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Stock Market & Company

Dhaka stocks decline but banks keep surging

Newage, November 21, 2021

- Dhaka stocks decreased on Sunday after a gain in the previous four sessions as investors went for profit booking but a section of other investors kept buying shares of bank scrips. DSEX, the key index of the Dhaka Stock Exchange, shed 0.08 per cent, or 6.14 points, to close at 7,085.67 points on Sunday after gaining 162 points in the previous four sessions.
- Despite a fall in share prices of around two-thirds of companies, the market finished with a slight loss due mainly to a surge in the prices of bank scrips. Among the prominent companies, share prices of BRAC Bank, BSRM Limited, LafargeHolcim Bangladesh, Olympic Industries and Grameenphone declined on the day.
- BRAC Bank had recently witnessed a surge in its share prices following the media reports that SoftBank, a Tokyo-based tech company, has decided to acquire 20 per cent shares of bKash, a subsidiary of BRAC Bank. DS30, a composition of 30 large capitalised companies, dropped by 0.41 per cent, or 11.10 points, to close at 2,683.84 points on Sunday.
- Share prices of ACME Pesticides Limited, which made its debut on November 14, soared by the maximum limit allowed on the sixth day to close at Tk 17.6 a share on Sunday. Turnover on the DSE advanced to Tk 1,786.27 crore on Sunday from Tk 1,461.03 crore in the previous session.
- Shariah index DSES shed 0.34 per cent, or 5.05 points, to settle at 1,475.27 points. DSMEX Index, an index of the SME platform, increased by 2.51 per cent, or 25.02 points, to close at 1,020.62 points on Sunday.
- IFIC Bank, One Bank, First Security Islami Bank, NRB Commercial Bank, Delta Life Insurance, Premier Bank, Mercantile Bank, Dutch-Bangla Bank and Genex Infosys were the other turnover leaders on the day.

<https://www.newagebd.net/article/155330/dhaka-stocks-decline-but-banks-keep-surging>

ICB's earning per share rises sharply

The Financial Express, November 22, 2021

- The state-run Investment Corporation of Bangladesh (ICB) saw a steep rise in EPS (earnings per share) for first quarter (July-September) of the fiscal year (FY) 2021-22 compared to same quarter of the FY 2020-21. The company's EPS increased in Q1, 2021-22 due to a rise in capital gains and decrease in interest expense, according to ICB.
- For the Q1 of the FY 2021-22, the ICB reported its consolidated EPS of Tk 0.70 against Tk 0.38 reported for Q1 of the FY 2020-21. The company's EPS soared 84.21 per cent in Q1, 2021-22 compared to same quarter of the FY 2020-21.
- The ICB has reported a consolidated NOCFPS Tk. (8.87), a negative value, for July-September 2021 as against Tk. (4.60), a negative value, for July-September 2020. The ICB's share price declined 1.77 per cent or Tk 2.2 to close at Tk 121.90 each on Sunday.

<https://thefinancialexpress.com.bd/stock/icbs-earning-per-share-rises-sharply-1637551366>

Sales decline drags down Wata Chemical's profit

The Business Standard, November 21, 2021

- Wata Chemical Limited, a producer and seller of a variety of acids, witnessed a 24% profit decline in the 2020-21 fiscal year. During FY21, the company had revenue of Tk56.98 crore, a 26% fall from Tk77.05 crore in the previous year. Consequently, its net profit dropped to Tk9.10 crore compared to the previous year.
- The sales of the company's three major products decreased during the pandemic and it has managed to continue with 70% of production as per the demand of buyers. Wata Chemical produces aluminium and zinc sulphate, magnesium sulphate, sulphuric acid, basic chrome powder, and linear alkyl benzene sulphonic acid.
- In the 2020-21 fiscal year, sales of sulphuric acid increased but that of aluminium sulphate, zinc sulphate, and magnesium sulphate decreased. The company also declared a 30% cash dividend for its shareholders in the last fiscal. The company's earnings per share were Tk6.14 and the net asset value per share was Tk60.22 as of 30 June 2021.

