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Stock Market & Company

[Dhaka stocks fall for 4th day](#)

The New Age, June 14, 2023

- DSEX, the key index of the Dhaka Stock Exchange, lost 24.15 points, or 0.38 per cent, and settled at 6,274.75 points on Wednesday after losing 11.68 points on Tuesday. Before Wednesday, the DSEX posted its lowest at 6,260.09 on May 15.
- The turnover advanced to Tk 723.33 crore on Wednesday compared with that of Tk 669.15 crore in the previous trading session. Out of the 337 issues traded, 45 advanced, 117 declined and 175 remained unchanged on Wednesday.
- The DSE Shariah index lost 5.06 points, or 0.36 per cent, to close at 1,364.13 points on the day. The DS30 index lost 4.42 points, or 0.20 per cent, to finish at 2,181.07 points..
- On the sectoral front, life insurance issues exerted the highest turnover, followed by pharmaceutical and food stocks. Navana Pharmaceuticals Limited topped the turnover chart with its shares worth Tk 44.86 crore changing hands on the day.

<https://www.newagebd.net/article/204207/dhaka-stocks-fall-for-4th-day>

[ICB offloads entire stake of Islami Bank in May](#)

The Financial Express, June 15, 2023

- The state-run Investment Corporation of Bangladesh (ICB) has sold out its entire holding of Islami Bank Bangladesh Ltd. (IBBL). The ICB reportedly had 2.7 per cent or more than 33.40 million shares in the Islami Bank. It did the sell-offs of its entire stake in May and so there is no representative of the ICB on the board of the Islami Bank now.

- ICB Managing Director Md. Abul Hossain could not name the buyer of the shares that the ICB sold in May. "The sell-buy is part of regular operations in the stock market. ICB requires money to distribute dividends for the outgoing fiscal year. That's why, we needed to realise profit," he said.
- The shares of the Islami Bank traded at Tk 33.1-Tk 32.6 in May. It is assumed that the state-run corporation sold out its stake within the price range. Meanwhile, the United Arab Emirates-based BTA Wealth Management reportedly purchased above 34 million shares of the lender in the block market in May. However, it could not be confirmed if BTA Wealth Management purchased the stake of the ICB.

<https://thefinancialexpress.com.bd/stock/bangladesh/icb-offloads-entire-stake-of-islami-bank-in-may>

AB Bank Perpetual Bond makes debut Thursday

The Financial Express, June 14, 2023

- Trading of the AB Bank Perpetual Bond will commence on the Dhaka Stock Exchange and Chittagong Stock Exchange tomorrow (Thursday) under settlement category 'N'.
- The private bank got approval to raise Tk 6 billion in November 2021 by issuing a transferable, unsecured, non-cumulative and contingent-convertible perpetual bond for raising additional Tier-I (AT-I) capital.
- Of the Tk 6.0 billion, Tk 5.40 billion raised through private placement and the remaining Tk 600 million under the public offering. Despite the securities regulator approving the bond more than 18 months ago, it was delayed to make its debut as the bank struggled to get subscribers as the lender did not get the expected number of subscriptions within the stipulated deadline.
- The bank extended the subscription period for two-time after receiving prior approval from the Bangladesh Securities and Exchange Commission (BSEC). The face value of each unit of the bond is Tk 1,000 while its coupon rate is 6 to 10 per cent. The lender plans to strengthen its capital base with the bond proceeds.

<https://thefinancialexpress.com.bd/stock/bangladesh/ab-bank-perpetual-bond-makes-debut-thursday>

Mercantile Bank okays 12% dividends

The Daily Star, June 15, 2023

- Mercantile Bank shareholders approved 10 per cent cash and 2 per cent bonus dividends for 2022. The bank has also reported consolidated earnings per share of Tk 2.17 and net operating cash flow per share of Tk 4.73. The information was revealed at the bank's 24th annual general meeting (AGM) held virtually yesterday, said a press release.
- Morshed Alam, chairman of the bank, presided over the meeting, which was also attended by ASM Feroz Alam and Md Abdul Hannan, vice-chairmen, Md Quamrul Islam Chowdhury, managing director and CEO, and directors and other senior officials.

