023

- The private sector credit growth hit a 11-month low in February amid a liquidity shortage and economic woes in the country. According to Bangladesh Bank data, the private sector credit growth dropped to 12.14 per cent in February from 12.62 per cent in January.
- The growth in February was the lowest after March 2022 when it was at 11.29 per cent. The growth was 13.97 per cent in November and 12.89 per cent in December 2022.
- According to the central bank data, the amount of excess liquidity in banks dropped to Tk 1.37 lakh crore in January 2023 compared with that of Tk 1.45 lakh crore in December 2022. The liquidity in excess of statutory liquidity was Tk 2.03 lakh crore in June 2022.
- The BB sold over \$10 billion from July 2022 to February 2023 to the banks to address the dollar shortage in the financial sector which, in its turn, mopped up an equivalent amount of local currency from the banking system. The private sector credit growth reached 14.07 per cent in August 2022, hitting nearly the BB monetary policy's target of 14.1 per cent for FY23.
- The BB reduced the private sector credit growth target for FY23 to 14.01 per cent from 14.8 per cent of FY22 to control inflationary pressure. The Bangladesh Bureau of Statistics reported that the overall inflation in August and September of FY23 rose to over 9 per cent, the highest since FY2010-11.

<https://www.newagebd.net/article/198493/pvt-sector-credit-growth-hits-11-month-low-in-feb>

International

Oil prices surge on shock output cuts

The New Age, April 03, 2023

- World oil prices soared Monday after several top producers led by Saudi Arabia sprang surprise output cuts despite already angering the United States with a similar move last year.
- Crude futures surged almost eight per cent at one stage, a day after multiple members of the OPEC+ exporters' alliance unexpectedly slashed production by a total of more than one million barrels per day.
- The shock reduction will start in May and last until the end of the year, with OPEC+ saying Monday it involves Algeria, Gabon, Iraq, Kazakhstan, Kuwait, Oman, Saudi Arabia and the United Arab Emirates. It came on top of a decision from Russia, also an OPEC+ member, to extend a cut of 5,00,000 barrels per day.
- The oil cartel had already angered Washington in October by slashing production by two million barrels per day. At the time, the White House accused OPEC+ of 'aligning with Russia', saying the cuts would boost Moscow's revenue and undermine Western sanctions imposed over its invasion of Ukraine.
- Russia's war on Ukraine stoked inflation as it sent energy prices soaring last year, but crude prices have fallen since then. OPEC+ said in a statement on Monday that Sunday's move was a 'precautionary measure aimed at supporting the stability of the oil market'.

<https://www.newagebd.net/article/198500/oil-prices-surge-on-shock-output-cuts>

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