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Stock Market & Company

Stocks tumble after five-day rise

The Financial Express, December 08, 2021

- Stocks tumbled on Wednesday, snapping a five-day gaining streak as cautious investors opted for booking profit on quick-gaining issues. The DSEX, the prime index of the Dhaka Stock Exchange, slid 96.85 points or 1.37 per cent to close at 6952, after gaining 345 points in the past five consecutive sessions.
- Two other indices also ended lower. The DSE 30 Index, comprising blue chips, plunged 39.25 points to finish at 2,621 and the DSE Shariah Index (DSES) shed 13 points to close at 1,467. Turnover, a crucial indicator of the market, also fell to Tk 13.52 billion, which was 13 per cent lower than the previous day's tally of Tk 13.31 billion.
- Losers took a strong lead over the gainers, as out of 374 issues traded, 257 declined, 97 advanced and 20 remained unchanged on the DSE trading floor. Beximco was the most traded stock with shares worth Tk963 million changing hands, closely followed by IFIC Bank (Tk 440 million), GSP Finance (Tk 367 million), ONE Bank (Tk 309 million) and Sena Kalyan Insurance (Tk 288 million).
- Fine Foods was the day's highest gainer, soaring 9.86 per cent while Dulamia Cotton Spinning Mills was the day's worst loser, losing 7.38 per cent. The Chittagong Stock Exchange (CSE) also ended sharply lower the CSE All Share Price Index – CASPI –shedding 251 points to settle at 20,359 and the Selective Categories Index – CSCX, losing 154 points to close at 12,233.
- Of the issues traded, 184 declined, 82 advanced and 23 remained unchanged on the CSE. The port city's bourse traded 24.18 million shares and mutual fund units with a turnover value of Tk 530 million.

<https://thefinancialexpress.com.bd/stock/stocks-tumble-after-five-day-rise-1638957501>

PGCB to issue preference shares against govt's share deposits

Newage, December 08, 2021

- Power Grid Company of Bangladesh Limited has decided to issue preference shares against government's huge share money deposits in the company to avoid a significant dilution in earnings and share prices.
- The share money deposit (money paid in exchange for shares) of the government in Powergrid Company was Tk 7,180.55 crore, according to PGCB's audited financial statement for FY21. The ministry of power, energy and mineral resources has recently made the decision in this regard and informed the company.

- As per the decision given by the ministry, the company will issue irredeemable and non-cumulative preference shares in favour of Power Division. The company will provide 0.5 per cent against the preference shares for the first year and 1 per cent from the next year against the share money deposit to comply with FRC rules, company's financial statement said.
- On February 11, 2020, the Financial Reporting Council issued a directive saying that share money deposits must be converted into the company's capital within six months of receiving the money.
- Any money received as share money deposit is non-refundable. The share money deposit will be considered as potential share until its conversion into paid up capital, and the company must show the diluted earnings per share in the financial statement or impact of the new shares on EPS, the rules said. The Financial Reporting Council is an independent government regulatory body under the Financial Reporting Act 2015. It is an organisation under the aegis of the finance ministry.
- During the financial year 2019-20 and 2020-21, the company refunded share money deposit amounting Tk 125.76 crore and 16.07 crore respectively, according to the company's latest financial statement. The company has neither converted the deposit money into share capital nor considered the amount while calculating the diluted EPS, it said.

<https://www.newagebd.net/article/156847/pgcb-to-issue-preference-shares-against-govts-share-deposits>

DSE to encourage listing of top 100 firms; conference to be held 21 Dec

The Business Standard, December 08, 2021

- Dhaka Stock Exchange (DSE) has decided to invite the top 100 firms of the country to a conference to encourage them to be listed. The event, to be held on 21 December, will be attended by representatives of a hundred top-tier corporate groups will be invited.
- Speaking to The Business Standard, Bangladesh, M Shaifur Rahman Mazumdar, chief operating officer of the premier bourse, said, "Bangladesh has several thousand successful corporate entities who are operating as private companies. In the upcoming conference, we will present the benefits of going public.
- "We will present the prospects, opportunities of the country's capital market to the invited companies." Bangladesh Securities and Exchange Commission (BSEC) Chairman Professor Shibli Rubayat-ul-Islam will join the conference as the chief guest.
- Meanwhile, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President Md Jashim Uddin will attend the event as the special guest.

<https://www.tbsnews.net/economy/stocks/dse-encourage-listing-top-100-firms-conference-be-held-21-dec-340819>

Power business helps Confidence Cement to post a profit in Q1

The Business Standard, December 08, 2021

- The power business of Confidence Cement Limited – a concern of the Chattagram-based Confidence Group – helped the company to post an overall profit in the July-September quarter of this fiscal year, despite incurring losses in its core cement business.
- Its power business made a Tk29 crore profit during the period. According to the company's unaudited financial statement, Confidence Cement incurred a loss of Tk9.49 crore, even after witnessing a 17% growth in sales to Tk77.83 crore in the first quarter.
- The company said in its financial statement, during the first quarter of the current fiscal, its cement production increased along with an increase in the raw material prices. But the company could not set its cement selling price to match its raw material cost because of intense competition in the sector.
- Therefore, at the end of the first quarter, its earnings per share fell 32% to Tk2.32 due to losses from the cement business. However, in the last fiscal year, Confidence Cement made a profit from its cement business after incurring losses for the previous three consecutive fiscals.

