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Stock Market & Company

Dhaka stocks slump ahead of MPS declaration

The New Age, June 14, 2023

- Dhaka stocks dropped in the past week as investors remained cautious ahead of the monetary policy declaration by the Bangladesh Bank. The key index of the Dhaka Stock Exchange, DSEX, lost 1.15 per cent, or 72.82 points, over the week to close at 6,280 points on June 15 after losing 2.71 points in the previous week.
- Out of 391 companies traded, share prices of 141 declined, 42 advanced and 207 remained unchanged.
- The DS30, comprised of 30 large capitalised companies, also dropped by 10.39 points to finish at 2,182.5 points and the DSE Shariah index, DSES, shed 13.25 points to close at 1,365.17 points.
- Meghna Life Insurance Company topped the weekly turnover chart with a value of Tk 190.33 crore. Sea Pearl Beach Resort & Spa, Sonlai Life Insurance Company, Fareast Islamic Life Insurance, Intraco Refueling Station, Rupali Life Insurance, Trust Islami Life Insurance, Rangpur Dairy and Food Products and Paper Processing and Packaging were the other turnover leaders.



<https://www.newagebd.net/article/204479/dhaka-stocks-slump-ahead-of-mps-declaration>

Companies moving up floor price: How much it matters for market recovery

The Financial Express, June 18, 2023

- As many as 59 companies have moved above the floor price on the Dhaka Stock Exchange (DSE) since the first week of March, but their gains have hardly made any impact on the index for most of them are small-cap companies. Large-cap companies among them are LafargeHolcim Bangladesh, Heidelberg Cement, and MJL Bangladesh.
- For failing to show a positive business growth, some stocks lost momentum and incurred a sharp fall last week, emphasising that the recent recovery of the market, however marginable, is not sustainable.
- Despite a lack of business strength, a company exhibits a rally in the stock market when a certain group of people influence the price while others join the rally not to miss out on the opportunity to make profits.
- After a certain period, the people, who have created the rally, dump their holdings, said Ashequr Rahman, managing director of Midway Securities.
- That explains why 17 of the 59 stocks have already made their way back to the floor by Thursday. Twenty companies have been subject to price appreciation by 63-744 per cent from their floor prices in recent months. Many of these stocks last week lost 3-33 per cent of their market value.

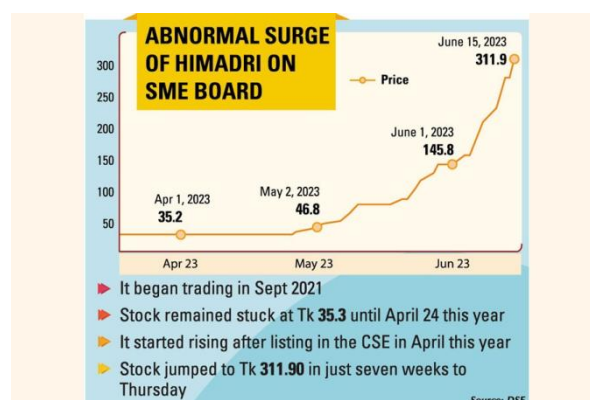


<https://thefinancialexpress.com.bd/stock/companies-moving-up-floor-price-how-much-it-matters-for-market-recovery>

Himadri flying on SME board since listing on CSE

The Financial Express, June 16, 2023

- Himadri Ltd, which operates six potato cold storage facilities in northern Bangladesh, has been flying high on the SME board of the Dhaka Stock Exchange without any valid reason.
- The little-known SME stock skyrocketed 783 per cent in just seven weeks to Tk 311.90 on Thursday, becoming the second highest expensive stock in the platform.
- Its rise began after it got listed in the Chittagong Stock Exchange (CSE) in April this year. At the time, the stock price was Tk 35.30.
- Himadri was one of the six companies to join the SME board on September 30, 2021, having transferred from the over-the-counter (OTC) market. Currently, 16 companies are listed on the platform.
- The abnormal price surge of Himadri has raised suspicion among market analysts of stock price manipulation. The price surge also prompted the DSE to serve a show-cause notice asking the company if there was any reason behind the unexpected rally.



