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Stock Market & Company

Stocks extend losing streak to 9th day

The Newage, July 24, 2022

- Dhaka stocks plunged on Sunday, extending the losing streak to the ninth session, as investors increased the selling of shares amid rising worries over the country's macroeconomic situation. DSEX, the key index of the Dhaka Stock Exchange, lost 1.2 per cent, or 74.07 points, to close at 6,052.44 points on Sunday.
- Sunday's index was the lowest after June 29, 2021 when it was at 6,042.49 points. The DSEX lost 314 points in the past nine sessions. Out of the 382 issues traded on Sunday, 318 declined, 42 advanced and 22 remained unchanged on the DSE.
- The turnover on the DSE dropped to Tk 470.97 crore on Sunday compared with that of Tk 676.93 crore in the previous session. The DS30 index declined by 32.67 points to finish at 2,168.15 points and the DSE Shariah index shed 16.72 points to close at 1,328.36 points.
- Orion Infusions topped the turnover chart with its shares worth Tk 23.5 crore changing hands. Matin Spinning Mills, KDS Accessories, Prime Textile Spinning Mills, Fortune Shoes, Safco Spinning, Sonali Paper, National Bank, Shinepukur Ceramics were the other turnover leaders. FAS Finance was the day's best performer, posting a gain of 9.8 per cent, while Libra Infusion was the worst loser, shedding 5.18 per cent.

<https://www.newagebd.net/article/176680/stocks-extend-losing-streak-to-9th-day>

Stakeholders must ensure their due roles: BSEC

The Financial Express, July 24, 2022

- The securities regulator will sit with various stakeholders to listen to their observations about the market and encourage them to play a proactive role in revamping it. As part of the move, the Bangladesh Securities and Exchange Commission (BSEC) will sit with merchant bankers, stock brokers, banks, listed companies and high net worth individuals.
- "The securities regulator wants to restore investors' confidence ensuring rational behaviour of institutional investors," said Mohammad Rezaul Karim, a BSEC executive director and spokesperson. He said the market prices of many listed securities presently are below fair prices. "Under such a situation, general investors' confidence can be restored if institutional investors increase their participation."
- The regulatory move on holding meeting with stakeholders came following the recent declining trend of the market that saw steep correction in broad index and turnover value as well. Asked, another BSEC official said institutional investors cannot behave like retail investors having less financial literacy.

<https://thefinancialexpress.com.bd/stock/stakeholders-must-ensure-their-due-roles-bsec-1658637253>

City Bank's profit rises slightly in Q2

The Daily Star, July 25, 2022

- The City Bank Ltd posted a slightly higher profit in the second quarter of 2022. The consolidated earnings per share of the private commercial bank were Tk 1.21 in the April-June period, up from Tk 1.19 recorded in the same period last year, according to the un-audited financial statements.
- The consolidated EPS, however, fell to Tk 2.04 in the first half of 2022 against Tk 2.16 registered in the same period of 2021. The consolidated net operating cash flows, a measure of a firm's financial strength, was Tk 7.58 in the negative per share from January to June versus Tk 3.96 during the first half of 2021. Shares of City Bank closed 0.91 per cent lower at Tk 21.80 on the Dhaka Stock Exchange yesterday.

<https://www.thedailystar.net/business/organisation-news/news/city-banks-profit-rises-slightly-q2-3078551>

Eastland Insurance posts profit growth, Takaful Islami sees declines

The Business Standard, July 24, 2022

- Eastland Insurance Company Limited has logged a 6% profit growth while Takaful Islami Insurance's profit fell 37% year-on-year in the first half of 2022. According to its unaudited financials, Eastland's net profit rose to Tk6.68 crore in the January-June period riding on an increase in the net income of the company.
- The net profit was Tk6.31 crore during the same period of last year. As per the statement, its underwriting profit has increased to Tk9.74 crore, up from Tk6.65 crore in the first half of 2021.
- In the second quarter through June, Eastland's net profit rose to Tk3.74 crore, which was Tk3.52 crore a year ago. As per stock exchange disclosures on Sunday, the earnings per share (EPS) of Takaful Islami Insurance has declined to Tk0.70 during the January-June period of 2022. In the same period of 2021, its EPS was Tk1.11.

