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Stock Market & Company

Stocks open higher riding on insurance

The Financial Express, October 10, 2023

- Stocks opened higher on Tuesday as the bargain hunters put funds on insurance shares amid rising interest rates.
- Following the previous three days' fall DSEX, the prime index of the Dhaka Stock Exchange (DSE), went up by 14 points to 6,244 after the first two hours of trading at 12:00 noon.
- The DS30 Index, which consists of blue-chip companies, gained 4 points to 2,135 and the DSES index, which represents Shariah-based companies, went up by 2 points to 1,352 till then.
- Turnover remained lower and amounted to Tk 1.40 billion after the first two hours of trading.
- Of the issues traded till then, 129 advanced, 14 declined and 103 remained unchanged on the DSE trading floor.
- The Chittagong Stock Exchange (CSE) also opened higher with the CSE All Share Price Index – CASPI –gaining 20 points to 18,483 after two hours of trading.

<https://thefinancialexpress.com.bd/stock/bangladesh/stocks-open-higher-riding-on-insurance>

Malek Spinning's subsidiary to invest nearly Tk 157cr

The Daily Star, October 11, 2023

- Malek Spinning Mills Ltd has approved an investment of around Tk 157 crore by its subsidiary, JM Fabrics Limited (JMFL), to set up facilities, including one for yarn texturizing and covering.
- The funds will be generated from JM's internal sources and bank loans, the Malek said in a disclosure on the Dhaka Stock Exchange (DSE) website yesterday.
- Once the facilities are established, JM's manufacturing capacity will increase from 5.29 crore rolls to 5.49 crore rolls per annum, according to the disclosure.
- Stocks of the Malek remained the same at Tk 27.10 at the DSE yesterday. Its paid-up capital is Tk 193 crore.

<https://www.thedailystar.net/business/economy/news/malek-spinnings-subsidiary-invest-nearly-tk-157cr-3440131>

Factories closed, yet stocks fetching good money

The Daily Star, October 11, 2023

- In inspections to identify potentials of companies that have been performing poorly over the years, the Dhaka Stock Exchange (DSE) last month found factories of five listed entities closed.
- The five are Northern Jute Manufacturing Company Ltd, Dulamia Cotton Spinning Mills Ltd, Regent Textile Mills Ltd, Usmania Glass Sheet Factory Limited, and Familytex (BD) Ltd.
- Yesterday the prices were Tk 194, Tk 70.8, Tk 9.80, Tk 50.2, and Tk 4.9 respectively, according to the DSE data.
- Early last month the DSE had selected 42 companies to conduct inspections as they were incurring losses, failing to hold annual general meetings, or had been kept shut for many years, confirmed a top DSE official.
- The Bangladesh Securities and Exchange Commission allowed the DSE to inspect 14 companies in the first phase <https://www.thedailystar.net/business/economy/news/factories-closed-yet-stocks-fetching-good-money-3440116>

Le Méridien owner gets nod for Tk 350cr IPO

The Daily Star, October 11, 2023

- Best Holdings Limited, the owning company of Le Méridien Dhaka, Best Hotels Limited, and Dhamshur Economic Zone, has got the approval to raise Tk 350 crore by issuing ordinary shares through an initial public offering (IPO).
- The Bangladesh Securities and Exchange Commission (BSEC) gave the approval in a commission meeting held at its office in the capital yesterday.
- With the IPO proceeds, the company will construct a building and implement other civil works, locally purchase machinery and equipment and repay existing liabilities, the BSEC said in a press release.
- According to the company's financial reports for the year ending on June 30 of 2023, the net asset value of each share was Tk 56.34 and earnings per share was Tk 1.24. Its five-year weighted average earnings per share was Tk 0.95. <https://www.thedailystar.net/business/economy/news/le-meridien-owner-gets-nod-tk-350cr-ipo-3440136>

Capitec's close-ended growth fund undersubscribed

The Financial Express, October 10, 2023

- Some 44 per cent units of Capitec Grameen Bank Growth Fund have remained unsold in the public portion, reflecting a further erosion of investor confidence in the mutual fund sector.
- The overall sector's weak performance affected the subscription of the new close-ended fund, said the asset manager.
- The subscription of the MF took place between September 24 and October 1 this year, intended to raise Tk 1 billion.
- As the fund was undersubscribed, every applicant received 100 per cent units against their application. The size of the fund stood at nearly Tk 1.56 billion due to lower subscription by general investors.
- However, there will be no problem in the listing on the stock exchanges since, as per mutual fund rules, any fund qualifies for listing if it achieves 50 per cent of the target.

