

Key News

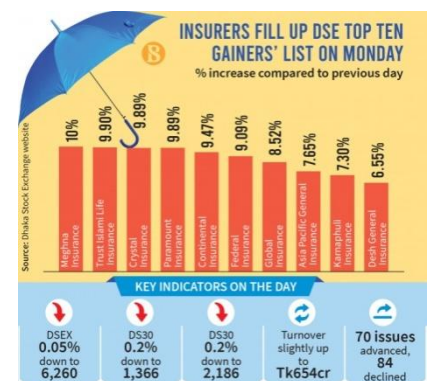
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Stock Market & Company

Insurance stocks up on third losing day for DSEX

The Business Standard, May 16, 2023

- Equity indices on the Dhaka and Chattogram bourses closed lower for the third consecutive session as cautious investors kept booking some of their recent quick profits amid the uncertainties related to the upcoming national budget.
- DSEX, the broad-based index of the Dhaka Stock Exchange (DSE), closed 0.05% lower at 6,260 on Monday.
- DSE's blue-chip index DS30 and Shariah index DSES closed 0.2% lower as short-term investors have been trying to book profits from large-cap stocks for the last week. Also, the recently rallied small-cap stocks faced a price correction on Monday.
- Turnover in the premier bourse increased to Tk653 on Sunday from Tk636 in the previous session. Some 70 scrips advanced, and 84 declined in the DSE. On the sectoral front, food, non-life insurance and IT contributed the maximum 14%, 12.9% and 9.5% to the DSE turnover.



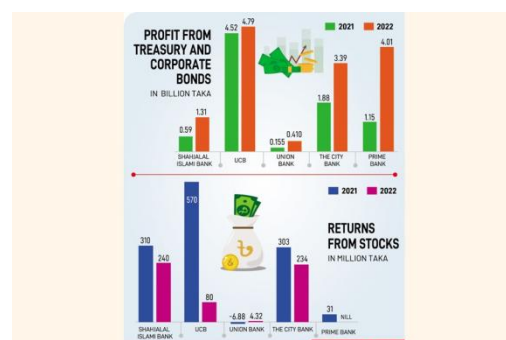
- Most of the sectors displayed negative returns, out of which jute, travel and IT led the losers with 5.8%, 2.2% and 0.8% decline in their respective market capitalisation. Indices at the Chattogram Stock Exchange also closed lower while turnover in the premier bourse declined 32% to Tk8 crore.

<https://www.tbsnews.net/economy/stocks/insurance-stocks-third-losing-day-dsex-632554>

Banks divert funds to bonds to tackle income loss from lending, stocks

The Financial Express, May 17, 2023

- Banks have diverted attention to risk-free treasury bonds and corporate debt securities amid the stock market volatility and liquidity crunch, which has reflected in their rising shift in income between 2021 and 2022.
- Take Shahjalal Islami Bank for example. It saw its income from government and corporate bonds jump 122 per cent to Tk 1.31 billion in 2022, compared to the previous year. At the same time, the lender had its investment returns from stocks reduced by more than 22 per cent.
- The trend has continued in 2023. Shahjalal Islami Bank's profit from debt securities jumped 78 per cent year-on-year to Tk 351.44 million in the first quarter through March this year.
- On the other hand, the company's income from investments in equity-based securities plunged 99 per cent to Tk 0.706 million in the quarter ended in March, compared to the same quarter a year ago. The returns from fixed-income securities seem to have helped overcome the loss of income from the stock market.



<https://thefinancialexpress.com.bd/stock/bangladesh/banks-divert-funds-to-bonds-to-tackle-income-loss-from-lending-stocks>

Firms to face music for failure to transfer unclaimed dividends

The Business Standard, May 16, 2023

- The Bangladesh Securities and Exchange Commission (BSEC) is becoming stricter in realising unclaimed and undisbursed dividends from companies listed on the country's stock market.
- The companies will have until 30 June to deposit the undisbursed dividends to the Capital Market Stabilisation Fund (CMSF). In the event of default, they will be required to pay a surcharge of 2.5% of the undisbursed amount every month.
- After the formation of CMSF in 2021, the commission directed the listed companies to deposit the undistributed dividends of more than three years into the fund.
- According to CMSF officials, while some companies transferred 100% cash or bonus dividend deposits, others gave nothing. In particular, some have deposited cash dividends but not yet transferred bonus dividends.
- However, there are questions about the legality of the formation of the fund by the BSEC.



