

Key News

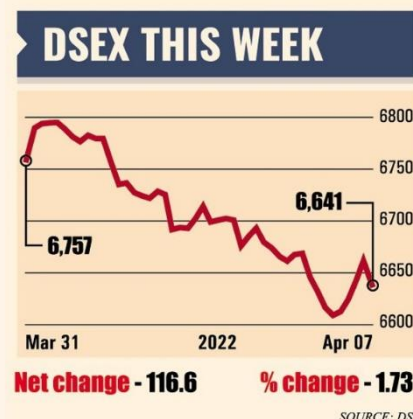
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Stock Market & Company

Weekly market review: Stocks plummet amid sluggish turnover

The Financial Express, April 09, 2022

- Stocks plummeted in the outgoing week to Thursday, with jittery investors selling off their shares to skirt further losses amid persistent volatility on the market. Week on week, the prime DSEX index of Dhaka Stock Exchange (DSE), slid 116.60 points or 1.73 per cent to settle at 6,641, after gaining 4.95 points in the week before.
- The week's total turnover also dropped to Tk 30.39 billion on the prime bourse, as against Tk 46.83 billion in the week before.
- The daily turnover averaged out at Tk 6.07 billion, down 35 per cent from the previous week's average of Tk 9.37 billion. Two other DSE indices also ended sharply lower. The DS30 index, comprising blue chips, lost 22.41 points to finish at 2,451 and the DSE Shariah Index (DSES) fell 14.51 points to close at 1,453.
- Market capitalisation of the DSE also fell by 1.27 per cent to Tk 5,325 billion on Thursday, down from Tk 5,394 billion in the week before.



- Major sectors suffered losses but the cement sector gained 2.60 per cent. General insurance sector witnessed the highest loss of 6.60 per cent, followed by food (1.90 per cent), power (1.90 per cent), telecoms (1.40 per cent), banking (1.20 per cent) and pharma (0.10 per cent).
- Beximco was the most traded stock with shares worth Tk 1.97 billion changing hands, followed by IPDC Finance (Tk 1.56 billion), LafargeHolcim (Tk 1.37 billion), VFS Thread Dyeing (Tk 778 million), and GSP Finance (Tk 768 million). The newly listed JMI Hospital Requisite Manufacturing was the week's top gainer, posting a 60.45 per cent gain, while Uttara Bank was the worst loser, shedding 13.24 per cent, following its price adjustment after record date during the week.
- The Chittagong Stock Exchange (CSE) also ended lower, with the CSE All Share Price Index (CASPI) shedding 247 points to settle at 19,501 while its Selective Categories Index (CSCX) losing 147 points to close the week at 11,700.

<https://thefinancialexpress.com.bd/stock/weekly-market-review-stocks-plummet-amid-sluggish-turnover-1649484654>

Bourses asked not to list banks in 'Z' category

The Newage, April 09, 2022

- Bangladesh Securities and Exchange Commission has asked Dhaka and Chittagong stock exchanges not to degrade any company's share, mainly the banks to 'Z' category, in case of failure to declare cash dividends due to any regulatory restrictions.
- The BSEC on April 7 issued a letter to the bourses and gave instructions. BSEC instruction said, 'No securities listed with the stock exchanges shall be placed or adjusted to 'Z' category in case of failure of declaring cash dividend for 2 consecutive years for any regulatory restrictions or compliance purpose.'
- The instruction would only be applicable to the banks as there are no listed companies except banks which have regulatory restrictions in declaration of cash dividend.
- On September 1, 2020, the BSEC issued an order saying that any listed company must be shifted to the 'Z' category immediately if the company fails to declare cash dividend for a period of 2 consecutive years from the date of declaration of last dividend.
- The BSEC made the decision after a number of banks said that the Bangladesh Bank restricted them in declaration of cash dividend by issuing a dividend policy for banks.
- On February 8, 2021, the central bank issued a circular saying that a bank can declare a maximum of 30 per cent dividend including 15 per cent cash for shareholders only if it can maintain a minimum of 15 per cent capital adequacy ratio (CAR).

