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Stock Market & Company

Stocks continue falling amid economic worries

The Newage, July 04, 2022

- Dhaka stocks dropped for the second day on Monday as investors were assessing the possible impact of rising inflation and currency volatility on the economy. DSEX, the key index of the Dhaka Stock Exchange, lost 0.20 per cent, or 12.89 points, to close at 6,346.88 points on Monday after losing 17.16 points in the previous session.
- Share prices of leading mobile operator Grameenphone hit the lowest limit on Monday after the Bangladesh Telecommunication Regulatory Commission on Wednesday banned the mobile operator from selling any new SIM.
- Among the large capitalised companies, share prices of BEXIMCO, Grameenphone, BRAC Bank, Beximco Pharmaceuticals and Olympic Industries dropped the most on the day. Average share prices of miscellaneous, general insurance, bank and engineering declined by 1 per cent, 0.8 per cent, 0.6 per cent and 0.3 per cent respectively.
- The turnover on the DSE inched up to Tk 662.61 crore on Monday compared with that of Tk 654.83 crore in the previous session. The DS30 index also declined by 7.25 points to finish at 2,283.95 points and the DSE Shariah index increased by 0.41 points to close at 1,385.16 points.
- Robi Axiata topped the turnover chart with its shares worth Tk 27.8 crore changing hands. Shinepukur Ceramics, Intraco Refueling Station, Meghna Insurance Company, BEXIMCO, Fortune Shoes, Fu-Wang Food, Titas Gas, ACI Formulations and LafargeHolcim Bangladesh were the other turnover leaders.

<https://www.newagebd.net/article/175095/stocks-continue-falling-amid-economic-worries>

Eastern Cables to supply \$4.2m wire to China

The Business Standard, July 04, 2022

- The state-owned cable and conductor manufacturer has signed a deal with the China National Technical Import and Export Corporation in this regard, according to a disclosure published on the Dhaka Stock Exchange website on Monday. The Eastern Cables, a subsidiary of the Bangladesh Steel & Engineering Corporation (BSEC), has been incurring huge losses.
- Located in Chattogram, Eastern Cables Limited is the biggest cable and conductor manufacturer in Bangladesh. It produces PVC insulated and PVC sheathed single-core and multi-core low tension domestic cables. The production line also includes electric controls and aluminium conductors.

<https://www.tbsnews.net/economy/stocks/eastern-cables-supply-42m-wire-china-452906>

Intraco Refueling Station to merge with subsidiaries for tax benefit

The Business Standard, July 05, 2022

- Intraco Refueling Station – which is listed on the capital market – has decided to merge with its five subsidiaries to avail corporate tax benefits and reduce administrative expenses. Currently, listed and non-listed companies pay corporate tax at 20% and 27.50 respectively.
- Intraco Refueling Station holds more than 95% stake in the five companies – Good CNG Refueling Station; M Hye & Co CNG Refueling Station; Nessa and Sons; Absar & Elias Enterprises Ltd; and Intraco Automobiles. The company disclosed its merger proposal on stock exchanges on Monday, but its shares gained 45% in the last six days with each share price rising to Tk29.5 on Monday from Tk20.3 on 27 June.
- Intraco Refueling Station also informed that it will issue a convertible bond worth Tk50 crore for business expansion. According to the company, it has invested Tk10.48 crore in these five companies. The total paid-up capital of the five subsidiaries stood at Tk11.04 crore, and up to March of fiscal 2021-2022, they made a profit of Tk2.51 crore.

<https://www.tbsnews.net/economy/stocks/intraco-refueling-station-merge-subsidiaries-tax-benefit-452910>

IFC to invest \$50m in Brac Bank's housing bond

The Business Standard, July 05, 2022

- The International Finance Corporation (IFC), an arm of the World Bank Group, will invest up to \$50 million or around Tk470 crore in the country's first-ever housing bond that will be issued by Brac Bank. The Tk600 crore bond, with a tenure of five years, will be taka-denominated which means IFC will pay to the bank in local currency, the two organisations said in a joint statement on Monday.
- In October last year, the Bangladesh Securities and Exchange Commission approved the issuance of the bond that will make housing finance more affordable nationwide.
- The IFC's subscription of the bond at an annual interest rate of 5.5% would help Brac Bank to lower its housing loan interest rate to around 7.5% from the current rates of 8%-8.5%, said Md Shaheen Iqbal, deputy managing director of Brac Bank. Brac Bank, having an over Tk1,300 crore housing loan portfolio right now, is also planning to give more small housing loans across Bangladesh, while the current portfolio is dominated by urban loans, Iqbal added.

<https://www.tbsnews.net/economy/stocks/ifc-invest-50m-brac-banks-housing-bond-452914>

CSE Shariah Index revised, effective from July 17

The Financial Express, July 04, 2022

- The Chittagong Stock Exchange (CSE) has revised its Shariah Index on the basis of performance of the listed companies. The new index will come into effect from July 17. The port city's bourse reviews the index twice in a year, says a CSE press release.
- After the latest revision, 12 companies have been included in the CSE Shariah Index, while 11 have been excluded from the previous list. The new companies which have been included in the list are Acme Pesticides, Alif Industries, Aman Cotton Fibrous, Baraka Patenga Power, BDCOM Online, Intraco Refueling Station, JMI Hospital Requisite Manufacturing, Regent Textile Mills, Sinobangla Industries, The Dacca Dyeing & Manufacturing Company, Union Bank, and United Power Generation & Distribution Company.
- On the other hand, Aramit Cement, Active Fine Chemicals, Advanced Chemical Industries, Aramit, Argon Denims, Aziz Pipes, Bangladesh Building Systems, BSRM Ltd, Generation Next Fashions, Information Services Network, and Kattali Textile have been excluded from the previous list. After the revision, 132 companies out of 369 listed securities have been selected for the group of CSE Shariah Index.

