

Stock Market

Stocks fall on worries ahead of budget passage

New Age, July 01, 2018

- Dhaka stocks dropped in the past week as investors reshuffled their portfolios ahead of June closing of financial statements of listed companies and passage of national budget.
- DSEX, the key index of Dhaka Stock Exchange, lost 0.67 % or 36.30 points over the week to finish at 5,405.46 points on Thursday, the last trading session of the week, after gaining 76.54 points in the previous week.
- The market began the week with bullish trend with DSEX gaining 80 points on Sunday following the bank owners' decision to cut the interest rate to single digit from July 1.
- Among the prominent scrips, plunge in share prices of Grameenphone, BRAC Bank and Olympic Industries fueled the market volatility on the week.
- On the other hand, share prices of pharmaceuticals, cement and non-bank financial institutions advanced 1.4 %, 0.5 % and 0.3 % respectively that saved the market from further fall.
- DS30, the blue chip index of the DSE, also lost 1.10 %, or 21.86 points, to close at 1,959.95 points over the week.
- Shariah index DSES, however, gained 0.03 %, or 0.34 points, to close at 1,263.79 points.
- Ratanpur Steel Re-Rolling Mills led the turnover chart with its shares worth BDT 115.01 crore changing hands.
- Monno Ceramic Industries, Grameenphone, Paramount Textile, Alif Industries, United Power Generation Company, Bangladesh Export Import Company, Queen South Textile Mills, Intraco Refueling Station and Square Pharmaceuticals were the other turnover leaders.
- BD Auto cars gained the most in the week with a 42.30 % increase in its share prices, while Standard Insurance was the worst loser shedding 20.00 %.

<http://www.newagebd.net/article/44913/stocks-fall-on-worries-ahead-of-budget-passage>

Foreign funds fall further in DSE

The Daily Star, July 01, 2018

- Net foreign investment in the Dhaka Stock Exchange fell to BDT 207 crore in the negative in June because of fears over political uncertainty in the run up to national election at the year-end.
- Foreign investors bought shares worth BDT 446 crore and sold securities worth BDT 653 crore, according to data from the premier bourse.
- The net foreign investment plummeted to BDT 283 crore in the negative in May and BDT 25 crore in April.
- "Fears of political uncertainty prompted foreign investors to go for sell-offs," said a merchant banker requesting anonymity.
- He said the depreciation of the local currency against the US dollar also contributed to the sell-off by the foreign investors.
- When the taka depreciates, foreign investors will have to make more profit to offset the loss induced by the exchange rate volatility.
- For instance, if foreign investors had made BDT 80 profit seven months ago they would have been able to take home USD1. But at the moment, they will have to make a profit of BDT 83.70 to take home the same USD as the taka has depreciated.
- Institutional investors are buying these shares, helping the turnover of the market soar. The benchmark index, however, has remained almost the same in June.

<https://www.thedailystar.net/business/foreign-funds-fall-further-dse-1598041>

Economy

FY19 starts today with polls-centric economic challenges

New Age, July 01, 2018

- Financial year 2018-2019 begins today with a number of challenges for the government in economic front including election-centric sluggishness of private and foreign investment amid political uncertainty, rising defaulted loans in scam-plagued financial sector and achieving a large revenue collection target.
- The national elections is likely to be held in first half of the FY19, most likely in December, which may bring another dimension to the already sluggish investment from private sector and foreign sources, economists say.
- Political uncertainty surrounding the participation of the opposition Bangladesh Nationalist Party in the national elections will continue to weigh on the investment decision of both local and foreign investors in first of FY 19, which may ultimately affect the economic growth of the year, they fear.
- It has targeted private sector investment growth to 25.15 % of GDP from 23.25 % while that of public sector to 8.39 % from 8.22 %
- Even after relative political calm, overall investment grew only by 0.96 %age points in FY18 while the government has targeted a rise of more than 2 %age points for FY19.
- Foreign investment on the other hand continued to fall in recent months.
- In the first 10 months of the just concluded year, foreign investment fell by 4.2 % to 1.46 bn from 1.52 bn during the same period of the previous year.
- Even in the capital market, foreign investment is falling fast with net investment on the country's main bourse hitting 7-year low in FY18.
- Finance minister AMA Muhith has already ditched a plan to form a banking commission to probe banking sector irregularities and recommend measures.

