

Stock Market

Foreign fund at DSE withdrawn for 4th month

New Age, August 02, 2018

- Foreign investment at the Dhaka Stock Exchange remained negative in July for the fourth consecutive month as the overseas investors continued offloading their holdings at the bourse amid concerns over the country's financial sector and national elections. In July, the foreign investors sold shares worth BDT 444.74 crore against their purchase of shares worth BDT 412.04 crore with their net investment dipping to negative BDT 32.7 crore. The net foreign investment remained negative for four consecutive months since April. It was BDT 24.69 crore negative in April, BDT 282.32 crore negative in May and BDT 206.68 crore negative in June. In June, foreigners bought shares worth BDT 446.61 crore against their sales of shares worth BDT 653.29 crore. Market operators said the foreign investors were observing the market amid a chaotic situation in the country's financial sector.
- A senior DSE official said that depreciation of the taka against the dollar made the foreign investors concerned about injecting fund in the market as their profitability dropped due to the depreciation. Therefore, the foreign turnover also declined in July by 22 % to stand at BDT 856.78 crore compared with that of BDT 1,099.9 crore in the previous month. DSEX, the key index of the DSE, shed 102 points in July. Market operators said that the foreign investors might wait for the lowest possible share prices at the market to maximise their gains. The net investment by the foreign investors at the country's premier bourse surged to BDT 1,704.94 crore in 2017 from BDT 1,340.70 crore in 2016.
- Overseas investors' turnover at the bourse was BDT 3,362.11 crore in 2010, BDT 1,904.19 crore in 2011, BDT 2,355.23 crore in 2012, BDT 2,834.90 crore in 2013, BDT 6,600.94 crore in 2014 and BDT 7,465.4 crore in 2015. The net overseas investment at the bourse was negative BDT 767.58 crore in the year of market crash (2010).

<http://www.newagebd.net/article/47428/foreign-fund-at-dse-withdrawn-for-4th-month>

Banking stocks rebound

The Daily Star, August 02, 2018

- Shares of banks on the Dhaka Stock Exchange rose strongly yesterday, putting a halt to their frequent fall this year. Banking stocks declined 28.5 % this year, according to IDLC Securities. But yesterday, the shares of the heavyweight sector advanced 2.05 %. Of the listed 30 banks, 26 gained, one declined and three remained unchanged. Subsequently, the DSEX, the benchmark index of the premier bourse, rose 45.56 points, or 0.85 %, finishing the day at 5,348.20.
- Turnover, another important indicator of the market, jumped up 1.1 % to BDT 740.62 crore, with 21.08 crore shares and mutual fund units changing hands. Of the traded issues, 169 advanced and 124 declined with 43 securities closing unchanged. BBS Cables dominated the turnover chart with 29.75 lakh shares worth BDT 31.79 crore traded, followed by Fortune Shoes, United Power Generation, BD Thai Aluminium and Ifad Autos.
- Among the major sectors, non-bank financial institutions advanced 2.14 %, general insurance 1.86 %, mutual funds 0.55 % and pharmaceuticals 0.36 %. Conversely, paper & printing and fuel & power declined 1.14 % and 0.27 % respectively. IPDC was the day's best performer with 9.89 % gains, while Meghna Pet was the worst loser, giving up 10 %. Chittagong stocks also soared with the bourse's key index, CSCX, increasing 88.63 points to finish at 9,950.35.

<https://www.thedailystar.net/business/banking/banking-stocks-rebound-1614826>

BSEC fines directors of Delta Spinners, Bengal Fine Ceramics

New Age, August 02, 2018

- Bangladesh Securities and Exchange Commission on Wednesday fined all shareholder-directors of two companies — Delta Spinners Limited and Bengal Fine Ceramics Limited —BDT 1 lakh each and warned three more companies for breaching securities laws. The decision came at a commission meeting, presided over by BSEC chairman M Khairul Hossain. The commission fined all directors, except nominated and independent directors, of Delta Spinners BDT 1 lakh each as the company did not use the fund of rights offer properly in sectors mentioned in the rights offer documents.
- The company also spent additional 13 months in using the fund and did not deposit the source tax in government exchequer properly breaching the conditions of rights issue consent paper. The commission also fined all the shareholder-directors of Bengal Fine Ceramics Limited as the company did not submit a number of financial statements between 2015 and 2017 violating securities rules. The market watchdog also decided to issue warning letters to International Leasing Securities Ltd, Western Marine Shipyard and Padma Islami Life Insurance as the companies broke a number of securities rules.