<https://www.tbsnews.net/economy/stocks/firms-face-music-failure-transfer-unclaimed-dividends-633078>

BSEC rejects DBL Group concern's SME board listing

The Business Standard, May 16, 2023

- The Bangladesh Securities and Exchange Commission (BSEC) has rejected the qualified investor offer (QIO) of Parkway Packaging and Printing PLC – a concern of the DBL Group – because of some major non-compliances by the firm.
- The commission has already issued letters to the related party in this regard. Parkway Packaging and Printing manufactured cartons for the readymade garments industry. It started commercial production in 2008 and produces 35,000 pieces of cartons per day.
- Earlier, the company applied to the BSEC for raising Tk5 crore from the Small Capital Platform of the Dhaka Stock Exchange (DSE) through a QIO under the fixed price method. The company wanted to use the fund for working capital and meeting QIO expenses.
- According to BSEC officials, the company applied for the QIO by submitting financial statements for the July to December period of 2022, that too without any document verification system (DVS) number. Without verifying the financial statements, the QIO application cannot be accepted, they added.

<https://www.tbsnews.net/economy/stocks/bsec-rejects-dbl-group-concerns-sme-board-listing-633022>

Ring Shine lets go of expansion plan, uses IPO fund as working capital

The Business Standard, May 16, 2023

- Ring Shine Textiles Limited, which once planned to spend its initial public offering (IPO) fund on business expansion, is now having a hard time staying afloat, and has decided to use the fund as working capital instead.
- The company raised Tk150 crore from the stock market in 2019. Of the fund, it was supposed to use Tk96 crore for machinery acquisition, Tk50 crore for loan repayment, and the remaining Tk4 crore for IPO expenses, as per its IPO prospectus.
- Although the company did ensure the repayment of its loans and meeting other expenses, it failed to purchase machinery for business expansion. Now, the company will use a total Tk66.4 crore of the IPO fund as working capital in phases, while around Tk30 crore is lying unused.
- Of the Tk66.4 crore, Tk18.4 crore has been recently released by the Bangladesh Securities and Exchange Commission (BSEC) for Ring Shine to use as working capital. The company will use this amount to pay the outstanding salaries of the employees who resigned or were retrenched from the company earlier.

<https://www.tbsnews.net/economy/stocks/ring-shine-lets-go-expansion-plan-uses-ipo-fund-working-capital-632558>

LankaBangla Finance to issue Tk 200cr bond

The Daily Star, May 17, 2023

- LankaBangla Finance PLC said its board has approved the issuance of a zero-coupon bond to raise Tk 200 crore. The 4th zero-coupon bond will be issued in a face value to generate liquidity to meet ongoing financing requirements, said the non-bank financial institution in a post on the Dhaka Stock Exchange yesterday.
- In another disclosure, LankaBangla Finance said it registered a 65 per cent year-on-year fall in profit to Tk 8.08 crore in the first quarter of the current financial year. The profit stood at Tk 23.17 crore in the January-March period of 2022.
- The NBFI, thus, reported consolidated earnings per share of Tk 0.15 for January-March of the current financial year, which was Tk 0.43 in 2022. The filing said the EPS decreased due to the interest rate cap imposed by the regulator since the second half of 2022, the deteriorated asset quality owing to the aftermath of the Covid-19 pandemic, and less brokerage commission amid a lower turnover.

