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Stock Market & Company

Dhaka stocks plunge

Newage, December 19, 2021

- Dhaka stocks plunged on Sunday after a gain in the previous session as investors went for selling shares ahead of December-end financial closing. DSEX, the key index of the Dhaka Stock Exchange, lost 1.23 per cent, or 84.98 points, to close at 6,783.19 points on Thursday after gaining 30.36 points in the previous session.
- The market started falling from the very beginning of Sunday's session and descended more sharply as the session progressed as investors went for heavy sales amid a continued volatility on the market, market operators said.
- Average share prices of non-bank financial institution, food, bank and textile sectors dropped by 1.9 per cent, 1.6 per cent, 1.5 per cent and 1.3 per cent respectively. Share prices of general insurance sector soared by 3.4 per cent on the day.
- Among the prominent companies, share prices of British American Tobacco, BRAC Bank, Beximco Pharmaceuticals, LafargeHolcim Bangladesh and Square Pharmaceuticals dropped on the day. Turnover on the DSE dropped to Tk 786.21 crore on Sunday from Tk 807.4 crore in the previous session.
- DS30, a composition of 30 large capitalised companies, slumped by 1.49 per cent, or 38.75 points, to close at 2,547.4 points on the day. Shariah index DSES shed 1.3 per cent, or 19.05 points, to settle at 1,443.24 points.
- BEXIMCO led the turnover chart with shares worth Tk 73.03 crore changing hands on the day. One Bank, Sonali Paper, Fortune Shoes, Active Fine Chemicals, Sena Kalyan Insurance Company, IFIC Bank, British American Tobacco Company, Genex Infosys and Peoples Insurance Company were the other turnover leaders on the day.

<https://www.newagebd.net/article/157732/dhaka-stocks-plunge>

Fund raising through rights shares low

The Financial Express, December 19, 2021

- Funds raised by listed companies through issuance of rights shares remained low as only one company raised fund through rights issuance in the outgoing calendar year.
- Only one company -- National Polymer Industries - raised Tk 547.38 million by issuing more than 36.49 million rights shares of Tk 15 each, including Tk 5.0 as a premium per share, according to statistics available with the Dhaka Stock Exchange (DSE).
- The company issued one rights share for existing one share (1R:1) to support the business growth (land purchase and land development, import of capital machinery), finance the increased working capital needed along with repayment of bank loans.
- The Bangladesh Securities and Exchange Commission (BSEC) approved the company's application to raise the said amount through rights offer on December 15, 2020. The National Polymer's rights shares subscription was held between January 24 and February 8, 2021.
- The companies intended to issue rights shares to either strengthen their capital structure or use funds for business expansion and loan repayment. However, the BSEC did not allow any listed company to raise funds through rights offers in 2021 as it followed a go-slow policy in giving approvals.

<https://thefinancialexpress.com.bd/stock/fund-raising-through-rights-shares-low-1639885181>

Ten companies grab 37pc turnover

The Financial Express, December 18, 2021

- The ten most-traded stocks grabbed more than 37 per cent of turnover of the Dhaka Stock Exchange (DSE) in the outgoing week while ONE Bank topped both the turnover and the losers' lists. Investors were mostly active in the banking sector stocks as the sector captured 18 per cent of the week's total turnover, with two banks featuring on the top turnover list.
- ONE Bank dominated the turnover list with 190.62 million shares worth Tk 2.91 billion changing hands, accounting for 7.81 per cent of the week's total turnover. ONE Bank was also the day's worst loser, shedding 21.31 per cent to close at Tk 14.40 per share on Wednesday, the last trading day of the week, as investors dumped its shares, after witnessing its sharp rise over the past three weeks.
- Beximco -- the flagship company of Beximco Group -- came second on the turnover list, with shares worth Tk 2.84 billion changing hands. The company's share price dropped by 5.63 per cent to close at Tk 154.30 on Wednesday. Fortune Shoes clinched the third spot, with shares worth Tk 1.69 billion changing hands during the week. The footwear manufacturer's share closed at Tk 104, soaring 16.07 per cent.
- GSP Finance emerged as the fourth, with shares worth Tk 1.25 billion changing hands. The company's share price advanced 1.10 per cent to close at Tk 27.60 each on Wednesday. Genex Infosys notched the fifth spot, with shares worth Tk 1.07 billion changing hands. The IT company's share closed at Tk 177.30 on Wednesday, gaining 5.35 per cent.

<https://thefinancialexpress.com.bd/stock/ten-companies-grab-37pc-turnover-1639798158>

Summit shuts another power plant

The Daily Star, December 20, 2021

- Summit Power has shut down its gas-fired Madhabdi Power Plant Unit-2 as the factory's power purchase agreement with the government has expired.
- In a disclosure posted on the Dhaka Stock Exchange website yesterday, the listed power company said the 24.30 megawatt plant's agreement to supply electricity to the Power Division had expired on December 15 this year. On February 18, Summit Power had applied for an extension of its government contract from the Ministry of Power, Energy and Mineral Resources.
- However, this request is still under active consideration, the company said in its disclosure. It also informed that the plant has been shuttered since midnight on December 15 and will remain as such until receiving further instructions from the ministry.