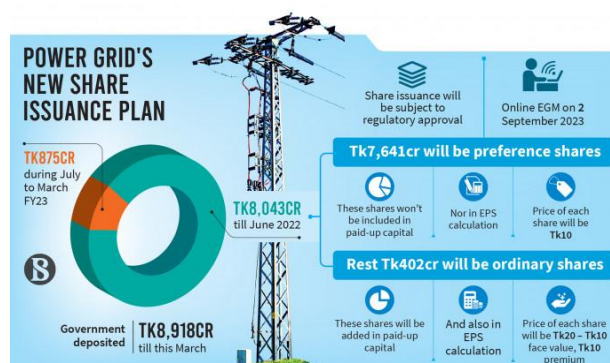
<https://www.thedailystar.net/business/economy/banks/news/mercantile-bank-okays-12-dividends-3346571>

Power Grid to issue new shares against government funds

The Business Standard, June 14, 2023

- Power Grid Company of Bangladesh has finally decided to issue shares against the share money deposit it has been taking from the government for years to finance various projects.
- Share money deposit is basically the amount paid for shares that have not been issued yet. Till this March, the total share money deposit of the state-owned power producer stood at Tk8,918 crore – the highest for any listed firm.

- Of the amount, Tk8,043 crore piled up till June last year. Power Grid wants to issue both ordinary and preference shares against this amount in favour of the secretary of the power division.
- The remaining Tk875 crore came during the July to March period of the fiscal 2022-23. The issuance of both types of shares is subject to approval by the Bangladesh Securities and Exchange Commission (BSEC) and also the shareholders.
- For shareholders' approval, the company has scheduled an extraordinary general meeting (EGM) on 2 September 2023. Also, the company said in a stock exchange filing that it wants to increase its authorised capital to Tk15,000 crore, which is now Tk10,000 crore.



<https://www.tbsnews.net/economy/stocks/power-grid-issue-new-shares-against-government-funds-649950>

Two non-life insurers recommend dividends for 2022

The Business Standard, June 14, 2023

- Sonar Bangla Insurance and Union Insurance Company have recently recommended 15% (10% cash, 5% stock) and 10% cash dividends respectively for their shareholders for 2022. At the end of the year, the consolidated earnings per share (EPS) of Sonar Bangla Insurance stood at Tk2.03, which was Tk2.05 in the previous year. Its consolidated net asset value per share was Tk22.83 at the end of March 2023.
- The company has fixed its annual general meeting (AGM) on 21 September and the record date on 20 July this year. Load: 3.94% In the first quarter of this year, the firm's EPS stood at Tk0.85, up from Tk0.82 in the January to March quarter of 2022.
- Sonar Bangla Insurance shares closed at Tk50.5 apiece at the Dhaka Stock Exchange (DSE) on Wednesday. On 31 December 2022, the EPS of Union Insurance stood at Tk1.77, which was Tk1.58 in the previous year. Its net asset value per share was Tk17.45 at the end of this March.

<https://www.tbsnews.net/economy/stocks/two-non-life-insurers-recommend-dividends-2022-649>

Economy & Industry

Cenbank plans policy rate hike in new monetary policy to tame inflation

The Business Standard, June 13, 2023

- The Bangladesh Bank is planning to raise policy rates in the upcoming monetary policy for the next fiscal year with the aim of taming inflation by making money costlier. The hike in the key interest rates, also known as the repurchase agreement (repo) and reverse repo rates, will make money costlier, thereby discouraging banks from lending.
- The repo rate is the rate at which banks borrow funds from the Bangladesh Bank, while the reverse repo rate is the rate at which banks deposit their excess funds with the central bank. Also, the reverse repo rate will be renamed the Spending Deposit Facility Rate (SDFR) in the new monetary policy.
- The policy rate is a monetary tool used to dampen credit demand, but despite rate hikes on a couple of occasions, credit growth remained upward owing to the lending rate cap. However, in the new monetary policy, the central bank plans to move away from the lending rate cap regime and introduce an interest rate-based monetary policy, following the suggestion of the International Monetary Fund (IMF). In the new monetary policy framework, the lending rate cap will be lifted, and a new lending rate formula will be introduced for commercial banks.

