

Key News

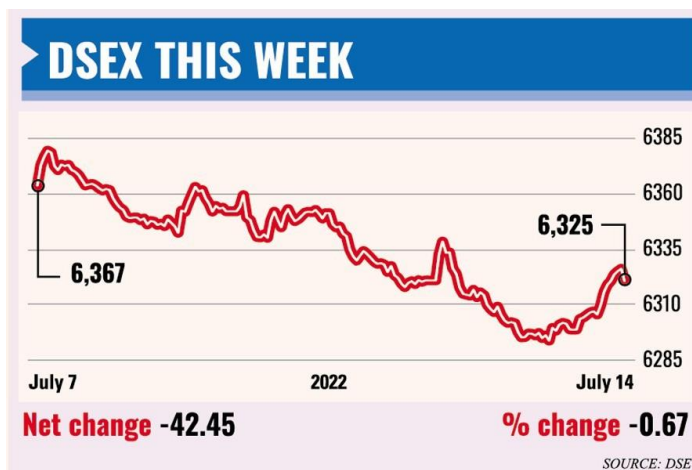
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Stock Market & Company

Weekly market review: Investors still in selling mode

The Financial Express, July 16, 2022

- Stocks witnessed yet another bearish week to Thursday, the shortened week after Eid vacation, as jittery investors remained in selling mode amid growing macroeconomic worries. Week on week, DSEX, the key index of Dhaka Stock Exchange (DSE), slipped 42.45 points or 0.67 per cent to settle at 6,324.50. DSEX lost over 52 points in the past two weeks.
- Two other indices of DSE also ended lower this week. The DS30 Index, comprising blue-chip companies, dropped 19.92 points to close at 2,273.85 and the DSES Index, which represents Shariah-based companies, fell 10.54 points to finish at 1,377.35.
- The week's total turnover dropped to Tk 19.62 billion on the prime bourse as against Tk 38.14 billion in the week before.
- The daily turnover averaged out at Tk 6.54 billion, down 14 per cent over the previous week's average of Tk 7.63 billion.
- The investors' activities were mostly focused on the textile sector, capturing 18 per cent of the week's total turnover, followed by miscellaneous sector (11 per cent) and engineering sector (10 per cent).



- Major sectors suffered losses, with the general insurance sector posting the highest loss of 2.30 per cent, followed by miscellaneous (2.28 per cent), cement (1.60 per cent), telecoms (1.50 per cent), pharma (0.80 per cent), food (0.40 per cent), engineering (0.30 per cent) and banking (0.10 per cent).
- Junk stock Meghna Condensed Milk Industries was the week's top gainer, posting a 23 per cent gain, while Janata Insurance was the worst loser, shedding 8.60 per cent.
- The Chittagong Stock Exchange (CSE) ended lower with the CSE All Share Price Index (CASPI) losing 156.43 points to settle at 18,595.40 and its Selective Categories Index (CSCX) losing 94.99 points to close the week at 11,143.25.

<https://thefinancialexpress.com.bd/stock/weekly-market-review-investors-still-in-selling-mode-1657945552>

63,000 BO accountholders make exit from market in 1 month

The Newage, July 16, 2022

- Investors sold entire shares held in 63,000 beneficiary owners' accounts in the past month amid a bearish trend on the stock market. According to Central Depository Bangladesh Limited data, the number of BO accounts holding shares was 15,00,228 on June 12, but the number came down to 14,37,251 on July 12.
- The number of inactive BO accounts soared by 21,000 to 4.83 lakh on July 12 from 4.62 lakh on June 12. The total number of BO accounts was 20.26 lakh on July 12. So, the number of inactive BO accounts is 22.8 per cent of the total number of BO accounts.
- The total foreign investments in the Dhaka Stock Exchange have dropped to Tk 9,976 crore as the foreign investors have withdrawn around Tk 7,000 crore from the market since 2018. After the economic collapse in Sri Lanka, investors were assessing Bangladesh's external debts and capacity of paying the debts.
- The country's reserves dropped by \$8.29 billion in just 10 months that weakened Bangladesh's import payment capacity. The national budget for the financial year 2022-23 also failed to meet the investors' expectation.

<https://www.newagebd.net/article/175994/63000-bo-accountholders-make-exit-from-market-in-1-month>

BSEC tightens rules for OTC firms willing to come back to SME or ATB platforms

The Business Standard, July 16, 2022

- The securities regulator has tightened rules for the over-the-counter (OTC) firms heading for the small capital companies' (SME) platform or the Alternative Trading Board (ATB) to protect investors' interests.
- Sponsor-directors of such companies cannot buy, sell, transfer, transmit or pledge the company shares without prior approval of the regulator, said the Bangladesh Securities and Exchange Commission (BSEC) in its recent letter to local bourses.
- Also, the firms will not sell, transfer, mortgage, or dispose of any fixed asset without the prior approval of the commission. The two orders would help prevent unwanted moves by sponsor-directors abusing their positions within the firms for unfair gains at the expense of public shareholders, believe BSEC officials.
- Shareholders of Ashraf Textile were deprived after the company sold off its vast factory land stealthily while taking excessive bank loans against held shares also resulted in many sponsor directors' demotivation to serve the company honestly. Companies coming to SME or ATB platforms must ensure dematerialisation of at least half of their total shares, said the BSEC.