<https://www.thedailystar.net/business/economy/news/lankabangla-finance-issue-tk-200cr-bond-3322036>

BD Finance's profit dips 75%

The Daily Star, May 17, 2023

- Bangladesh Finance Limited's profit slumped 75 per cent year-on-year to Tk 1.88 crore in the first quarter of the current financial year.
- The profit stood at Tk 7.53 crore in the January-March quarter of 2021-22. Consolidated earnings per share were Tk 0.10 in January-March of 2022-23 against Tk 0.40 in the same quarter of 2021-22, showed the unaudited financial statements of the non-bank financial institution.
- The EPS decreased due to a fall in net interest income and lower income from investment in securities, said the NBFI in a filing on the Dhaka Stock Exchange. The consolidated net operating cash flow per share slipped to the negative territory to stand at Tk 1.83 in the quarter from a positive Tk 2.27 during the same period a year ago.

<https://www.thedailystar.net/business/economy/news/bd-finance-profit-dips-75-3322021>

Mercantile Islami Ins' profit drops 25%

The Daily Star, May 17, 2023

- Mercantile Islami Insurance PLC saw an over 25 per cent year-on-year drop in profit in the January-March quarter of this year. The local general insurance company made a profit of Tk 3.23 crore in the first three months of 2022, which came down to Tk 2.41 crore in the same period this year.
- The company's net operating cash flow per share also experienced a massive 61.5 per cent year-on-year fall, as it hit Tk 0.2 in the Jan-Mar quarter of 2023, down from Tk 0.52 the same period previous year.
- However, the insurer's net asset value rose by 2.79 per cent to Tk 21.36 as on March 31 this year from December 31 of last year's Tk 20.78. The share price of Mercantile Islami Insurance PLC ended today at the Dhaka Stock Exchange at Tk 31.5, posting a 1.61 per cent rise from the previous day's Tk 31.

<https://www.thedailystar.net/business/economy/news/mercantile-islami-ins-profit-drops-25-3321946>

Unilever Consumer Care approves 300pc dividend

The Financial Express, May 17, 2023

- Unilever Consumer Care Limited held its 50th annual general meeting (AGM) on Tuesday. At the meeting, shareholders approved the Directors' Report, Auditor's Report and Audited Accounts for the year ended on December 31, 2022, where the declaration of final dividend of total 300 per cent (240 per cent being cash dividend, Tk 24.00 per share of Tk 10 each and 60 per cent being stock dividend, 1: 0.60 bonus share) was announced.
- The revenue of Unilever Consumer Care decreased by 1.1 per cent last year, while gross profit grew 1.4 per cent. In pursuance of Bangladesh Securities and Exchange Commission's directive, the AGM was conducted on a digital platform.

<https://thefinancialexpress.com.bd/stock/bangladesh/unilever-consumer-care-approves-300pc-dividend>

SME board investors can trade shares on block market from 21 May

The Business Standard, May 16, 2023

- Investors of the small and medium enterprise (SME) companies can trade shares on the block market from 21 May, according to the Dhaka Stock Exchange (DSE). In a block market, buyers and sellers set a price in advance and then trade shares in this market. But shares cannot be bought or sold for less than Tk5 lakh here.
- Initially, in order to be considered eligible for trading shares in the Small Capital Platform launched in 2021, there was an obligation to invest at least Tk1 crore in the shares of listed companies. Eligible investors had to fill in a number of forms in order to trade on this platform.

- Because of a capital crunch and a low number of investors, the platform had not gained much popularity. Therefore, the process of trading shares on the Small Capital Platform was later made simple, and the minimum investment requirement was halved. But, as the investors did not show much interest even after those measures, the minimum investment was further reduced to Tk20 lakh. At present, 15 companies are listed on the SME platform.