<https://www.newagebd.net/article/167707/bourses-asked-not-to-list-banks-in-z-category>

BSEC seeks flat tax rate

The Financial Express, April 08, 2022

- The Bangladesh Securities and Exchange Commission (BSEC) has sought the scope for investing undisclosed money in the capital market by paying tax at a 10-per cent flat rate.
- BSEC Chairman Prof. Shibli Rubayat Ul Islam gave the proposal during a discussion with Finance Minister A H M Mustafa Kamal. "The minister has assured us of considering the chairman's proposal," said a senior BSEC official.
- In the national budget for the ongoing fiscal year (FY), 2021-22, the government did not extend the previous opportunity of whitening undisclosed money with 10 per cent flat rate of tax through various sectors including stock market. The BSEC official said the stock market saw investments of undisclosed money before withdrawing the scope of investing such money with a flat rate of tax.
- "Capital flight occurs, if there is no scope of investing undisclosed money with a plain condition. That's why, we have urged the finance minister to restore the previous provision in the upcoming national budget," said the BSEC official. Following widespread criticism from the civil society and economists, the government shifted from the policy of whitening undisclosed money in the national budget for the FY 2021-22.

<https://thefinancialexpress.com.bd/stock/bsec-seeks-flat-tax-rate-1649386517>

LafargeHolcim gets SC go-ahead

The Daily Star, April 08, 2022

- The Supreme Court's Appellate Division has allowed LafargeHolcim Bangladesh to continue production and sale of aggregates in the open market until the government forms a related policy. In September last year, the industries ministry directed LafargeHolcim to stop producing aggregates by crushing the same raw material and marketing them locally as it had no legal layout plan and approval, according to a letter of the ministry.
- LafargeHolcim then filed a writ petition, challenging the ministry's instruction. In January this year the multinational cement manufacturer received the final nod from the High Court to resume its aggregate business. The industries ministry then filed a petition challenging the judgment.
- The Appellate Division recently disposed of the petition, said a Dhaka Stock Exchange (DSE) website post of the company yesterday. It took into consideration a recent industries ministry letter allowing temporary permission to continue the business until the government formed a policy. The letter also stipulated that once a policy was published, the company had to apply again for the permission.

<https://www.thedailystar.net/business/organisation-news/news/lafargeholcim-gets-sc-go-ahead-3000621>

Four directors to buy 9 lakh Square Pharma shares

The Business Standard, April 07, 2022

- Samuel S Chowdhury, Tapan Chowdhury, Anjan Chowdhury and Ratna Patra – directors of Square Pharmaceuticals Ltd – have announced to buy 2.25 lakh of the company shares each from the public market by 28 April. "We believe this (the current market price) is not the fair price for the company shares and we have a strong confidence in the company's future," Tapan Chowdhury told The Business Standard.
- Following the announcement, Square Pharma shares closed 1.4% higher at Tk221.4 on the Dhaka Stock Exchange (DSE) on Thursday. Stockbrokers said it gave the spiralling down stock market a hand as the major indices closed slightly higher than the intraday low, unlike the last three days.

<https://www.tbsnews.net/dropped/pharma/four-directors-buy-9-lakh-square-pharma-shares-399390>

Second-highest loser Zeal Bangla shares keep flying

The Business Standard, April 07, 2022

- Despite incurring losses for years and with little hope for a turnaround, the share prices of the debt-ridden Zeal Bangla Sugar Mills have been rising due to "unknown" reasons. According to the Dhaka Stock Exchange (DSE), the share price of the state-run company has rocketed by almost 50% in the last three months.
- The price has increased from Tk115 in January this year to Tk161 per share at present. Market insiders see the rise in share prices as unusual when there are fears about the future of the company.
- In fiscal 2020-21, it incurred a loss of Tk116 per share, which is about 24% more than the previous year. And according to EPS, the biggest loss-making company in the capital market is Shyampur Sugar Mills, around state-run sugar manufacturer, whose production has now stopped. In fiscal 2020-21, its loss per share stood at Tk125.
- The auditor of the company said, "The net asset value and retained earnings are negative, and it has not been able to generate profit for a few years. It also has not generated operating revenue in the past few years." Zeal Bangla Sugar Mills will incur huge losses in the current financial year too.



<https://www.tbsnews.net/economy/stocks/second-highest-loser-zeal-bangla-shares-keep-flying-399398>

