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Stock Market & Company

Chained-up stock market keeps bleeding

The Business Standard, February 25, 2023

- Currently, the Dhaka Stock Exchange is experiencing a significant decrease in activity. Approximately one lakh investors have sold their entire holdings, and the presence of non-resident Bangladeshis and foreign portfolios has become insignificant, resulting in a historic low turnover.
- This situation may suggest that the country's economy is on the brink of collapse, but this is not the case. According to international development partners, Bangladesh is performing well despite facing challenging times.
- It is not only investors who are suffering, but also other stakeholders including stockbrokers, banks and other financial institutions that provide services such as brokerage, custody, and margin lending to investors, depository participants and clearing and settlement agencies are bearing the brunt of this stagnant market.
- Due to the floor price or an extremely narrow 1% lower limit of fall a day, 337 of the 399 listed scrips at the Dhaka Stock Exchange (DSE) had no bidder on Sunday. DSEX, the broad-based index of the Dhaka Stock Exchange, falling by 0.37% to an eight-week low of 6,187 entered its fifth consecutive week of decline on Sunday.
- Investors lost over one-third of their money in a large number of stocks in the last two months. DSE turnover dropped to less than Tk250 crore amid declining trading participation of investors which was hovering around or even higher than Tk1,000 crore even a few months ago.



<https://www.tbsnews.net/economy/stocks/chained-stock-market-keeps-bleeding-591234>

Investors to get no return from Emerald Oil for 3 years since FY17

The Financial Express, February 27, 2023

- Emerald Oil Industries has recommended 'no dividend' for FY17, FY18, and FY19 when it remained shut because of serious 'irregularities'. The company resumed its operation in January last year.
- It has reported a loss of Tk 34.40 per share for FY17, which declined to Tk 1.97 per share for FY18. The loss went further down to Tk 1.41 per share for FY19, according to a disclosure posted on the website of the Dhaka Stock Exchange (DSE). The company was shut down in 2017. The last annual general meeting (AGM) that it held was in 2016.
- An audit for FY20, FY21 and FY22 will begin soon, said the company secretary. Meanwhile, the DSE made a query about the dividend declaration as Emerald Oil did not comply with the securities laws in submitting price sensitive information (PSI).

<https://thefinancialexpress.com.bd/stock/bangladesh/investors-to-get-no-return-from-emerald-oil-for-3-years-since-fy17>

Asif Ibrahim re-elected chairman of CSE

The Financial Express, February 27, 2023

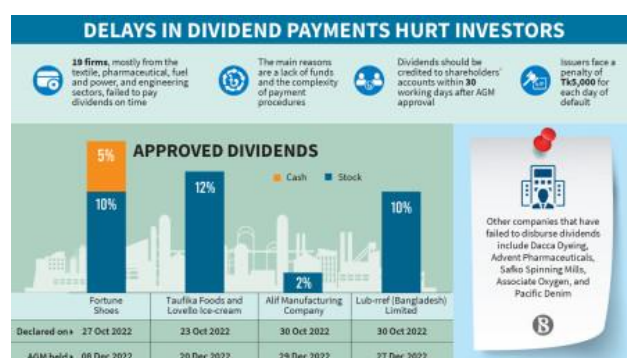
- The board of directors of the Chittagong Stock Exchange (CSE) has re-elected Asif Ibrahim as chairman of the bourse. All independent and shareholder directors unanimously elected him for the next three years at a meeting held on Sunday, according to a press release.
- The Bangladesh Securities and Exchange Commission (BSEC) has recently approved a list of seven independent directors following the expiry of the tenure of the incumbents. Apart from Asif Ibrahim, Abdul Halim Chowdhury, Kaashif Reza Choudhury, Monjurul Ahsan Bulbul, Md. Sajib Hossain, Ms. Istar Mahal, and Mohammad Naquib Uddin Khan will serve as independent directors.
- Earlier, four shareholder directors were elected. They are Md Siddikur Rahman, Mohammed Mohiuddin, Md Rezaul Islam, and Mohammed Nasir Uddin Chowdhury.