<https://thefinancialexpress.com.bd/stock/bangladesh/himadri-flying-on-sme-board-since-listing-on-cse>

Berger Paints allowed to secure \$60m loan from parent company

The Business Standard, June 17, 2023

- Berger Paints Bangladesh Limited has received approval from the Bangladesh Investment Development Authority (Bida) to obtain a \$60 million loan from its parent company, J&N Investments (Asia) Limited. According to a disclosure made on Thursday by Berger Paints, the country's leading multinational paint manufacturer, the loan will facilitate the opening of letters of credit for the import of raw materials.
- The loan will also be disbursed in phases based on business requirements, it added. J&N Investments holds 95% of the shares of Berger Paints.
- Sazzad Rahim Chowdhury, director and chief financial officer at Berger Paints Bangladesh, had earlier told The Business Standard, "The move comes as a part of our commitment to lend a hand to the country's foreign currency reserves." Its shares closed at Tk1,778.20 each on Thursday, which was 0.30% higher than the previous session at the Dhaka Stock Exchange.

<https://www.tbsnews.net/economy/stocks/berger-paints-allowed-secure-60m-loan-parent-company-651522>

Zahintex under scanner over disparities in financial statements

The Business Standard, June 17, 2023

- The Bangladesh Securities and Exchange Commission (BSEC) has launched a review into Zahintex Industries following the discovery that the textile company had submitted different financial statements to the National Board of Revenue (NBR) and the Dhaka Stock Exchange (DSE).
- In a recent letter to the BSEC, the NBR stated that its Central Intelligence Cell had discovered discrepancies in the information regarding revenue, cost of goods sold, net profit, and earnings per share for the 2014-15 and 2015-16 fiscal years in the documents submitted by the firm to the entities.
- The revenue authority also called upon the market regulator to take action against the knit garment manufacturer, which was listed on the bourses in 2011 to raise Tk50 crore with a Tk15 premium per share for the purpose of loan payments and working capital.
- As part of its scrutiny, the commission has asked the company for related documents, including copies of tax assessments and tax returns submitted to the NBR, within seven working days, said a BSEC official.



<https://www.tbsnews.net/economy/stocks/zahintex-under-scanner-over-disparities-financial-statements-651518>

Alhaj Textile files writ against BSEC, secures stay order

The Business Standard, June 15, 2023

- Alhaj Textile Mills, on Wednesday, filed a writ petition against the securities regulator's decision of appointing four independent directors at the company and has also secured a stay order for six months.
- The company and its incumbent Managing Director Mohammed Bakhtiar Rahman, in a joint petition, also pleaded for a rule regarding the legality of the appointment of the independent directors, according to the petitioners' lawyer Sayeda Nasrin.
- The respondent has got four weeks to reply to the rule, she added. Following internal conflict, grouping and litigation that halted the company's banking transactions, the BSEC on 5 June reconstructed the board of Alhaj Textile by removing three of the five independent directors it appointed earlier. Alongside, the BSEC had appointed two new independent directors and the high court stayed the effectiveness of the BSEC letter.

- Later, one of the two new independent directors resigned. Also, the name of one of the continuing independent directors emerged in the Anti Corruption Commission's charge sheet in the BASIC Bank scam case, said Nasrin. "Alhaj Textile was a 'B' category company and legally the BSEC can appoint independent directors in a 'Z' category company," she told TBS.

<https://www.tbsnews.net/economy/stocks/alhaj-textile-files-writ-against-bsec-secures-stay-order-650598>