BSEC cuts circuit breaker limit on SME Index

The Business Standard, April 07, 2022

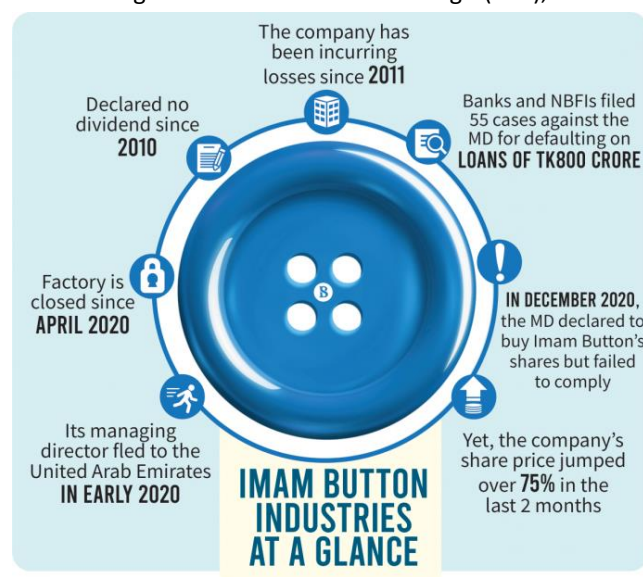
- The Bangladesh Securities and Exchange Commission (BSEC) on Thursday cut the circuit breaker limit to 10% from 20% on the trading of companies listed on the Small Capital Platform Index (DSMEX) of the Dhaka Stock Exchange (DSE), to be effective from the next trading day.
- According to a BSEC directive, shares of the companies on the DSMEX can rise or fall by a maximum of 10% in a day. The DSMEX jumped by 95% to reach 1,573 points in the last few working days till 5 March as investors' participation increased due to a waiver from the registration requirement for trading on that platform.
- As a result, shares of eight companies listed on the SME platform rose by 20% daily. However, in response to the DSE's notice, the companies said that there was no price sensitive information behind the unusual share price increase. But, in the last two days, the DSMEX lost 84 points due to the massive sell-off from the profit booking qualified investors.
- The new circuit breaker has been introduced to control the unusual rise and fall of the stock and to reduce investment risk, said a senior BSEC official.

<https://www.tbsnews.net/economy/stocks/bsec-cuts-circuit-breaker-limit-sme-index-399394>

Imam Button shares soar on restart of production rumour

The Business Standard, April 09, 2022

- The share prices of Imam Button have jumped 21% in just six trading sessions based on a rumour about resuming production at its factory which has been closed since April 2020. According to the Dhaka Stock Exchange (DSE), the share prices of the button supplier in the garment industries rocketed by 75% since February this year.
- The DSE, in a letter on 1 March, wanted to know the reason for such an unusual price hike. In reply, the company said there was no undisclosed price sensitive information that may have accorded the recent price jump.
- Imam Button shares closed at Tk41.60 each on 7 April, a big jump from Tk24 on 9 February on the country's premier bourse.
- However, on 2 December 2020, the Bangladesh Securities and Exchange Commission (BSEC) requested the authorities concerned to bar Mohammad Ali from leaving the country till further notice regarding pending legal actions over financial irregularities.
- On 22 December 2020, he suddenly declared that he will buy 65,000 shares of the company through the DSE within the next 30 days.
- After the news was revealed, Imam Button's share price rose 7.45% on that day. But he did not live up to his declaration, according to the DSE.



<https://www.tbsnews.net/economy/stocks/imam-button-shares-soar-restart-production-rumour-400386>

Two banks declare dividends for 2021

The Business Standard, April 09, 2022

- The City Bank and Pubali Bank Ltd – two private-sector lenders listed on the capital market – have recommended dividends for 2021 for their shareholders. The dividends were declared at the companies' board meeting on Thursday evening.
- The City Bank recommended a 25% dividend – 12.5% cash and 12.5% stock. Last year, its consolidated net profit was Tk549.61 crore, up from Tk436.49 crore in the previous year. The consolidated earnings per share (EPS) stood at Tk5.15 and its net asset value at Tk30.68 as of 31 December 2021. The bank's solo profit was Tk473.84 crore and EPS stood at Tk4.44.

- On the other hand, Pubali Bank recommended a 12.5% cash dividend for 2021. The consolidated net profit of the company was Tk434.97 crore, which was Tk370.19 crore in the previous year. Its consolidated EPS stood at Tk4.23 and its net asset value at Tk38.69 as of 31 December 2021. The bank's solo profit was Tk390.75 crore and EPS stood at Tk3.60 during the period.