<https://www.tbsnews.net/economy/bsec-tightens-rules-otc-firms-willing-come-back-sme-or-atb-platforms-459350>

Trading in treasury bonds on bourses soon

The Financial Express, July 16, 2022

- Much-hyped trading in treasury bonds on the market may begin soon as the stakeholders completed most of the procedures, including mock trading, stoking hopes about a rebound of the bourses. The bonds never traded on the secondary market and remained a hot topic in the financial-market circles.
- It is believed that trading in the government securities (G-Sec) with over 250 bonds up for grabs will help deepen the market, opening up opportunities for both retail and institutional investors in the risk-free fixed-income instruments.

- Earlier, all stakeholders signed a key operational agreement with the Ministry of Finance in June last. The country's stock exchanges are now dominated by equity instruments as only nine fixed-income corporate bonds remained listed with the prime bourses.

<https://thefinancialexpress.com.bd/stock/trading-in-treasury-bonds-on-bourses-soon-1657938893>

Shanta First Income Unit Fund declares 10pc dividend

The Daily Star, July 15, 2022

- Shanta First Income Unit Fund has announced a 10 per cent, or Tk 1 per unit, dividend for the fiscal year that ended on June 30, 2022. Earnings Per Unit (EPU) of the fund stood at Tk 1.14, implying that the fund has disbursed 87.7 per cent of its earnings to its valued investors, a press release said. Now they can opt for the dividend as cash or reinvest the dividend by purchasing units of the fund for further growth.
- Shanta Asset Management Ltd, a sponsor and asset manager of the fund, stipulates that only the shareholders who have held units on June 30, 2022 will be entitled to for the dividend.
- "Despite a challenging year, with a market return of only 3.7 per cent in FY2021-22, we are delighted to declare a decent dividend for our esteemed investors," said Mohammad Emran Hasan, chief executive officer of Shanta Asset Management.

<https://www.thedailystar.net/business/economy/news/shanta-first-income-unit-fund-declares-10pc-dividend-3070641>

People's Leasing plans to start lending from January: Chairman

The Business Standard, July 16, 2022

- People's Leasing and Financial Services Ltd (PLFSL) is likely to avert the proposed liquidation under the high court's supervision as its business wheels have resumed rolling. The scam-hit non-bank financial institution (NBFI) is planning to start small ticket lending from January next, said Hasan Shaheed Ferdous, the new chairman of its court-appointed board of directors.
- In a recent interview with The Business Standard the lawyer and former district and session judge said PLFSL under the restructured board has already recovered over Tk70 crore from defaulters, out of which nearly Tk20 crore has been used to partially pay back the depositors on humanitarian conditions in compliance with the court order, Tk20 crore is kept in fixed deposit scheme, and the remaining cash is in hand. Around Tk4 crore is being recovered every month from the borrowers who already have responded to the NBFI's calls to regularise loans.

<https://www.tbsnews.net/economy/stocks/peoples-leasing-plans-start-lending-january-chairman-459354>

ICB Islamic Bank makes a profit for the first time in its history

The Business Standard, July 16, 2022

- The ICB Islamic Bank, deemed the 'problematic bank' since its inception, has finally managed to make a profit for the first time in its history. In the April to June quarter of 2022, the bank's net profit stood at Tk10.09 crore and earnings per share (EPS) at Tk0.15.
- But from January to June of this year, its net profit decreased to Tk1.23 crore and EPS to Tk0.02, year-on-year, owing to the January to March quarter's loss.
- In June 2006, the Bangladesh Bank dissolved the board of directors of Oriental Bank after detecting massive corruption. To safeguard the interest of depositors, the central bank took over full control of the bank. Then in August 2007, the central bank floated a tender to sell the majority of the bank's shares.
- Two bidders participated in the tender, with Swiss ICB Group walking away with the stake. The bank was renamed ICB Islamic Bank in 2008. Besides, the central bank also allowed the bank some time to gradually pay back depositors' money. According to the annual report for 2021, its bad loans were 81% of the total disbursement, and the capital shortfall was Tk1,660 crore.



