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Stock Market & Company

[Dhaka stocks flat, turnover hits 2-month low](#)

The New Age, June 18, 2023

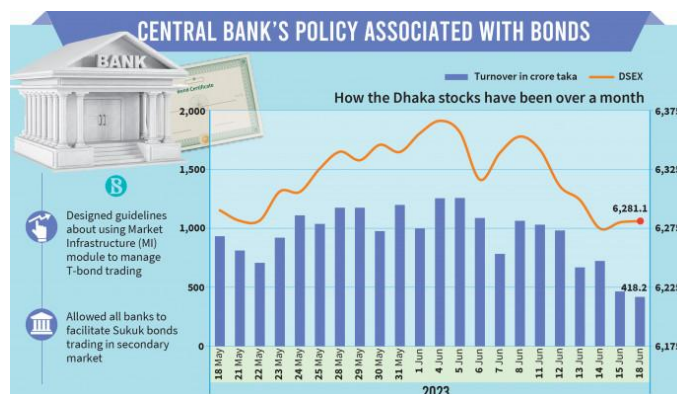
- Dhaka stocks finished flat on Sunday and the turnover hit a two-month low as investors were closely watching the announcement of monetary policy statement by the Bangladesh Bank, market operators said. The central bank announced the monetary policy statement for July-December on Sunday.
- DSEX, the key index of the Dhaka Stock Exchange, gained 1.04 points, or 0.01 per cent, and settled at 6,281.06 points on Sunday after gaining 5.25 points on June 15. The turnover dropped to Tk 418.20 crore on Sunday compared with that of Tk 465.073 crore in the previous trading session.
- Before Sunday, the lowest turnover was Tk 414.13 crore on April 13. Out of the 348 issues traded, 71 advanced, 88 declined and 189 remained unchanged on Sunday.
- The DSE Shariah index lost 1.65 points, or 0.12 per cent, to close at 1,363.51 points on Sunday. The DS30 index added 0.75 points, or 0.03 per cent, to finish at 2,183.25 points.
- On the sectoral front, life insurance issues exerted the highest turnover, followed by miscellaneous and pharmaceutical stocks. Bangladesh Shipping Corporation topped the turnover chart with its shares worth Tk 23.18 crore changing hands on the day.

<https://www.newagebd.net/article/204552/dhaka-stocks-flat-turnover-hits-2-month-low>

Budget deficits could be met from bond market: Monetary policy

The Business Standard, June 17, 2023

- The government could finance a significant portion of its budget deficit from the bond market at a lower cost, but the capital market, particularly the bond market, is not yet well developed, according to the monetary policy statement (MPS) unveiled on Sunday.
- **What MPS says on the capital market-** Bangladesh's capital market experienced marked fluctuations during the second half of FY23 till May, primarily influenced by economic challenges such as high inflation, pressure on the exchange rate, and foreign exchange reserves.
- The DSEX, which represents the benchmark index of the Dhaka Stock Exchange, saw a decline of 0.8% by the end of May 2023 compared to the same month in the previous year.
- Besides, the daily average turnover, a crucial indicator of capital market liquidity, experienced a notable decline of 40% at the end of May 2023 compared to the end of June 2022. The decreased turnover volume is attributed to investors' cautious approach.
- The central bank has tried to ensure enough liquidity in the capital market in the wake of some economic challenges. In this context, the central bank allowed the banks to maintain a general provision of 1% instead of 2% on classified amounts for loans to brokerage houses, merchant banks, and stock dealers.
- The MPS said that to enhance overall market growth, the BSEC has emphasised the involvement of institutional investors in the capital market and taken several policy measures in this regard. One significant measure is the extension of investment limits for mutual funds, excluding special funds like pension funds.
- In this context, the BSEC has raised the minimum investment threshold level from 60% to 80% for institutional investors. Looking ahead, the central bank, the BSEC, and other related government authorities' coordinated efforts are required to promote a strong and vibrant capital market.



<https://www.tbsnews.net/economy/stocks/budget-deficits-could-be-met-bond-market-monetary-policy-652110>

Brokerage industry leaders emphasise key measures for a thriving capital market

The Business Standard, June 19, 2023

- Representatives from the brokerage and merchant banking sectors reiterated their recommendations to foster a vibrant capital market during a meeting with the Dhaka Stock Exchange (DSE) on Sunday (18 June).
- The meeting, chaired by DSE Acting Managing Director M Shaifur Rahman Mazumdar, highlighted concerns regarding the proposed income tax act's impact on new investor encouragement, hindrances posed by floor prices on trading, and the need for clear communication between authorities and the media to avoid misleading reports.
- The industry leaders proposed several prescriptions aimed at fostering a more liquid capital market. They called for a reduction in the trade settlement cycle from two days to one, the introduction of market makers for individual stocks, expedited rollout of derivative products, and an expansion of market quality.