<https://www.tbsnews.net/economy/corporates/eastland-insurance-posts-profit-growth-takaful-islami-sees-declines-464322>

BSEC forms body to look into Wonderland Toys

The Business Standard, July 24, 2022

- The Bangladesh Securities and Exchange Commission (BSEC) on Sunday formed a committee to probe the whole affairs of Wonderland Toys Ltd. The regulator feels the company is not running as it pretended during its comeback to the small-cap platform from the over-the-counter market, said a BSEC official seeking anonymity.
- The committee includes BSEC Deputy Director Mohammad Ratan Miah, Assistant Director Md Rayhan Kabir, and the Dhaka Stock Exchange's Senior Manager Syed Foysal Abdullah. They have been instructed to submit their findings within 30 working days.

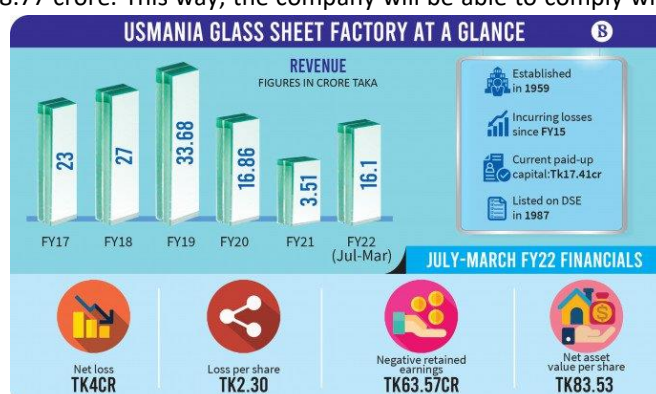
- Due to deteriorating business and non-compliance with securities rules, it was sent to the OTC market over a decade ago and in 2021, it was allowed to come back to the SME platform. Since 30 September 2021, its stock price has ranged between Tk13.4 and Tk115 on the DSE SME platform.

<https://www.tbsnews.net/economy/stocks/bsec-forms-body-look-wonderland-toys-464342>

Usmania Glass to issue shares to BCIC against loans

The Business Standard, July 24, 2022

- Usmania Glass Sheet Factory – a pioneer in the country's glass industry – wants to issue shares to the Bangladesh Chemical Industries Corporation (BCIC) against loans amounting to Tk18.77 crore. This way, the company will be able to comply with the regulatory requirement of fulfilling the minimum paid-up capital requirement of Tk30 crore.
- Recently, the company has applied to the Bangladesh Securities and Exchange Commission (BSEC) for regulatory opinion in this regard.
- The BCIC has also approved this decision of the company. According to its financials, the company last made a profit of Tk3.91 crore in fiscal 2013-14.
- Since then, it has incurred losses for eight years up to fiscal 2020-21. Khan Wahab Shafique Rahman and Co – chartered accountants of the company – said the production technology of Usmania Glass has become outdated compared to its peers in the industry.
- For that, its production cost has exceeded selling price, resulting in operating losses for a few years including the current fiscal year. The accumulated loss of the company has reached Tk59.63 crore.

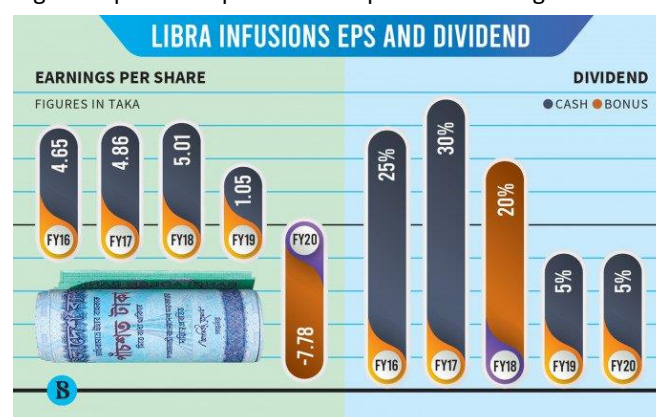


<https://www.tbsnews.net/economy/stocks/usmania-glass-issue-shares-bcic-against-loans-464310>

Libra Infusions turns top loser at DSE

The Business Standard, July 24, 2022

- Publicly listed Libra Infusions Limited – a manufacturer of intravenous (IV) fluids and parenteral drugs – became the worst stock on the Dhaka Stock Exchange (DSE) on Sunday by shedding 5.2% price compared to the previous trading session. On the same day, the company declared a 5% cash dividend for fiscal 2019-20 after two years. Despite the dividend declaration, it was the top loser among all stocks and traded at Tk902.50 per share.
- Libra Infusions had failed to disclose its quarterly financials since mid-2019 because of a dispute with its lender AL-Arafah Islami Bank Limited.
- But from this month, it began to disclose its pending financials and has so far published the unaudited reports of three quarters at once. On Sunday, it published the earnings and dividend declaration for fiscal 2019-20.
- According to the disclosure, Libra incurred a loss of Tk1.16 crore and its loss per share stood at Tk7.78 in FY20.