<https://www.tbsnews.net/economy/stocks/icb-islamic-bank-makes-profit-first-time-its-history-459346>

Economy & Industry

How to survive capital shortfall at banks

The Daily Star, July 17, 2022

- If media reports are followed closely, it can then be concluded that our banking industry is battling a persisting malady: capital shortfall. As reported, at the end of the December quarter of 2021, the capital shortfall in 10 banks was more than Tk 30,000 crore.
- Most of the banks have been managing their capital adequacy little over the regulatory requirements. Due to the reduction of capital, the CAR (capital adequacy ratio) reduced to 11.08 per cent from 11.68 per cent last year against the minimum requirement of 12.5 per cent as prescribed by the Bangladesh Bank. The situation marginally improved at the end of March 2022 but the verdict is still out on how our banking industry will fare by the end of the year.
- It is important that banks are equipped with meeting their payment obligations and absorbing losses under any circumstances. A bank's capacity for absorbing losses is derived from its capital base. In Bangladesh, the central bank has implemented a set of guidelines in line with Basel III, which prescribes that each bank maintains a minimum capital requirement.
- The riskiness of loans impacts how much regulatory capital it must maintain: If a bank has less risky loans, its minimum capital requirement will then be less than a bank that has more risky loans and advances.

<https://www.thedailystar.net/business/economy/news/how-survive-capital-shortfall-banks-3072046>

RMG orders tumble 30% amid record global inflation

The Business Standard, July 16, 2022

- Bangladesh's ready made garments industry is now bracing for another battle for survival as most factories are getting orders less than 30% of their capacity as record inflation rates across Europe and the US make consumers less willing to loosen their purse strings for new outfits and fashion accessories. It is a bleak situation from the heady days of just a few months back.
- In the end of the fiscal year 21-22, the fears of a prolonged recovery period following the Covid-19 pandemic had not only almost receded for the Bangladesh apparel industry, but had been replaced by hope.
- The pandemic had led to cancellations of orders worth over \$3 billion from almost every brand, except H&M. The readymade garments sector was in tatters, experiencing a fallout faced by every major industry. Textile exports had fallen at this time from \$34.13 billion to \$27.95 billion.
- Apart from the fall in demand, freight cost rose by almost four times and price of raw materials also increased by 15-20%, along with other inputs. But by this fiscal year, the industry had strongly rebounded, registering a record high volume of exports worth \$42.61 billion, surpassing the previous high by almost \$8 billion.



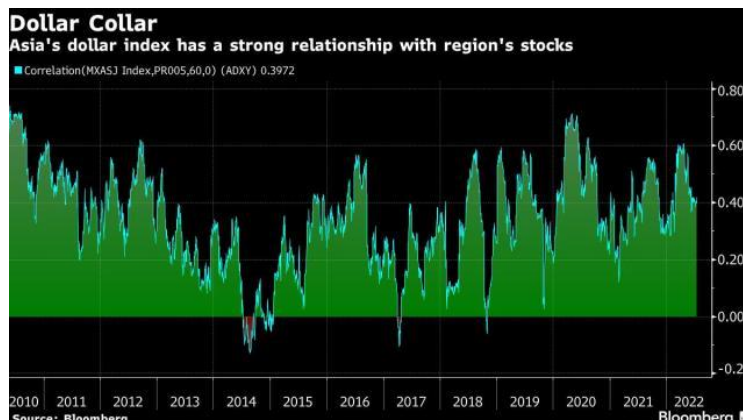
<https://www.tbsnews.net/economy/rmg/rmg-orders-tumble-30-amid-record-global-inflation-459434>

International

Unstoppable dollar risks worsening \$71 billion Asia stock exodus

The Business Standard, July 17, 2022

- The dollar's relentless rise is threatening to trigger more outflows from Asia's emerging-market shares, spoiling hopes of the region making a comeback in the second half.
- A gauge of Asian currencies has slumped to its lowest in more than two years, an ominous sign for equities given their strong relationship with moves in foreign exchange. The MSCI Asia ex-Japan Index has fallen 20% as foreign investors took \$71 billion out of stock markets in emerging Asia outside China so far this year, already double the outflows in 2021.
- The dollar has steamrolled through global currency markets lately, benefiting from bets on aggressive Federal Reserve rate hikes. A stronger greenback bodes ill for Asian stocks when it signals lower risk appetite and is also seen as negative for growth in emerging economies, many of which rely on imports priced in the currency.
- Vulnerable spots: Asia's tech-heavy markets like South Korea and Taiwan look particularly vulnerable as higher global bond yields and recessionary headwinds are hurting valuations and the demand outlook.
- Stock benchmarks in the two nations are among the worst performers in the region this year and foreigners have net sold a combined \$50 billion of their shares.



<https://www.tbsnews.net/bloomberg-special/unstoppable-dollar-risks-worsening-71-billion-asia-stock-exodus-459466>

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Bank Asia Securities Limited (BASL) is one of the leading full-service brokerage companies in Bangladesh. The company was formed in 2009 and running its operation as a majority owned subsidiary of Bank Asia Limited. BASL offers full-fledged standard brokerage services for retail, institutional and foreign clients with a dedicated team of skilled professionals. The company is currently providing the brokerage services under the membership of Dhaka Stock Exchange Limited (DSE).

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