<https://www.tbsnews.net/economy/brokerage-industry-leaders-emphasise-key-measures-thriving-capital-market-652202>

GBB Power eyes 'no power, no payment' deal to restart electricity plant

The Financial Express, June 19, 2023

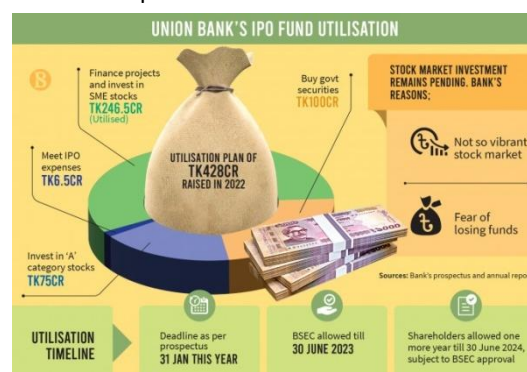
- GBB Power Ltd is likely to reopen its 20MW power plant on "no power, no payment" basis at the risk of a further cut in future profits. The plant, which was shut down on Friday upon expiry of a 15-year power purchase deal, endured a 7.80 per cent year-on-year drop in profit to Tk 81.50 million in the nine months through March this year.
- Its earnings declined mainly due to the gas price hike since January. The plant's gas bill soared 137 per cent to nearly Tk 131 million in January-March wiping out much of the profits gained in the previous two quarters.
- In a disclosure made on Sunday, the company said it had already sought an extension of the deal with Bangladesh Power Development Board (BPDB) in January. The power purchase agreement is likely to be extended on "no power, no payment" basis, as discussed with the BPDB, unless any major policy-level change happens, said a company official.
- Company secretary Mohammad Sattar Hossain said the company would stop receiving any payment in the form of capacity charge under a fresh deal, if signed, for power generation. Shareholders are in fear of losses as the only power plant of the company had to suspend operation threatening to drive the business into the red in the upcoming quarters if the government does not extend the agreement.

<https://thefinancialexpress.com.bd/stock/bangladesh/gbb-power-eyes-no-power-no-payment-deal-to-restart-electricity-plant>

Why Union Bank refrained from investing in stocks

The Business Standard, June 18, 2023

- In a time when the stock market is witnessing a fund crunch, the Union Bank has decided to refrain from investing its available fund in the secondary market, fearing that it might incur losses in the dull capital market.
- After missing the investment deadline of January this year, the bank is now seeking a time extension till June 2024. The bank has already secured shareholders' nod for time extension in its annual general meeting (AGM), held on 15 June, and is subject to the approval of the Bangladesh Securities and Exchange Commission (BSEC).
- Although, before the bank missed its January deadline, the BSEC extended the investment deadline by six months till June 2023.
- Ali Hossain Bhuiyan, company secretary of the Union Bank, told The Business Standard, "We got the fund in January 2022, when the stock market was facing turmoil, and the situation remains that way to date."
- "The management has decided not to invest until the stock market's situation improves. Because, the bank has already invested a portion of the fund and incurred losses as the value of the marketable securities declined than the investment", he added.



<https://www.tbsnews.net/economy/stocks/why-union-bank-refrained-investing-stocks-652090>

Ashuganj Power approves 5.25% coupon rate

The Business Standard, June 18, 2023

- The trustee of the Ashuganj Power Station Company Limited (APSCl) has approved a 5.25% rate for APSCl non-convertible and fully redeemable coupon-bearing bond for the fourth year's first half.
- The fourth year's first half period is from 5 January to 4 July 2023. The record date for entitlement of the bond's coupon rate profit was set for 4 July 2023.

- In December last year, the company paid a 5.25% coupon rate for its bond for the third year and second half period from 5 July 2022 to 4 January 2023. In 2020, the company issued bonds worth Tk500 crore through private placements among state-owned banks and financial institutions to finance its 400MW power plant, which is now under construction.
- Acting upon the government's advice to increase tradable bonds on stock exchanges, bonds worth Tk100 crore were sold to general investors through an initial public offering (IPO), with a face value of Tk5,000 per unit. With a tenure of seven years, the bonds offer an interest rate ranging from 8.50% to 10.50%. They have been traded on the secondary market of the Dhaka Stock Exchange (DSE).

