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Stock Market & Company

Stocks keep falling for third day

The Financial Express, June 21, 2022

- Stocks extended the losing streak for the third straight session on Tuesday as investors continued their sell-off amid macroeconomic worries. The market started on a negative note and the downturn sustained until the end of the session as investors sold major sector stocks, ultimately ending over 45 points lower.
- DSEX, the core index of the Dhaka Stock Exchange, slid 45.72 points or 0.72 per cent to settle at 6,311, lowest in the four weeks since May 26. DSEX shed 114 points in the past three consecutive sessions. Turnover, the crucial indicator of the market, also dropped further to Tk 7.25 billion, which was 12 per cent lower than the previous day's tally of Tk 8.22 billion.
- Two other indices also ended lower. The DSE 30 Index, comprising blue chips, lost 19.15 points to finish at 2,295 and the DSE Shariah Index (DSES) shed 9.11 points close at 1,378. Beximco was the most-traded stocks with shares worth Tk 384 million changing hands, followed by Anwar Galvanizing (Tk 279 million), Fu-Wang Food (Tk 237 million), JMI Hospital Requisite (Tk 191 million) and Shinepukur Ceramics (Tk 159 million).
- Junk stock Imam Button was the top gainer, posting a 10 per cent gain while Tallu Spinning Mills was the day's worst loser, losing 2.0 per cent. The Chittagong Stock Exchange (CSE) also kept losing with the CSE All Share Price Index – CASPI –slumping 137 points to settle at 18,591 and the Selective Categories Index – CSCX –shed 83 points to close at 11,145.

<https://thefinancialexpress.com.bd/stock/stocks-keep-falling-for-third-day-1655807491>

Capital market not given due importance in the budget: Stakeholders

The Business Standard, June 21, 2022

- The proposed budget for the fiscal year 2022-23 has not given due importance to the country's capital market, although it has been made friendlier for industrialisation, stakeholders said. "The government paid less attention to the sector while formulating the budget. We had seven pre-budget proposals, of which it considered only one," said Dhaka Stock Exchange Chairman Eunusur Rahman at a post-budget seminar organised by the Bangladesh Institute of Capital Market (BICM) at its office in the capital on Tuesday.
- "Although the budget cut corporate tax for listed companies by 2.5% to 20%, it imposed several conditions such as they must come to the market offloading 10% share through initial public offering and have to maintain bank channels for transaction over Tk12 lakh, which ultimately make availing the facility very tough," he added.

<https://www.tbsnews.net/economy/stocks/capital-market-not-given-due-importance-budget-stakeholders-444450>

ONE Bank allowed to float Tk 400cr bond

The Newage, June 21, 2022

- The Bangladesh Securities and Exchange Commission on Tuesday allowed ONE Bank Limited to float non-convertible subordinated bond worth Tk 400 crore. The capital market regulator gave the approval at a meeting presided over by its chairman Shibli Rubayat-ul-Islam, a BSEC press release said.
- As per the BSEC approval, the bank will float unsecured, non-convertible, fully redeemable floating rate subordinated bond worth Tk 400 crore. The face value of each unit of the bond will be Tk 1 crore.
- Only corporate bodies, financial institutions, high-net worth individuals and other eligible investors will be allowed to subscribe the bonds through private placement. The purpose of the issue is to strengthen the bank's Tier-II capital base.
- Sena Kalyan Insurance Company Limited acts as the trustee for the bond while Standard Chartered Bank Limited is the mandated lead arranger for the bond. The BSEC approved the bond on condition that the bond would be listed on the alternative trading board of stock exchanges.

<https://www.newagebd.net/article/173915/one-bank-allowed-to-float-tk-400cr-bond>

Fu-Wang Ceramic's Q3 profit unchanged

The Daily Star, June 22, 2022

- Fu-Wang Ceramic Industries Ltd's earnings did not see any change in the third quarter of the current financial year. The ceramics maker reported earnings per share of Tk 0.06 for the January-March quarter against Tk 0.06 registered in the same period a year ago, according to its un-audited financial statement.
- The EPS, however, fell to Tk 0.23 during the July-March period from Tk 0.28 for the identical nine-month period last year. The Net Operating Cash Flows Per Share, a measure of a firm's financial strength, was a minus Tk 1.65 in the July-March period, way lower than Tk 0.61 reported during a similar period a year ago. The net asset value, which shows a company's total assets minus its total liabilities, was Tk 11.78 per share on March 31 this year and Tk 11.70 on June 30 last year.

<https://www.thedailystar.net/business/organisation-news/news/fu-wang-ceramics-q3-profit-unchanged-3053256>

Investors suffer as BSEC takes a long time to punish manipulators

The Business Standard, June 21, 2022

- A group of investors – through manipulations – raised the share prices of Daffodil Computer by 74% from December 2018 to mid-2019 and it took the market regulator three years to prove their guilt and take punitive action against them.
- On 18 May this year, the Bangladesh Securities and Exchange Commission (BSEC) fined Rezaur Rahman, director of AIBL Capital Market Services, Tk3 lakh, Farida Hossein, a client of UCB Stock Brokerage, Tk1 lakh and Maksuda Ahmed, a client of One Securities, Tk2 lakh for the manipulation.

- According to the BSEC charges, the three raised the prices of Daffodil Computer shares through a series of transactions and a false and misleading appearance of active trading among themselves which is a violation of the securities laws. BSEC and stock exchanges have state-of-the-art surveillance systems for monitoring share transactions to identify those who do manipulation using such means. This surveillance system was introduced after the 2010 market collapse.
- Despite the modern mechanism, the regulator could not get out of the practice of taking two years to complete an investigation and one year to dole out punishment.