<https://thefinancialexpress.com.bd/stock/bangladesh/asif-ibrahim-re-elected-chairman-of-cse>

19 firms fail to pay dividends on time

The Business Standard, February 26, 2023

- Nineteen companies, including a 100% export-oriented firm listed on the country's capital market, have failed to pay their declared dividends on time. As a result, shareholders having investments in the companies are not getting their benefits even after the expiry of the stipulated one month period since their approval at annual general meetings (AGMs).
- The Dhaka Stock Exchange (DSE) has repeatedly written to the companies asking them to comply with the listing rules, but to no avail.
- According to the listing rules, dividends were supposed to be credited to shareholder accounts – cash to bank accounts, and stocks to beneficiary owner (BO) accounts – within 30 working days after approval at an AGM.
- That means shareholders of any listed firms should get declared dividends deposited into their accounts within 30 working days, but 19 listed companies, including some SME firms, have not been paying dividends to their investors on time.
- According to the listing rules, if any issuer company fails to pay its dividend in due time, it will face a penalty of Tk5,000 for every day of default, and its directors and officers will be liable to pay the penalty.



<https://www.tbsnews.net/economy/stocks/19-firms-fail-pay-dividends-time-591066>

Let cumulative dividends surpass your actual investment

The Business Standard, February 26, 2023

- Focus on reducing your net cost in a stock over a longer time horizon, a lesson learned from the experience of veteran investor and stockbroker Mostaque Ahmed Sadeque.
- The founding managing director of brokerage firm Investment Promotion Services Ltd and the former president of DSE Brokers Association (DBA) started his stock market career in the early 1980s following his 16-year experiences as a private sector executive.
- Some of the blue-chip stocks, bought at market lows are in his portfolios even after two decades as he did not sell them either at the market peaks or during the declines. Fundamentally sound stocks like, Bangladesh Oxygen Company (BOC) that turned Linde Bangladesh later, Square Pharmaceuticals and some multinationals paid him hefty dividends over the years that his net cost at the stocks dropped to negative territory as the dividends surpassed his initial investments to own the stocks.
- For example, one bought a share at Tk25 and has been being paid Tk1 or Tk2 every year as dividends over the last 15-20 years. The stock turned free for him in terms of net input and is being traded at much higher, like over Tk200, Tk500 or even Tk1,000.

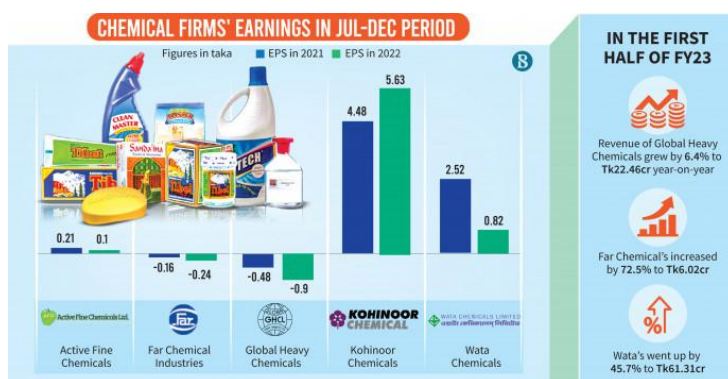
<https://www.tbsnews.net/economy/stocks/let-cumulative-dividends-surpass-your-actual-investment-591070>

Economy & Industry

Macroeconomic headwinds put chemical-makers in dire straits

The Business Standard, February 26, 2023

- Listed chemical manufacturers that had not even fully recovered from the Covid-19 pandemic blow were further dragged down by macroeconomic headwinds in the first half of the ongoing fiscal year. Among five chemical-makers listed on the country's capital market, only Kohinoor Chemicals posted profit growth, while all the others failed to weather the inflation storm.
- Active Fine Chemicals and Wata Chemicals faced profit declines, while Far Chemical and Global Heavy Chemicals turned bigger losses compared to the July to December period of the fiscal 2021-22.
- Industry people mainly blamed the strong dollar, increasing prices of raw materials, freight costs, difficulties in opening letters of credit (LCs), and decline in production for such dismal performance of the sector.
- They said the prices of raw materials at both home and abroad went up by around 30% to 140%, while freight costs straight up doubled and even tripled for some products from the pandemic time.
- The chemical manufacturers, which sell their products mainly to local small and medium enterprises (SMEs), faced decline in sales as local consumption dropped and also production was severely hampered by gas and power disruptions.