- As a result, Summit Power's share value fell 2.26 per cent to Tk 38.90. Earlier, Summit Power shut down its gas-fired Summit Chandina Power Plant Unit -2 due to the same reason. The unit had a power production capacity of 13.5 megawatts. The company's Madanganj Power Plant, which has the capacity to produce 102 megawatts, also saw its government contract expire and subsequently halted operations.

<https://www.thedailystar.net/business/economy/news/summit-shuts-another-power-plant-2921456>

Malek Spinning closes RMG unit for losses

The Daily Star, December 20, 2021

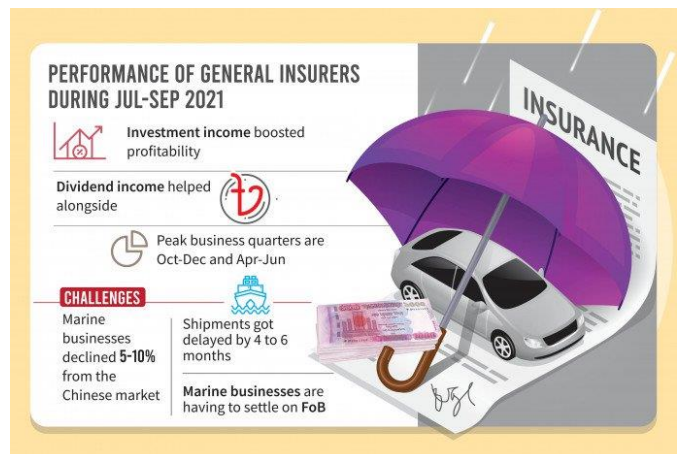
- Malek Spinning has decided to shut the RMG unit of its subsidiary Salek Textile Mills due to continuous losses and low demand for its products. The board of Malek Spinning approved the closure of the readymade garment unit with effect from December 31, 2021 due to accumulated losses and expiry of the lease agreement of the factory building and premises, said the company in a regulatory filing posted on the website of the Dhaka Stock Exchange (DSE) yesterday. Malek Spinning holds 97.925 per cent stake in Salek Textile.
- The RMG unit has a capacity of producing 66 lakh pieces of garment items per annum, according to the company's annual report. The unit produces some special types of denim garments that have gone out of fashion in the international market, said Syed Saiful Haque, company secretary of Malek Spinning.
- So, it incurred losses in the last two financial years. The loss stood at Tk 12 crore in 2019-20 and Tk 2 crore in 2020-21. The liabilities of the unit will be settled by selling the assets of the unit such as factory plant and machinery, and borrowing from Salek Textile.
- Malek Spinning will not have to bear any cost related to the settling of the liabilities, said the disclosure. Malek Spinning shares closed 3.19 per cent lower at Tk 27.30 on the DSE yesterday.

<https://www.thedailystar.net/business/economy/industries/news/malek-spinning-closes-rmg-unit-losses-2921491>

Insurers' profits grow despite decline in core business

The Business Standard, December 19, 2021

- Despite declines in the core business, listed non-life insurance companies posted a higher profit in the July-September quarter this year riding on a healthy return from their capital market investments. Industry insiders said the marine insurance business declined around 10% in the third quarter although the economy got back to almost normal.
- They said currently, marine business especially the shipment of equipment for megaprojects and machinery for factories at the export processing zones are settled abroad, depriving the local insurance companies of these businesses.
- But well-known insurers made an impressive profit from their core business, they added.
- Insurers said the firms have been able to make an impressive profit due to an increase in investment returns and a reduction in operational costs.
- The companies have moved their investments to the capital market instead of parking them into fixed deposit receipts (FDRs).
- The core business of Agrani Insurance Company Limited declined 26% although the net profit jumped 265% in the three months to September 2021. United Insurance Company Ltd posted a net profit of Tk2.62 crore, which was 45% down compared to the same period of 2020.
- Currently, there are 79 insurance companies – 33 life and 46 non-life – in the insurance sector of Bangladesh. Of them, 52 companies are listed on the stock exchanges.



<https://www.tbsnews.net/economy/stocks/insurers-profits-grow-despite-decline-core-business-345556>

Stocks that ruled 2021

The Business Standard, December 19, 2021

- Fortune Shoes brought the biggest fortune for stock investors in the Dhaka Stock Exchange (DSE) in 2021. The Barishal-based synthetic footwear exporter, growing in significance in export markets while eyeing a slice of the rapidly expanding local market, saw its share price appreciate 390% in a year, from 15 December, 2020 to 15 December, 2021.
- This was even before considering the 5% stock and 10% cash dividend it announced for its shareholders. The company announced slightly higher dividends and has been posting both higher sales and profits in recent quarters. Hot on its heels was conglomerate Beximco Ltd, the stock of which was the second best performer in the DSE, registering a price appreciation of 373%.
- The shocking entrants: Share price of Emerald Oil Industries, a scam-hit rice bran oil producer sinking in bank liabilities amid no production, rose by 263% in the DSE over the past 52 weeks, as news broke of its acquisition by Bangladesh-origin Japanese investors.
- The allure of the possibility of an injection of fresh funds in exchange for a controlling stake in the company and resumption of production with a view to exporting to the Japanese market drew plenty of investors who, speculating a possible turnaround, ditched already performing publicly-listed companies.