<https://www.tbsnews.net/economy/stocks/sales-decline-drags-down-wata-chemicals-profit-332785>

83 local firms declare higher dividends as pandemic eases

The Business Standard, November 21, 2021

- Bangladesh Lamps Limited, an electric bulb manufacturer, declared 10% cash dividend for FY20 as it suffered losses due to the raging pandemic, but the company declared 20% cash dividend for FY21 as it returned to profit. Like Bangladesh Lamps, 83 local companies listed on stock exchanges from the manufacturing and service sectors have declared higher dividends for FY21 compared to the previous fiscal year.
- According to the Dhaka Stock Exchange (DSE), 180 of the local companies that maintain the July-June fiscal year have published financial statements for FY21 till mid-November.
- Thirty-five of these companies have declared lower dividends as they posted less profit compared to the previous fiscal year, while 32 declared zero dividend due to their weak financial position. The remaining companies declared a similar amount of dividend as they did in the last fiscal year.
- The financial sector such as banks, non-banking financial institutions and insurances, mutual funds, and foreign companies are not among these companies as they maintain a different time period for a fiscal year.
- United Power to pay the highest dividend among locals. Among the local companies that have so far published their financial statement for FY21, 118 declared dividends up to 20%, while 21 companies declared dividends between 21% and 49%. Only two local companies have declared more than 100% dividends – United Power Generation and Distribution Company (UPGDC) and Renata Limited.



<https://www.tbsnews.net/economy/stocks/83-local-firms-declare-higher-dividends-pandemic-eases-332776>

Fu-Wang Ceramic profit declines 27% due to increase in production cost

The Business Standard, November 20, 2021

- The net profit of Fu-Wang Ceramic Industries Ltd has dropped by 27% due to an increase in production cost and an increase in financial cost for the period ended on 30 June 2021. During the period, the net profit of the company was Tk4.63 crore, which was Tk6.37 crore in the previous year 2020.
- The company has recommended a 2% cash dividend for its shareholders for the period ended on 30 June 2021. The dividend was declared at the company's board meeting held on Saturday. Consequently, its earnings per share was Tk0.34 while the net asset value per share of the company was Tk11.70.
- Fu-Wang Ceramic Industries owns and operates two industrial units for manufacturing of various types and sizes of floor tiles and glazed wall tiles, and sales thereof. The company said its statement, the production cost has been increased amid this year. Besides, its financial cost has also increased compared to the previous year.
- Earlier in July this year, the Bangladesh Securities and Exchange Commission (BSEC) restructured the board of directors of Fu Wang Food Ltd. The regulator nominated five independent directors for the company.

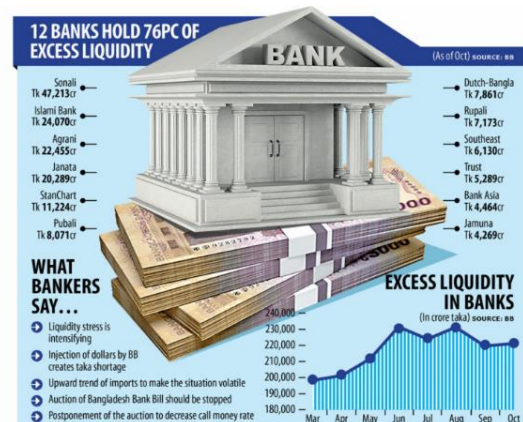
<https://www.tbsnews.net/economy/fu-wang-ceramic-profit-declines-27-due-increase-production-cost-332380>

Economy & Industry

Banks slip into cash crunch as 76pc surplus funds held by a few

The Daily Star, November 21, 2021

- The tale of the excess liquidity in Bangladesh's banking sector does not paint the true picture as the majority of the additional fund is concentrated to a few lenders. The surplus fund totaled Tk 220,880 crore in October, surprisingly up from 0.6 per cent the month before at a time when concerns about a cash stress have surfaced.
- Of the total excess fund, Tk 168,508 crore is concentrated to only a dozen of banks, accounting for 76 per cent of the additional liquidity, as some of them are preferring parking funds in securities instead of channeling money to the real economy in the form of loans.
- The fund concentration has created a liquidity stress in the sector as most lenders are struggling to meet a sudden spike in demand for credits just after the reopening of the economy from the coronavirus pandemic.
- Up until August this year, the auction of the BB Bill had been suspended. But the Bangladesh Bank has been mopping up excess liquidity since August 9 by reviving the Bill, allowing banks to invest their idle funds through the purchase of the securities under the instrument.
- The latest BB Bill auction took place on November 18 when the central bank mopped up Tk 150 crore. As of Thursday, Tk 10,226 crore was invested in the bill following maturities of a portion of the investments. But the continuation of the BB Bill auction has raised questions as the liquidity situation has completely changed.