<https://www.tbsnews.net/economy/stocks/libra-infusions-turns-top-loser-dse-464306>

Economy & Industry

BB to sign MoU with banks to cut default loans

The Daily Star, July 24, 2022

- Bangladesh Bank plans to sign a memorandum of understanding (MoU) with 10 commercial banks for taking various steps on a pilot basis, including periodically publishing their lists of defaulters, in a bid to reduce their default loans. The central bank recently shared this plan with a visiting mission of International Monetary Fund (IMF). The IMF mission submitted a statement to government high-ups on Thursday wrapping up its nine-day tour.
- These include strengthening corporate governance of banks, adopting risk-based supervision and strictly enforcing the current prudential framework and withdrawing waivers and phase-in periods for required provisions. It also spoke of reforming the legal system to support a stronger enforcement of creditor rights and incentives for debtors to make repayments.
- The IMF said the government informed them that they would amend the bank related acts by the end of this year. According to the IMF statement, tackling the high amount of non-performing loans (NPLs), especially in state-owned commercial banks, remains a major challenge.

<https://www.thedailystar.net/business/economy/news/bb-sign-mou-banks-cut-default-loans-3077801>

Loan rescheduling policy draws mixed-bag reactions among bankers

The Business Standard, July 24, 2022

- The latest loan rescheduling policy of the Bangladesh Bank will make the recovery of defaulted loans tougher, said experts, adding that if banks cannot recover their dues, they will face difficulties in paying back what customers deposited. This will also affect cash flow to banks as customers will lose interest in depositing money in banks, they added.
- People concerned said willful loan defaulters will feel more encouraged by this policy of the central bank. Even if the volume of defaulted loans will be low on paper because of the policy, banks will not be able to retrieve their loans. The Bangladesh Bank has restructured its loan rescheduling policy by widening the repayment period by nearly five times and reducing down payments by four times to facilitate loan defaulters to keep their accounts regular.
- From now on, a big loan defaulter having a term loan above Tk500 crore can get repayment period up to 29 years. In the case of down payments, defaulters will provide the highest 4.5% of the total overdue amount or 7% of overdue instalment, whichever will be less, while previously defaulters had to pay the highest 15% of overdue amount during loan rescheduling, according to a central bank circular issued last week.

<https://www.tbsnews.net/economy/banking/loan-rescheduling-policy-draws-mixed-bag-reactions-among-bankers-464410>

International

US gives nod to Russian default ins payouts

The Daily Star, July 25, 2022

- The US Treasury issued a special waiver on Friday to allow investors with insurance against a Russian default, known as Credit Default Swaps, to receive their payouts. The normally straightforward process of CDS payouts was thrown into chaos in June when Washington said its sanctions on Russia represented a total ban on buying Moscow's debt.
- An investor who buys a CDS contract usually hands over the underlying bond to the bank or fund that sold them the CDS when a default happens. It traditionally involves an auction to determine the price, but under the sanctions that exchange effectively became illegal.
- The license authorizes US persons to purchase or receive Russian bonds starting two days before the announced date of the auction, and up to eight business days after the auction takes place. The committee that sets the auction date has a scheduled meeting on Monday at 1300 GMT after having met three times this week. The move also authorizes financial institutions "to facilitate, clear, and settle" the newly-authorized transactions, the Treasury's website added.

<https://www.thedailystar.net/business/global-economy/news/us-gives-nod-russian-default-ins-payouts-3078596>

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Bank Asia Securities Limited (BASL) is one of the leading full-service brokerage companies in Bangladesh. The company was formed in 2009 and running its operation as a majority owned subsidiary of Bank Asia Limited. BASL offers full-fledged standard brokerage services for retail, institutional and foreign clients with a dedicated team of skilled professionals. The company is currently providing the brokerage services under the membership of Dhaka Stock Exchange Limited (DSE).

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