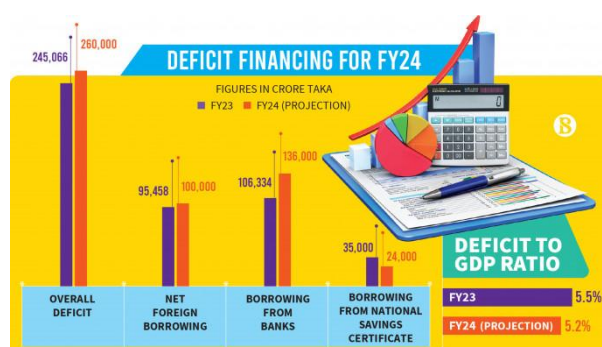
<https://www.tbsnews.net/economy/stocks/sme-board-investors-can-trade-shares-block-market-21-may-633014>

Economy & Industry

Govt to rely more on banks to finance budget deficit

The Business Standard, May 16, 2023

- The government is going to rely heavily on the banking system to finance the budget deficit for the next fiscal year — a move that analysts say could potentially crowd out the private sector from the loan market and eventually slow investment growth.
- Finance Minister AHM Mustafa Kamal is set to place the Tk7.60 lakh crore budget for FY24 in parliament on 1 June.
- The budget deficit is estimated to be Tk2.60 lakh crore, of which Tk 1.36 lakh crore is targeted to be sourced from the banking system, according to a finance ministry document obtained by The Business Standard.
- According to Finance Division officials, the government will borrow 28% more than the target of the current fiscal year from the banking system to meet the budget deficit in the next financial year.
- The bank borrowing target for the current financial year is Tk1,06,334 crore. In April, the government borrowed Tk29,697 crore from the banking system, the highest in a single month in the fiscal year so far.
- According to the Bangladesh Bank, from July to April in FY23, the government borrowed a total of Tk82,057 crore from the banking system, and around 80% of this fund was provided by the central bank.



<https://www.tbsnews.net/economy/govt-rely-more-banks-finance-budget-deficit-633070>

Interbank dollar rate rises to Tk108.50

The Business Standard, May 16, 2023

- Within a week, the interbank exchange rate for dollars rose from Tk108 to Tk108.50, which is the highest in the country's history. The rate at which one bank sells dollars to another bank is called the interbank exchange rate.
- According to central bank data, the dollar traded at the lowest rate of Tk107.26 and highest rate of Tk108.50 on Monday (16 May). Earlier on 7 May, the dollar rate rose to Tk108 in interbank exchange. This was the highest dollar rate in this market till day.
- Bankers said the interbank dollar rate has increased mainly due to the increase in remittance rates. On 30 April, Association of Bankers Bangladesh (ABB) and Bangladesh Foreign Exchange Dealers' Association (BAFEDA) increased the remittance dollar rate by Tk1 to Tk108.
- Earlier, the dollar rate of remittance was Tk107 for about six months, although several banks have brought remittances with higher rates in March. Since September last year, these two platforms of banks' managing directors have been fixing the dollar price for export proceeds and remittances.

<https://www.tbsnews.net/economy/interbank-dollar-rate-rises-tk10850-632962>

International

Russian oil exports hit post-invasion high: IEA

The Daily Star, May 17, 2023

- Russia's oil exports rose in April to the highest level since its invasion of Ukraine, boosting revenues by \$1.7 billion despite Western sanctions, the International Energy Agency said Tuesday.
- The Paris-based organisation said Russian exports increased by 50,000 barrels per day to 8.3 million bpd last month, estimating that the country did not fully deliver on a threat to cut production sharply.
- "Indeed, Russia may be boosting volumes to make up for lost revenue," the IEA said in its monthly oil market report. The country's oil export revenues rose by \$1.7 billion to \$15 billion in April.
- The figure, however, was 27 per cent lower than the same month in 2022. Russia's tax receipts from its oil and gas sector were down by 64 per cent year-on-year, the agency added.
- The Group of Seven wealthy nations and Australia have set price caps on Russian petroleum products and crude in coordination with the European Union in an effort to cut a key source of funding for its war on Ukraine. The EU has also imposed embargoes on the country's key oil exports.
- In response, Russia has threatened to cut off countries and companies that comply with the price cap. It has also announced a production cut of 500,000 barrels per day while its allies in the Opec+ group of oil producers, including Saudi Arabia, also agreed to slash output.

<https://www.thedailystar.net/business/global-economy/news/russian-oil-exports-hit-post-invasion-high-iea-3322001>

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