<https://thefinancialexpress.com.bd/stock/bangladesh/capitecs-close-ended-growth-fund-undersubscribed>

Economy & Industry

Coal industry faces 1.0m job losses from global energy transition

The Financial Express, October 10, 2023

- The global coal industry may have to shed nearly 1 million jobs by 2050, even without any further pledges to phase out fossil fuels, with China and India facing the biggest losses, research showed on Tuesday, reports Reuters.
- Hundreds of labor-intensive mines are expected to close in the coming decades as they reach the end of their lifespans and countries replace coal with cleaner low-carbon energy sources.
- GEM looked at 4,300 active and proposed coal mine projects around the world covering a total workforce of nearly 2.7 million. It found that more than 400,000 workers are employed in mines set to cease operations before 2035.

- China's coal industry, the world's biggest, currently employs more than 1.5 million people, GEM estimated. Of the 1 million job global job losses expected by 2050, more than 240,000 will be in the province of Shanxi alone.

<https://thefinancialexpress.com.bd/trade/coal-industry-faces-10m-job-losses-from-global-energy-transition>

Official: IMF expresses satisfaction of BBS efforts in meeting conditions

The Financial Express, October 10, 2023

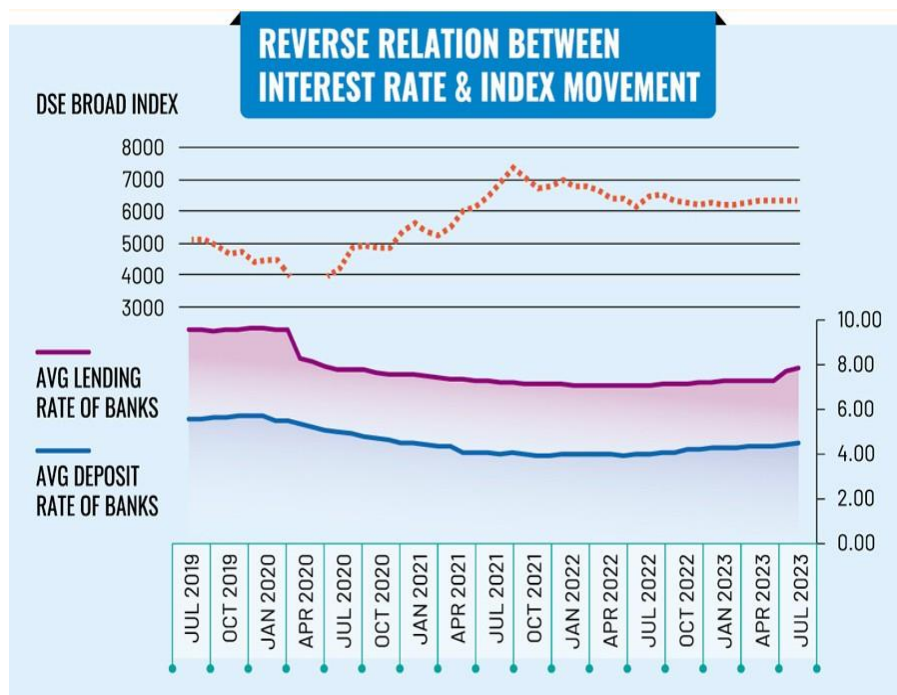
- Online banking transactions in Bangladesh amounted to nearly Tk 50,000 crore in May 2023, a 142 per cent rise year-on-year, Bangladesh Bank data showed.
- The International Monetary Fund (IMF) on Monday expressed satisfaction with the progress of implementing some conditions of the global lender by the Bangladesh Bureau of Statistics (BBS), reports UNB.
- The IMF expressed this satisfaction during a meeting with the BBS as part of justifying the IMF's condition for Bangladesh to get a second instalment of USD 4.70 billion in loans, a senior BBS official told UNB.
- The IMF has already held official meetings with the Bangladesh Bank, the Ministry of Finance, the National Board of Revenue, the Energy and Power Division, and other several departments and organisations of the government.
- Earlier, the IMF had given three conditions. They are to make some changes in the method of determining inflation or Consumer Price Index (CPI), the second condition of the IMF was to publish a marginal report of gross domestic product (GDP) and to publish consistent data on Bangladesh's growth in the last 50 years since independence.