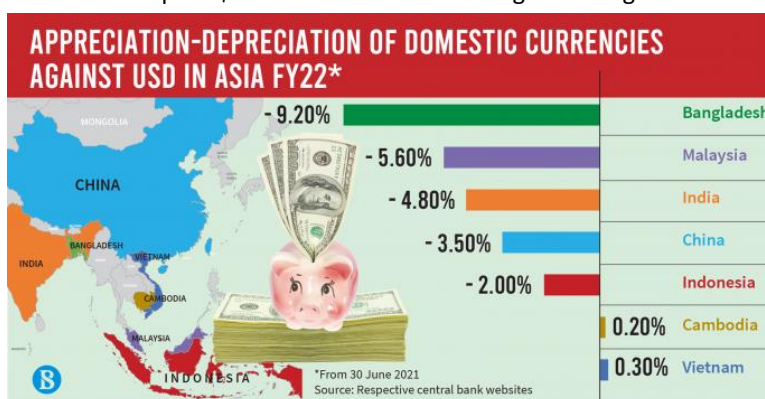
<https://thefinancialexpress.com.bd/stock/cse-shariah-index-revised-effective-from-july-17-1656917398>

Economy & Industry

Cenbank spent \$7.62b reserve in FY22 to defend sliding Taka

The Business Standard, July 04, 2022

- Asian central banks are spending billions from reserves to defend their currencies against rising US dollar and the Bangladesh Bank was no different. The country's central bank has spent \$7.62 billion from the foreign exchange reserves in the just concluded fiscal 2021-22 to slow down the weakening Taka against the dollar while it bought \$7.7 billion the previous fiscal year, according to the latest monetary policy statement announced this week for the current fiscal year.
- The Federal Reserve Bank's tightening move to boost the dollar forced the Bangladesh Bank to reverse buying the greenback.
- The dollar-selling spree eroded foreign exchange reserves to \$41.9 billion as of 28 June this year compared to \$46.4 billion at the end of June 2021.
- The Bangladesh Bank intervened in the foreign exchange market throughout the last fiscal year, causing the highest depreciation of Taka against the dollar among its Asian peers.
- Bangladesh experienced 9.2% currency depreciation against the dollar during the last fiscal year when Malaysian currency lost value by 5.6%, India's by 4.8%, China's 3.5%, and Indonesia's by 2%, according to the Bangladesh Bank data. On the other hand, currencies of Cambodia and Vietnam enjoyed appreciation against the dollar during the same period.
- The exchange rate of the dollar was Tk84.81 at the end of June last year which surged to Tk93.45 at the end of this June, according to the Bangladesh Bank data.



<https://www.tbsnews.net/economy/banking/cenbank-spent-762b-reserve-fy22-defend-sliding-taka-452514>

Trade deficit hits \$30.81 billion, a historic high,

The Daily Star, July 04, 2022

- Bangladesh's trade deficit hit a historic high of \$30.81 billion in the first 11 months of the 2021-22 fiscal year, intensifying the pressure on the macroeconomy. The country has been facing the higher trade deficit in recent months due to the escalation of imports against lower exports.

- Trade deficit in the first 11 months of FY21 stood at \$20.70 billion, according to data from the Bangladesh Bank. This has already created a tremendous pressure on the foreign exchange reserves, prompting a foreign exchange crisis in the banking sector.
- Between July and May last fiscal year, imports increased to \$75.40 billion, up 39 per cent year-on-year when exports grew 33 per cent to \$44.58 billion. The higher trade deficit also registered a record current account deficit of \$17.23 billion in the first 11 months of FY22 in contrast to a deficit of \$2.78 billion a year ago.
- These also squeezed the foreign exchange reserves, which stood at \$41.86 billion as of June 29, down \$46.08 billion from a year ago. The majority of the banks are now facing inadequate US dollars due to the high imports, which has consequently left an adverse impact on the exchange rate of the taka against the dollar.

<https://www.thedailystar.net/business/news/trade-deficit-hits-3081-billion-historic-high-3063856>

International

Euro near 5-year low vs dollar

The Daily Star, July 05, 2022

- The euro flattened on Monday, staying near a five-year low against the US dollar, as investors sought safety in the greenback amid worries about slowing global growth.
- The war in Ukraine and its economic fallout, in particular soaring food and energy inflation, has been a major drag on the euro, which has weakened more than 8 per cent against the dollar this year. The difference between the European Central Bank and the US Federal Reserve response to higher inflation has also weighed on the euro.
- Data on Friday showed euro zone inflation surging to another record, adding to the case for the ECB to raise interest rates this month. Jeremy Stretch, head of G10 FX strategy at CIBC said he expected headwinds on the euro to persist as the ECB is set to hike rates on July 21 by "a mere 25 basis point".
- "ECB action remains moderate when compared with a 75bps Fed hike," he said. "Beyond ECB monetary policy discussion, the primary European Union risk variable relates to the energy sector."

<https://www.thedailystar.net/business/global-economy/news/euro-near-5-year-low-vs-dollar-3064091>

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