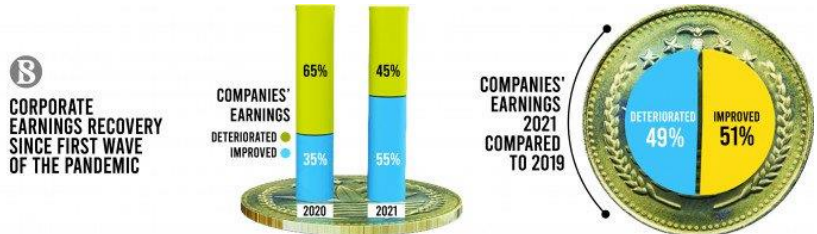


<https://www.thedailystar.net/business/economy/news/banks-slip-cash-crunch-76pc-surplus-funds-held-few-2235701>

Corporate earnings come on strong

The Business Standard, November 21, 2021

- Since the economy reopened in the middle of last year, 55% of publicly-listed firms have improved their profit margins – mainly because of their resilience and increased consumer spending, according to a recent corporate earnings compilation by the EBL Securities Research. And, more encouragingly, at least 50% are earning more than what they did even before the pandemic.
- Even though businesses survived the disruptions from a fresh surge in infections and subsequent restrictions, growing costs of businesses from soaring input prices will make their future recovery even harder, market forecasters say.
- Both sales and profits recovered for most of the resilient businesses in 2021 even after the second wave had brought on some disruptions from time to time earlier this year. In 2021, 55% of more than 300 listed companies posted year-on-year improvement in earnings till date.
- Makers of hygiene products and drugs are still having higher profits though coronavirus infections slowed, dampening demands for specific over-the-counter drugs as well as sanitisers, masks and PPEs.
- Construction material companies, processed food firms, textile and spinning factories are among the sectors that have rebounded from the first and second waves of Covid-19 since March last year, while some of them have exceeded their pre-pandemic profit levels and ventured on fresh investment for expansion. Real estate firms and port operators returned to business, but the hospitality sector as a whole is still in the red.



<https://www.tbsnews.net/economy/corporate-earnings-come-strong-332806>

International

UK inflation could be elevated for longer: BoE

The Daily Star, November 22, 2021

- Bank of England Governor Andrew Bailey said his concern on the inflation outlook is that it could be "elevated for longer" but there is also a chance that inflation does not prove as persistent as feared.
- Earlier this month the BoE forecast inflation would reach around 5 per cent in the second quarter of next year, more than double its official target, due to surging energy prices and supply bottlenecks as the world emerges from the Covid-19 pandemic.
- You're in a fairly febrile world ... [the inflation picture] is two-sided," he said in an interview with the Sunday Times. "There are risks both ways. Obviously, our concern would be that if it gets into second-round effects, it could be elevated for longer.
- The second-round effects Bailey is particularly concerned about are wage bargaining and the labour market. "If the economy evolves in the way the forecasts and reports suggest, we'll have to raise rates. Which, by the way, is entirely consistent with what I said in October," he said.
- The governor said this week he was very uneasy about the inflation outlook and that his vote to keep interest rates on hold on November 4 had been a very close call. The BoE wrong-footed many investors when it did not lift interest rates from their record low 0.1 per cent, following comments from Bailey in late October which markets interpreted as a signal that a rate rise was very near.
- On Friday, BoE chief economist Huw Pill said the weight of evidence was shifting towards a rise in interest rates next month but that he had not made a decision, and markets would do better to focus on the longer term.

<https://www.thedailystar.net/business/global-economy/news/uk-inflation-could-be-elevated-longer-boe-2235636>

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