<https://www.tbsnews.net/economy/stocks/two-banks-declare-dividends-2021-400398>

Economy & Industry

Don't show unrealised interest as income

The Daily Star, April 08, 2022

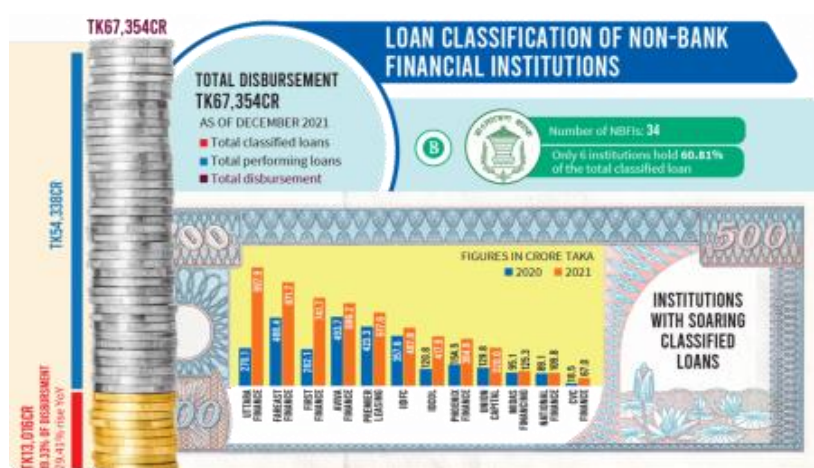
- Bangladesh Bank yesterday warned banks not to show any unrealised interest gained from the rescheduled loans as their income. The banking regulator has made the call as some banks have recently transferred their unrealised interest to their income segment of balance sheet breaching the regulatory instruction.
- This has artificially inflated the banks' income, which is not the actual image of the lenders, the Bangladesh Bank said in a circular yesterday. Unrealised profit or losses refer to profits or losses that have occurred on paper, but the relevant transactions are yet to complete.
- As per the central bank rules, banks are only permitted to transfer interest gained from rescheduled loans to their income segment when borrowers give instalment of loans. The malpractice carried out by banks are weakening the capital base and hampering the credit discipline in the banking sector as well. Against the backdrop, the banking regulator strictly prohibited banks not to inflate their income artificially.

<https://www.thedailystar.net/business/economy/banks/news/dont-show-unrealised-interest-income-3000601>

Classified loans of NBFIs soar alarmingly

The Business Standard, April 10, 2022

- Classified loans of the country's non-bank financial institutions rose alarmingly, amounting to Tk13,016 crore at the end of the last calendar year, thanks to the lenders' irrational loan disbursements and irregularities amid the weak monitoring of the watchdog Bangladesh Bank.
- Out of 34 financial institutions, twelve – Aviva finance, CVC Finance, Fareast Finance and Investment, First Finance, Industrial and Infrastructure Development Finance, Infrastructure Development, MIDAS Financing, National Finance, Phoenix Finance and Investments, Premier Leasing, Union Capital, Uttara Finance – saw up to 300% surge in classified loans in 2021, according to the quarterly Bangladesh Bank report.
- Besides, others also witnessed slight increases of such loans in the Covid-hit year, raising the total classified loans by Tk2,957 crore or 29.41% year-on-year.
- As of December 2021, the total disbursement of the 34 institutions stood at Tk67,354 crore, while around one-fifth or 19.33% of the disbursement went classified. In the previous calendar year of 2020, the disbursement was Tk10,053 crore and classified loans 15.02%.
- However, the classified loans decreased by Tk26 crore in the second quarter of 2021 to Tk10,328 crore from Tk10,354 crore in the first quarter. It again jumped by Tk1,429 crore in the third quarter and Tk1,259 crore in the last quarter of the calendar year.



<https://www.tbsnews.net/economy/classified-loans-nbfis-soar-alarmingly-400506>

International

US stocks pressured amid interest rate angst as euro gyrates

The Newage, April 09, 2022

- Wall Street stocks mostly fell Friday amid lingering unease over tightening US monetary policy, while the euro gyrated ahead of France's presidential election. Both the S&P 500 and Nasdaq retreated as the yield on the 10-year US Treasury note climbed above 2.7 per cent, a signal markets are preparing for more Federal Reserve monetary tightening. All three major US indices notched losses for the week.
- 'Uneasiness and trepidation appeared to drive a relatively quiet session as investors continued to weigh the potential implications of a highly aggressive Fed monetary policy tightening cycle,' Charles Schwab investment bank said in a note. The euro sank as low to \$ 1.0837 before bouncing back, a reflection of uncertainty ahead of Sunday's first-round French presidential vote.
- The single currency has also been dented by European officials' reticence to move as aggressively as the Fed on tackling soaring inflation. The volatility in the euro comes as polls show a tight race by French president Emmanuel Macron and his main election rival, far-right leader Marine Le Pen.
- The president is projected to come out on top in Sunday's first round of voting, but far short of the majority needed to avoid a run-off between the top two candidates on April 24 — and with Le Pen close behind. The euro would experience a 'knee-jerk' drop of about 1.5 per cent in its value against the dollar if Le Pen ultimately is elected, and then will 'continue falling,' Wells Fargo bank said in a note.

<https://www.newagebd.net/article/167698/us-stocks-pressured-amid-interest-rate-angst-as-euro-gyrates>

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