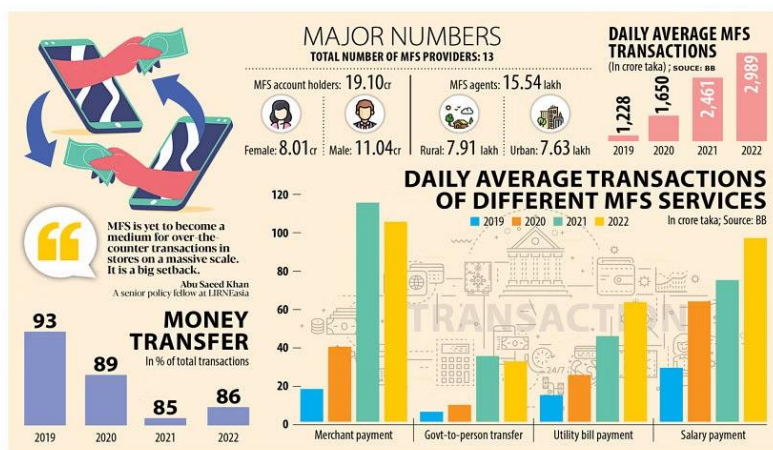


<https://www.tbsnews.net/economy/stocks/macroeconomic-headwinds-put-chemical-makers-dire-straits-591186>

MFS booming but largely confined to fund transfer

The Daily Star, February 27, 2023

- More than a decade has passed since the rollout of mobile financial service (MFS) in Bangladesh, but its use has largely been limited to fund transfers though it can become a major vehicle to turn the country into a cashless economy eliminating its over-dependence on fiat currencies.
- Bangladesh Bank data showed that the ratio of money transfers – cash-in, cash-out and person-to-person transfers – using the MFS system, which was introduced in 2011, is declining albeit at a slower pace.
- The share of money transfers stood at 86 per cent out of all transactions recorded at Tk 10,75,990 crore last year. Four years ago, it was 93 per cent of all transactions involving Tk 442,090 crore.
- Industry operators describe the drop as a positive development as the volume of transactions has more than doubled during the period, pointing to the expansion of the overall MFS market.
- But, according to industry stakeholders, a number of issues – lack of digital literacy, high cost of transactions, the reluctance of businesses to carry out transactions digitally, low penetration of smartphones, and a lack of push from the policy-makers – are deterring the faster growth of digital transactions through MFS platforms.



<https://www.thedailystar.net/business/economy/news/mfs-booming-largely-confined-fund-transfer-3258261>

International

Italy's green homes scheme turn 'wicked'

The New Age, February 26, 2023

- An Italian scheme to make homes more energy efficient has been wildly popular, but the government is seeking to rein in its 'out of control' costs amid fears it could send the deficit soaring. The 'superbonus' scheme, which can be used for anything from insulation to solar panels, new boilers and windows, was introduced in May 2020 to boost the economy after the coronavirus lockdown.
- Environmentalists were sceptical about its benefits but Italians rushed to take advantage of the programme, in which the state paid 110 per cent of the cost of making homes greener, with the subsidy delivered via a tax credit or tax reduction.
- As intended, it boosted the construction sector — but it has so far cost the state 61.2 billion euros (\$64.8 billion), according to the finance ministry.
- Italy's deficit was an estimated 5.6 per cent of GDP last year and set to fall to 4.5 per cent in 2023, but revised figures potentially incorporating the superbonus scheme are due out on March 1.
- The superbonus scheme was introduced by former premier Giuseppe Conte, whose populist, environmentalist Five Star Movement led the coalition government at the time.
- It allowed homeowners to either deduct the cost of work from their taxes over several years or sell the tax credit to their builder, who would sell it to a bank, which would then claim the money from the state.

<https://www.newagebd.net/article/195440/italys-green-homes-scheme-turn-wicked>

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