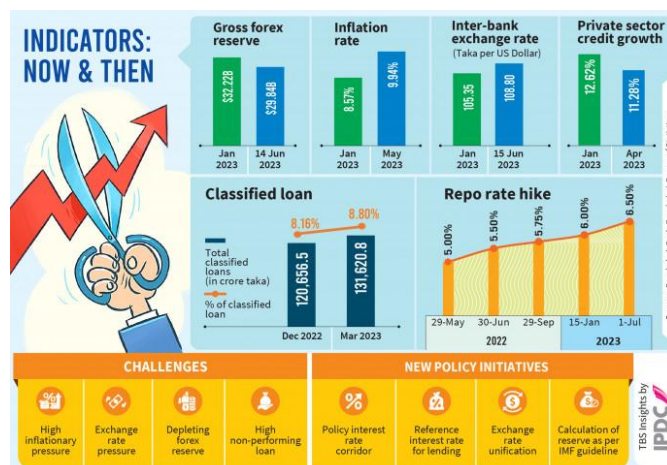
<https://www.tbsnews.net/economy/stocks/ashugani-power-approves-525-coupon-rate-651694>

Economy & Industry

Monetary policy: Mission inflation

The Business Standard, June 19, 2023

- As soaring inflation has become a pressing issue, the Bangladesh Bank has brought a structural change in its monetary policy framework making money expensive by hiking policy rates and ending the lending rate cap to contain price pressure.
- The central bank has announced its monetary policy for the first half of fiscal 2023-24, adopting a contractionary monetary policy stance tightening money flow to the private sector and lowering the private sector credit growth projection to 11% for FY24 from the previous target of 14.1% set for FY23.
- The new monetary policy introduces four key reforms, including the implementation of a policy interest rate corridor, a reference interest rate for lending, exchange rate unification, and a revised method of calculating the gross international reserve in accordance with the Balance of Payment and International Investment Position Manual (BPM6).
- Achieving 7.5% GDP growth in FY24 may become challenging: BB The primary objective of these reforms is to keep inflation within 6%, aligning with the government's target.
- However, despite the central bank's efforts to manage inflation within 7.5%, it surged to nearly 10% this May. The new monetary policy was unveiled by Bangladesh Bank Governor Abdur Rouf Talukder during a press conference held at the Bangladesh Bank headquarters Sunday while the central bank's chief economist Md Habibur Rahman made a presentation on it. Governor Abdur Rouf Talukder emphasised the inadequacy of the previous target-based policy in containing inflation, leading to the decision to shift toward a lending rate-targeting-based policy.



<https://www.tbsnews.net/economy/monetary-policy-mission-inflation-652154>

Economy will return to high growth trajectory next year: BB

The Daily Star, June 19, 2023

- Bangladesh's economy is poised to regain its high growth trajectory by the next year as price effects of the Russia-Ukraine war have largely stabilised and significant improvement has taken place in containing global pandemic situation, projects the Bangladesh Bank (BB) yesterday.
- "With a pandemic-free environment and stabilised conditions from the Russia-Ukraine war, Bangladesh's macroeconomic outlook appears to be stable in the near term, poised to regain its high growth trajectory by 2024," said the BB in its monetary policy for July-December period this year.
- The positive outlook by the central bank comes after the provisional estimate by the Bangladesh Bureau of Statistics showed a slowing growth to 6.03 per cent in the current fiscal year ending this month, down from 7.1 per cent in the 2021-22 fiscal year.
- The BB said despite the positive developments -- declaration of end to the Covid-19 pandemic by World Health Organisation and falling prices of commodities and energy in 2023 -- rising inflation and exchange rate pressure remain critical challenges that Bangladesh continues to face.

<https://www.thedailystar.net/business/economy/news/economy-will-return-high-growth-trajectory-next-year-bb-3349876>

International

Yen sags to 15-year low vs euro

The Daily Star, June 19, 2023

- The yen plunged to a 15-year low against the euro on Friday after the Bank of Japan (BOJ) kept its ultra-low interest rate policy and forecast that inflation will slow later this year, in contrast with the European Central Bank's (ECB) rate hike on Thursday. The Japanese unit also fell against the greenback, dropping to a six-month trough.
- As widely expected, the BOJ maintained its -0.1 per cent short-term rate target and a 0 per cent cap on the 10-year bond yield set under its yield curve control (YCC) policy. BOJ Governor Kazuo Ueda said he expects inflation to moderate, but the "pace of decline is somewhat slow."
- The yen fell broadly following the decision and hit a fresh 15-year low of 155.22 per euro. It was poised for its biggest weekly decline against the euro in three years. The euro was last up 1.1 at 155.16 yen. The dollar rose 1.1 per cent against the Japanese currency to 141.795, after earlier touching its highest since November. It was on pace for its largest daily percentage gain since late April.
- "The Bank of Japan added fuel to that dollar fire today by being on hold again," said Erik Bregar, director, FX & precious metals risk management at Silver Gold Bull in Toronto. Elsewhere, the euro was poised for its best week against the dollar since June after the ECB raised borrowing costs to a 22-year high and hinted at further tightening.

<https://www.thedailystar.net/business/global-economy/news/yen-sags-15-year-low-vs-euro-3349851>

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