<https://www.tbsnews.net/economy/banking/cenbank-plans-policy-rate-hike-new-monetary-policy-tame-inflation-649282>

Trade, connectivity in SA: \$1.03b WB project to boost national income by 16pc

The Daily Star, June 15, 2023

- The World Bank has launched a \$1.03 billion inter-country connectivity project in the South Asia region that will lead to an increase in national income by over 16 percent in Bangladesh. At present, Bangladesh and Nepal are the participants of the flagship regional programme titled Accelerating Transport and Trade Connectivity in Eastern South Asia (ACCESS).
- Of the \$1.03 billion allocated for the programme, Bangladesh will get \$753.45 million and Nepal \$275 million. The project was launched yesterday in Bangladesh, two days after it was unveiled in Nepal. "This project is part of a flagship regional programme aimed at increasing the efficiency and resilience of transport and trade -- not just in Bangladesh -- but across the eastern South Asia region," said Guangzhe Chen, the WB's vice-president for infrastructure, at the event.
- In the second phase of the programme, the WB will give \$100 million to Bhutan. The lender is in discussions with India to get the largest country in the region on board. Trade and regional transport connectivity in South Asia is critical, especially for Bangladesh.
- The forthcoming graduation from least-developed country status is a testament to its development success, Chen said, adding that LDC graduation will help it attract investment and spur economic activity. However, it will also bring challenges caused by the phasing-out of preferential market access, which could lead to an annual reduction in exports by as much as 11 percent. Bangladesh will therefore need to find new drivers of exports and growth.

<https://www.thedailystar.net/news/bangladesh/news/trade-connectivity-sa-103b-wb-project-boost-national-income-16pc>

International

Fed expected to skip June interest rate hike but leave door open to later increase

The Business Standard, June 14, 2023

- The Federal Reserve will announce Wednesday (14 June) if it will press ahead with an 11th straight interest rate hike to tackle high inflation or skip an increase to give policymakers more time to take stock of the US economy. Analysts and traders broadly expect the Federal Open Market Committee (FOMC) to vote to hold rates where they are, while leaving the door open to another rate hike in July if needed.
- "The Fed leadership has signalled that it sees pausing as the prudent course because uncertainty about both the lagged effects of the rate hikes it has already delivered and the impact of tighter bank credit increases the risk of accidentally overtightening," Goldman Sachs economists wrote in a recent note to clients.
- Although inflation remains above the Fed's long-term target of two percent, it has moderated in recent months, leading some FOMC members to call for a pause on Wednesday. "Skipping a rate hike at a coming meeting would allow the Committee to see more data before making decisions about the extent of additional policy firming," Fed governor Philip Jefferson said late last month.
- Jefferson, who was recently nominated for the vacant number two spot at the Fed, added that such a move "should not be interpreted to mean that we have reached the peak rate for this cycle."
- - Divisions remain - The Fed has lifted its benchmark lending rate by five percentage points since it began raising rates to fight inflation in March 2022.
- Since then, inflation appears to have peaked, while the economy has shown signs of slowing -- although the labour market has remained surprisingly resilient. The United States is also facing tighter bank lending conditions in the aftermath of a string of regional bank collapses earlier this year.

<https://www.tbsnews.net/economy/stocks/fed-expected-skip-june-interest-rate-hike-leave-door-open-later-increase-649550>

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