<https://thefinancialexpress.com.bd/economy/bangladesh/official-imf-expresses-satisfaction-of-bbs-efforts-in-meeting-conditions>

Lending rate hike feared to wipe out liquidity of stock market

The Financial Express, October 10, 2023

- Last week's lending rate hike by the Bangladesh Bank is feared to wipe out the remaining liquidity of the stock market as investors are likely to rush to divert investment to fixed-income assets.
- As borrowing cost is going to go up, finance costs of listed companies will rise too, narrowing their profit margins. That will bring down the stock prices. On the other hand, the increase in lending rates will lead to higher deposit rates, and so fixed-income assets will give higher returns.
- For the current month, SMART has been set at 7.2 per cent. By adding 3.5 per cent, banks will offer funds at up to 10.7 per cent interest rate.



- The margin is also going to spike by 50 basis points to 2.5 per cent for pre-shipment credits and agricultural loans.
- A circular issued on Sunday said any NBFI will be able to pay depositors at a maximum of SMART plus 2.5 per cent, up from 2 per cent, while charge borrowers at a maximum of SMART + 5.5 per cent interest rate.

<https://thefinancialexpress.com.bd/stock/bangladesh/lending-rate-hike-feared-to-wipe-out-liquidity-of-stock-market>

25 banks keep NPLs below 5%

The Daily Star, October 11, 2023

- With the high rate of non-performing loans (NPLs) being a major challenge for the banking sector, just 25 of the 61 commercial banks in Bangladesh are managing to keep their NPL rates below 5 percent.
- Additionally, 11 of these 25 lenders registered NPL rates of less than 3 percent by the end of June this year, according to data of Bangladesh Bank.
- Industry insiders say the banks with low NPL rates practise good governance while their board of directors avoid interfering with management activities, making these lenders financially sound.
- The 11 banks that registered the lowest NPL rates are Eastern Bank, Pubali Bank, Shimanto Bank, Bengal Commercial Bank, Citizens Bank, Community Bank, Global Islami Bank, Bank Al-Falah, Citibank, the State Bank of India and Commercial Bank of Ceylon.
- NPLs in the banking sector hit a record of Tk 156,039 crore as of June this year, central bank data shows.

<https://www.thedailystar.net/business/economy/news/25-banks-keep-npls-below-5-3440111>

International

IMF says global economy 'limping along,' cuts growth forecast for China, euro area

The Business Standard, October 10, 2023

- The International Monetary Fund on Tuesday cut its growth forecasts for China and the euro area and said overall global growth remained low and uneven despite what it called the "remarkable strength" of the US economy.
- The IMF left its forecast for global real GDP growth in 2023 unchanged at 3.0% in its latest World Economic Outlook (WEO), but cut its 2024 forecast by 0.1 percentage point to 2.9% from its July forecast. World output grew 3.5% in 2022.
- IMF chief economist Pierre-Olivier Gourinchas told reporters the global economy continued to recover from the Covid-19 pandemic, Russia's invasion of Ukraine and last year's energy crisis, but growth trends were increasingly divergent across the globe, and prospects for medium-term growth were "mediocre."
- Inflation continued to decline around the globe due to a fall in energy prices and to a lesser extent food prices. It is expected to drop to an annual average of 6.9% in 2023, from 8.7% in 2022, and to 5.8% in 2024.
- The IMF raised its forecast for growth in the United States, the world's largest economy, by 0.3 percentage point to 2.1% for 2023, and by 0.5 percentage point to 1.5% for next year, citing stronger business investment and growing consumption. That makes the U.S. the only major economy to beat pre-pandemic forecasts.

<https://www.tbsnews.net/world/global-economy/imf-says-global-economy-limping-along-cuts-growth-forecast-china-euro-area>

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