<https://www.tbsnews.net/economy/stocks/investors-suffer-bsec-takes-long-time-punish-manipulators-444430>

National Tea advised issuing fresh primary shares to increase paid-up capital

The Business Standard, June 21, 2022

- The stock market regulator has suggested National Tea Company issue fresh primary shares – known as Repeat Public Offering (RPO) – to increase its paid-up capital to comply with regulatory requirements – instead of issuing the right shares. The Bangladesh Securities and Exchange Commission (BSEC) came up with the advice this week in response to an application the company had filed earlier seeking permission to issue the right shares.
- In 2000, National Tea started selling tea in the local market on a small scale through its dealers. It has a sales centre at its registered office, which is open to all consumers.
- In the July-December period of 2021, the net profit of the company was Tk5.72 crore, up from Tk1.59 crore a year earlier. But it again suffered losses in the January-March quarter of 2022. In this period, the company incurred a loss of Tk26.26 crore due to an increase in the cost of goods sold. As of 30 June 2021, the short-term loan of the company was Tk137.18 crore, while the long-term loan was Tk63.32 crore.



<https://www.tbsnews.net/economy/stocks/national-tea-advised-issuing-fresh-primary-shares-increase-paid-capital-444454>

Economy & Industry

Govt's borrowing from banks spikes

The Daily Star, June 22, 2022

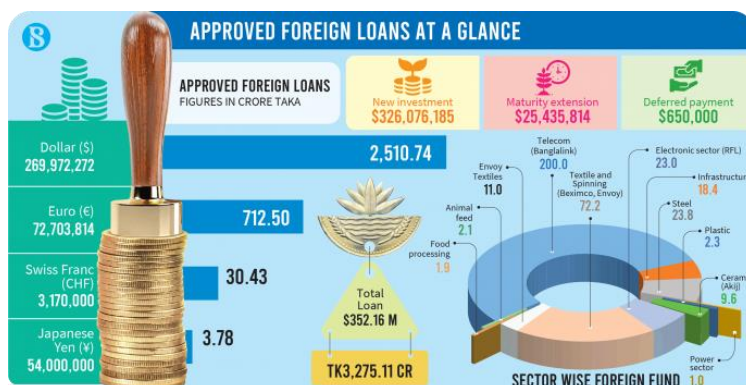
- Government borrowing from banking sources has gone up significantly this month as it is now on a spending spree to materialise different development and non-development programmes by the time this fiscal year ends. The government had borrowed Tk 26,741 crore from banks from July 1 to May 26 of fiscal year 2021-22 against its fiscal target of Tk 76,452 crore.
- But by June 14, the figure had gone up to Tk 41,444 crore, meaning it had borrowed Tk 14,703 in a span of just 19 days. A BB official said the government's borrowing from the banking sources might further increase in the remaining days of this fiscal year due to its lacklustre performance in revenue collection and falling investment in savings certificates.
- The National Board of Revenue (NBR) has still a long way to go to fulfil its fiscal target, which will force the government to avail a hefty amount of loans from banks, they said. Tax collection stood at Tk 227,756 crore until April against this fiscal year's target of Tk 330,000 crore, showed data from the NBR.
- In addition, investment in national savings certificates has declined to a large extent as the government introduced investment slabs and slashed the interest rate anywhere from 1 percentage point to 3 percentage points on different savings tools last year. Between July and April this fiscal year, net investment in the tools stood at Tk 17,519 crore, down 50 per cent year-on-year.

<https://www.thedailystar.net/business/economy/news/govts-borrowing-banks-spikes-3053346>

20 businesses get nod for \$326m foreign loan for expansion

The Business Standard, June 21, 2022

- Large groups, such as Akij, Beximco Group, Abul Khair, and Envoy, are now going to expand their businesses with foreign loans, signalling good times for Bangladesh's economy even at this time of global uncertainty caused by the ongoing Russia-Ukraine war.
- This month at least 20 such companies have secured approval from the scrutiny committee of the Board of Investment, chaired by Bangladesh Bank governor, for getting loans to the tune of \$352 million, equivalent to Tk3,275 crore, from different foreign banks and multilateral agencies.
- Most business entities that got the go-ahead for external loans are the textile and spinning industries. Besides, there are companies from steel, power, food processing, plastics and ceramics sectors.
- Some 11 companies will spend \$326 million of the external loans approved on 5 June on importing capital machinery to implement their new investment plans, according to minutes of the loan scrutiny committee.
- Besides, eight companies, which imported capital machinery with foreign loans to expand their business during the pandemic but could not make repayments on time, have now had their loans amounting to \$25.43 million approved for maturity date extensions under refinancing facility.



<https://www.tbsnews.net/economy/20-businesses-get-nod-326m-foreign-loan-expansion-444494>

International

Turkish central bank's net forex reserves around \$7 bn, a 20-year low

The Daily Star, June 21, 2022

- The Turkish central bank's net foreign currency reserves fell to a 20-year low of around \$7 billion last week, according to calculations by four economists based on preliminary data. "The economy's foreign currency needs continue. Preliminary indicators show the central bank's FX reserves will fall by around \$1 billion towards \$7 billion. This will be the worst level in 20 years," a forex trader at one bank told Reuters.
- The central bank's net international reserves fell some \$2.37 billion to \$8.15 billion in the week to June 10, official data showed last week. The central bank will announce the latest official reserves data on June 23.
- Forex reserves have dropped sharply in recent years, most recently due to the billions of dollars the bank sold in market interventions to stem a currency crisis in December and address what it called "unhealthy" prices. The reserves touched a record low of \$7.55 billion in January.

<https://www.thedailystar.net/business/global-economy/turkish-central-banks-net-forex-reserves-around-7-bn-20-year-low>

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