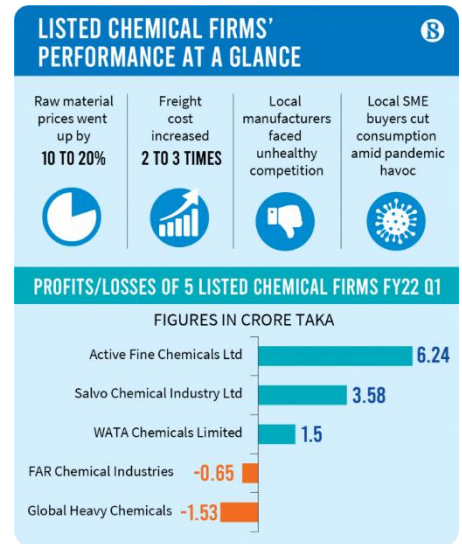
<https://www.tbsnews.net/economy/stocks/power-business-helps-confidence-cement-post-profit-q1-340705>

Economy & Industry

Unhealthy competition hampers chemical firms' business recovery

The Business Standard, December 08, 2021

- Listed chemical manufacturing companies have been facing challenges on their way to recovery from pandemic-related losses due to an upsurge in raw material prices and an unfair competition with the companies that abuse bond facilities.
- Industry insiders said raw material prices at home and abroad rose by around 10%-30%, while freight cost doubled or trebled amid the pandemic.
- The chemical manufacturers, who sell their products mainly to local small and medium enterprises (SMEs), said their sales declined as the local consumption and local companies' productions decreased during the pandemic.
- Besides, an unhealthy competition with bond facility abusers has been harming the chemical manufacturers, alleged the people involved in this sector. They alleged that a number of companies import chemicals using the bond facility and sell them in the local market at comparatively low prices. In this situation, local chemical manufacturers lose business.
- WATA Chemicals Limited, a producer and seller of a variety of acids, witnessed a 51% fall in profit in the first quarter of FY21 compared to the same period of the previous fiscal. During the period, the company made a loss of Tk1.53 crore due to a decline in sales.
- FAR Chemical Industries posted a loss of Tk0.65 crore in the July-September period. Another company, Active Fine Chemicals, earned Tk41.88 crore revenue in the July-September period of this year, which was Tk38.67 crore in the same period the previous year. Salvo Chemical Industry Ltd also posted Tk3.58 crore net profit during the period.

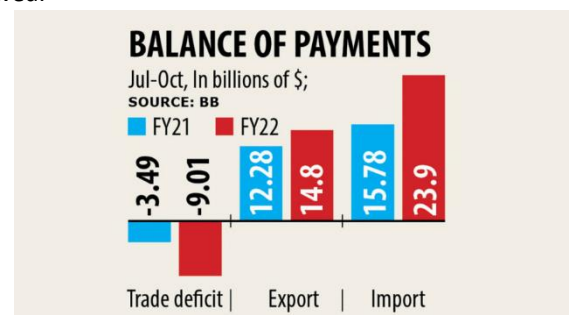


<https://www.tbsnews.net/economy/industry/unhealthy-competition-hampers-chemical-firms-business-recovery-340810>

Trade deficit swells

The Daily Star, December 09, 2021

- Bangladesh's trade deficit escalated 160 per cent in the first four months of the ongoing fiscal year in the wake of a surge in import payments against lower exports earnings. Between July and October, the trade deficit totalled \$9.09 billion in contrast to \$3.49 billion a year ago, data from the Bangladesh Bank showed.
- Imports stood at \$23.9 billion in the first four months of FY2021-22, an increase of 51.4 per cent year-on-year. Exports grew 20.4 per cent to \$14.80 billion at the same time.
- On top of that, the global market will take at least one and a half year to return to a normal state when commodity prices will revert to pre-pandemic levels.
- This means Bangladesh's foreign exchange reserve will face difficulties in keeping pace with the surge in imports, said Mansur, also a former official of the International Monetary Fund.
- The reserves crossed a record \$48 billion in August, but it stood at \$44.83 billion on December 1. The interbank exchange rate of the taka stood at Tk 85.80 per dollar on December 8 in contrast to Tk 84.80 a year ago.
- Although the devaluation of the taka will push inflation high a bit, the move will eventually offset the macroeconomic pressure, he added. There is room to devalue the local currency by Tk 2 to Tk 3 per dollar.



<https://www.thedailystar.net/business/economy/news/trade-deficit-swells-2913241>

International

Turkey and Qatar agree on currency swap deal

The Daily Star, December 09, 2021

- Turkey and Qatar have agreed to extend a currency swap deal between their central banks amid the Turkish lira plunging in value fuelling an economic crisis.
- The two sides "welcomed the signing of the agreement on the extension and amendment of the Turkish lira-Qatari riyal currency exchange arrangement" between their central banks, according to a joint statement on Tuesday, reports Al Arabiya News.
- The announcement was made at a time when Turkish President Recep Tayyip Erdogan in visiting Doha, where he met with Qatari Emir Sheikh Tamim bin Hamad Al-Thani and discussed enhancing cooperation in various fields including the economy, said the report.
- An agreement signed in 2018 was extended for the first time in May 2020, with the overall limit increased from \$5 billion equivalent of the Turkish lira and Qatari riyal to \$15 billion. The annual inflation rate in Turkey surged last week above 20 percent which is the highest in three years, mentioned in the report.
- With a population of 84 million, Turkey has seen the lira plummet along with soaring consumer prices with the lira losing more than 45 percent of its value against the dollar since the start of the year. The currency crisis in the country is now more acute than the one it experienced during a diplomatic standoff with then US president Donald Trump in 2018.

<https://www.thedailystar.net/business/global-economy/news/turkey-and-qatar-agree-currency-swap-deal-2913191>

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