<https://www.tbsnews.net/economy/stocks/stocks-ruled-2021-345562>

Economy & Industry

Capital market can be vital source for infrastructure financing: DCCI president

The Daily Star, December 19, 2021

- The tax difference between listed and non-listed companies should be rationalised in order to encourage good companies and pursue well-performing large corporates for listing in the capital market, said Rizwan Rahman, president of Dhaka Chamber of Commerce and Industry (DCCI).
- Rahman made the comment while making a courtesy call on Prof Shibli Rubayat-ul-Islam, chairman of Bangladesh Securities and Exchange Commission, at the BSEC headquarters in Dhaka's Agargaon today. Citing the report of the Global Infrastructure Hub, the DCCI president said Bangladesh will need to invest \$608 billion from 2016-2040 in the infrastructure sector.
- "The current trend indicates that Bangladesh will be able to meet \$417 billion investments in the infrastructure sector leaving a financing gap of \$192 billion from 2016-2040. The capital market can play a pivotal role to reduce the investment gap in Bangladesh." "Capital market has a huge potential to address the CMSME financing gap as well as encourage businesses to source long-term capital reducing dependence on banks and NBFIs." "The DSE SME platform needs to be effectively operationalised as well as listing rules for SME Platform needs to be relaxed."

<https://www.thedailystar.net/business/news/capital-market-can-be-vital-source-infrastructure-financing-dcci-president>

NBFIs allowed to take unrealised interest into profit

The Business Standard, December 19, 2021

- The Bangladesh Bank has come up with a discount for non-bank financial institutions (NBFIs) also, allowing them to show unrealised interest incomes as profits if borrowers pay only 25% of their payable amounts of the current year. The central bank on Sunday issued a circular giving an instruction detailing how NBFIs will transfer incurred interest against moratorium loans in their profits for 2021.
- Earlier, the central bank issued a similar directive for banks allowing them to show unrealised interest incomes as profits. The latest circular instructed NBFIs that borrowers who paid 25% of their payable amount will not be marked as defaulter.
- On the other hand, borrowers, who will fail to pay 25% of their payable amount by December this year, will be marked as defaulters, and NBFIs are asked to report to the Credit Information Bureau (CIB) as classified loans. As NBFIs are taking a high risk for showing unrealised interest income as profits, they must maintain an additional 2% provision named "Special Provision" against those moratorium loans, read the circular.

- According to industry insiders, the risk of taking unrealised income into profits is that if borrowers fail to pay the rest of the amount, it will increase default loans. A rise in default loans will increase provisioning requirements and high provisioning requirements will eat up profits.
- Borrowers, who will avail this loan moratorium opportunity of paying only 25% of their payable amounts of the current year, are asked to pay the rest of the loans within 2022, the circular added.

<https://www.tbsnews.net/economy/banking/nbfis-allowed-take-unrealised-interest-profit-346060>

International

Most Gulf bourses in red on Omicron worries

The Daily Star, December 20, 2021

- Most Gulf stock markets fell in early trade on Sunday, responding to a slide in crude prices on Friday as surging cases of the Omicron coronavirus variant raised fears that new restrictions may hit fuel demand. Oil prices, a key catalyst for the Gulf's financial markets, settled down \$1.50, or 2 per cent, at \$73.52 a barrel on Friday.
- Saudi Arabia's benchmark index TASI dropped 0.8 per cent on Sunday, weighed down by a 1 per cent fall in Al Rajhi Bank 1120.SE and a 2.1 per cent decline in petrochemical maker Saudi Basic Industries Corp 2010.
- The risk of reinfection with the Omicron coronavirus variant is more than five times higher and it has shown no sign of being milder than Delta, a study showed, as cases soar across Europe and threaten year-end festivities.
- Covid-19 vaccines appear to have become slightly less effective in preventing severe disease and death but do provide "significant protection", the World Health Organization (WHO) said on Tuesday. In Abu Dhabi, the index retreated 1.4 per cent, hit by a 2.9 per cent drop in telecoms firm Etisalat and a 2.1 per cent decrease in the country's largest lender First Abu Dhabi Bank.
- Global stock benchmarks also fell on Friday as investors wrestled with rising numbers of Omicron cases and a hawkish turn from major central banks in the fight against inflation. Dubai's main share index slid 1.9 per cent with most of its stocks in negative territory, including blue-chip developer Emaar Properties, which was down 2 per cent.
- Meanwhile, The United Arab Emirates' central bank has extended several measures of its Targeted Economic Support Scheme (TESS) until June 30 to support the continued recovery of the country's economy, the bank said on Saturday.

<https://www.thedailystar.net/business/global-economy/news/most-gulf-bourses-red-omicron-worries>

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