Economy & Industry

Cenbank to enter interest rate-based monetary policy regime

The Business Standard, June 18, 2023

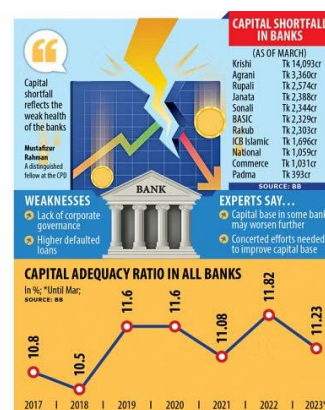
- The Bangladesh Bank is going to enter a new monetary policy regime by introducing an interest rate-targeting monetary policy framework aimed at enhancing the effectiveness of policy measures in managing inflation.
- The new monetary policy for the first six months of the forthcoming fiscal 2023-24 will be announced today with significant changes coming in the lending rate, policy rate, reserve calculations, and exchange rate mechanism, according to a reliable source within the central bank.
- The International Monetary Fund (IMF) recommended that the Bangladesh Bank adopt a flexible interest rate-targeting-based monetary policy, transitioning from its existing monetary targeting framework. The current model, focused solely on money supply targets, has proven inadequate in curbing inflation amidst external factors.
- An IMF mission proposed this change during their visit to Bangladesh in November last while discussing the terms and conditions of a prospective \$4.5 billion loan requested by the Bangladesh government.
- Presently, the Bangladesh Bank follows a monetary policy model based on money supply targets, which has failed to rein in inflation as the money supply is not the cause of the current price pressure but it has been fuelled by external factors and energy price adjustment. Moreover, the lending rate cap kept loans cheaper, which made monetary policy dysfunctional, said industry insiders.

<https://www.tbsnews.net/economy/cenbank-enter-interest-rate-based-monetary-policy-regime-651610>

11 banks facing a capital shortfall of Tk 33,575cr

The Daily Star, June 16, 2023

- Eleven banks in Bangladesh faced a collective capital shortfall of Tk 33,575 crore in March, up 9.3 per cent from a quarter ago, in a reflection of their worsening financial health caused by persisting irregularities and lack of governance, central bank data showed.
- The fund deficit of the banks -- Bangladesh Krishi Bank, Agrani Bank, Rupali, Janata, Sonali, BASIC Bank, Rajshahi Krishi Unnayan Bank, ICB Islamic Bank, National Bank, Bangladesh Commerce Bank, and Padma Bank -- was Tk 30,697 crore in December.
- Experts hold corruption and a lack of corporate governance perpetrated at the banks responsible for the large capital shortfall.
- As of March, Bangladesh Krishi Bank had the highest amount of capital shortfall of Tk 14,093 crore among the 11 lenders. State-run Agrani's deficit stood at Tk 3,360 crore. It was Tk 2,574 crore for state-run Rupali and Tk 2,388 crore for Janata Bank, another government-owned bank.



- "The worrying situation is that the financial health of the banks that have higher capital shortfall is deteriorating," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh. The high ratio of defaulted loans has deepened the capital shortfall in the banks.
- Default loans increased by Tk 10,964 crore in the first three months of 2023 to Tk 131,621 crore. The non-performing loans (NPLs) in the banking sector increased by 9 per cent from three months ago and 16 per cent from a year earlier. The ratio of NPLs stood at 8.8 per cent of the outstanding loans as of March, up from 8.16 per cent in December and 8.53 per cent in the same month last year.

<https://www.thedailystar.net/business/economy/news/11-banks-facing-capital-shortfall-tk-33575cr-3347581>

International

Global stocks rise after busy week for central banks

The New Age, June 16, 2023

- World stock markets rose Friday and currencies gyrated as investors digested diverging interest-rate decisions by central banks on three continents this week. In Europe, Frankfurt, London and Paris equities climbed after an upbeat session in Asia, which was also lifted by hopes China will unveil fresh measures to kickstart growth. Wall Street stocks also rose at the start of trading.
- 'Markets are ending the week on a positive note but there remains enormous uncertainty around inflation and interest rates that looks set to continue throughout the summer,' said Craig Erlam, senior market analyst at OANDA trading platform.
- The euro hit a one-month peak at \$1.0973, one day after the European Central Bank hiked interest rates to a 22-year high and warned another hike in July was very likely to tackle high inflation.
- The yen struck a 15-year euro low after the Bank of Japan maintained ultra-loose monetary policy, while the dollar struggled to bounce from losses fuelled by bets the US Federal Reserve is near the end of its tightening cycle.
- Higher interest rates make currencies more attractive to traders as it boosts returns from investments such as government bonds. 'This week has seen a divergence in global central bank policy,' noted Victoria Scholar, head of investment at Interactive Investor.

<https://www.newagebd.net/article/204389/global-stocks-rise-after-busy-week-for-central-banks>

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