<http://www.newagebd.net/article/44898/fy19-starts-today-with-polls-centric-economic-challenges>

Bangladesh Bank eases rules on bank guarantee to foreign firms

The Daily Star, July 01, 2018

- The front view of Bangladesh Bank seen in this FE file photo
- The central bank has relaxed regulations, allowing commercial banks to issue guarantee on behalf of foreign-controlled firms favouring the local authorities against counter-guarantee from foreign banks.
- The banks are also allowed to issue such guarantee in both local and foreign currencies without prior approval from the Bangladesh Bank (BB), a senior central banker said.
- He also said the central bank has relaxed the guidelines for foreign exchange transactions to facilitate the foreign firms' business activities in Bangladesh.
- "It will also help the foreign firms involved in implementing the mega projects in Bangladesh," the BB official explained.
- The central bank of Bangladesh issued a circular in this regard on Thursday and asked all authorised dealer (AD) banks in foreign exchange to follow the instructions on issuance of guarantee on behalf of foreign-owned firms in favour of residents against foreign bank to bank guarantee.

<https://thefinancialexpress.com.bd/economy/bangladesh/bangladesh-bank-eases-rules-on-bank-guarantee-to-foreign-firms-1530246421>

Central bank will print 1,200m currencies and banknotes

The Financial Express, July 01, 2018

- The Bangladesh Bank (BB) will print 1,200 mn pieces of currencies and banknotes of various denominations in the next fiscal year (FY), 2018-19, officials said.
- The target is up by 5.44 % from FY 2017-18.
- The revised target was 1138.05 mn pieces for the outgoing fiscal year, the officials said.
- "The banknotes are being printed to feed the growing demand throughout the next fiscal year," a senior BB official told the FE.
- The Security Printing Corporation Bangladesh Ltd. (SPCBL) printed 1016.80 mn currencies and banknotes as of May in FY 2017-18, according to the SPCBL data.
- Some 9653.24 mn other security products (OSPs) will also be printed, up by 10.07 % from the revised target of FY 2017-18.
- This has also been due to a larger volume of banknotes being printed annually, the source added.
- The SPCBL prints chequebooks of different state-run and private commercial banks.
- The production of banknotes is more expensive now as they contain more security features than those of the older ones, the source mentioned.
- The BB earlier gave the printing press BDT 11.50 bn to buy machinery to increase its capacity, according to the data available earlier.
- The SPCBL installed some machines to increase its capacity to print banknotes, chequebooks, OSPs and other security-related printing materials.

<https://thefinancialexpress.com.bd/economy/bangladesh/central-bank-will-print-1200m-currencies-and-banknotes-1530251803>

International

Five Charts Show Why European Stocks Are Developed World's Worst

Bloomberg News, July 01, 2018

- This year was supposed to be the moment when European equities would finally catch up with the U.S. stock market, lifted by a revival in economic growth and corporate earnings while worries over the region's populist leaders was set to fade. Instead, Europe has been the worst performer among developed countries in the first half of the year.
- In contrast, global, Japanese and emerging funds have been seeing inflows in 2018, with the U.S. catching up in May thanks to fresh investor contributions. Some investors may have rotated out of European equities and into the U.S. market, spooked by renewed worries over the future of the euro area as Italian populist parties made a deal to form a new government.
- While the S&P 500 Index has been advancing steadily since 2009, reaching a record high in January after gains of about 300 %, the Stoxx 600 Europe Index rose just 130 % in the same period and has continued to lag, widening its valuation discount over the past month. The Stoxx 600 now trades at a price-to-book ratio that is almost half that of the S&P 500 Index.
- Europe-specific concerns, as well as Trump's tariff threats against the region's automakers, have been weighing on the sentiment. In contrast, the U.S. stock market has benefited from brisk gains in tech shares, a sector that represents about a quarter of the S&P 500 benchmark.

<https://www.bloomberg.com/news/articles/2018-06-29/five-charts-show-why-european-stocks-are-developed-world-s-worst>

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