<http://www.newagebd.net/article/47429/bsec-fines-directors-of-delta-spinners-bengal-fine-ceramics>

Economy

Bangladesh remains the second biggest apparel exporter

The Daily Star, August 02, 2018

- Bangladesh held on to its status as the second biggest apparel supplier in the world in 2017, accounting for 6.5 % share of the market, according to data from the World Trade Organisation (WTO). In 2017, Bangladesh exported garment items worth USD29 bn, the data said. In 2016, Bangladesh's share of the global apparel market was 6.4 %. China remained the largest apparel supplier globally, although its share shrank to 34.9 %. The value of exported clothing items from China last year was USD158 bn.
- Vietnam came in third with its 5.9 % market share, the WTO data said. It exported USD27 bn worth of garment products in 2017. Neighbouring India, with its garment exports of USD18 bn in 2017, ranked fourth. Turkey came fifth with a 3.3 % market share. The WTO data also showed that in 2017 the top 10 exporting nations' share was 87.8 % and the value was USD457 bn.
- In the immediate past fiscal year, garment shipments brought home USD30.61 bn, up 8.76 % year-on-year, according to data from the Export Promotion Bureau. It also beat the target of USD30.16 bn. The buyers are coming here with bulk of work orders as the country's image has now brightened after the near-completion of factory remediation as per the recommendations by the Accord and Alliance. Almost all top clothing retailers like H&M, Walmart, JC Penney, Inditex, Zara, Gap, M&S, Uniqlo, C&A, Tesco, Hugo Boss and adidas have been sourcing bns worth of garment items from Bangladesh every year.

<https://www.thedailystar.net/business/export/bangladesh-remains-the-second-biggest-apparel-exporter-1614856>

Raising regulators' standards stressed for global acceptance of B'desh pharma items

New Age, August 02, 2018

- Entrepreneurs and experts on Tuesday stressed raising standards of certification and regulatory bodies of the pharmaceuticals sector so that locally produced medicines were widely accepted in global market. They also emphasised creating brands of medicine to capture a fair share of more than USD1.13 trillion international market of pharmaceutical products. They hoped that pharmaceutical products would soon become a bn dollar export sector if proper strategy could be taken both by the government and entrepreneurs.
- Local production fulfils around 97 % of domestic demand while only 3 % is met through import. Bangladesh exported pharmaceuticals products worth USD131.17 mn with 24 % growth in the fiscal year 2016-2017. Unihealth Limited managing director M Mosaddek Hossain said that Bangladesh needed high-end quality product and policy support to reach the goal of bn dollar export earnings from the sector. Bangladesh Investment Development Authority executive chairman Kazi M Aminul Islam said that the government would provide all out support to the sector to unlock the potential of global market.
- The government has already declared the pharmaceutical products as the products of the year. Bangladeshi pharma sector will continue to get waiver from applying and enforcing intellectual property rights until 2033 as per TRIPS agreement of the World Trade Organisation. So, entrepreneurs should explore the benefit along with taking preparations for future, he said, adding that exporters also needed to focus on emerging markets. Regarding the decision of UK-based pharmaceuticals company GSK of closing down its production units in Bangladesh, he said that it would not put any impact in the industry as GSK's production was only 1 % of total domestic production while it had no export from the country.

<http://www.newagebd.net/article/47383/raising-regulators-standards-stressed-for-global-acceptance-of-bdesh-pharma-items>

International

Global factory growth slowing; China-US trade war biting

The Daily Star, August 02, 2018

- Factory growth stuttered across the world in July, heightening concerns about the global economic outlook as an intensifying trade conflict between the United States and China sent shudders through trading partners. Global economic activity remains solid, but it has already passed its peak, according to economists polled by Reuters last month. They expect protectionist policies on trade - which show no signs of abating - to tap the brakes. But slowing growth, wilting confidence, and trade war fears are not likely to deter major central banks moving away from their ultra-loose monetary policies put in place during the last financial crisis.
- Last month, China and the United States imposed tit-for-tat tariffs on USD34 bn of each other's goods and another round of tariffs on USD16 bn is expected in August. US President Donald Trump's administration, according to a source familiar with its plans, is poised to propose 25 % tariffs on a further USD200 bn of imports, up from an initial proposal of 10 %. Its threat of tariffs on the entire USD500 bn or so worth of goods imported from China still stands.
- Beijing has pledged equal retaliation, although it only imports about USD130 bn of US goods. World stocks fell and the dollar strengthened on Wednesday on fears of an imminent escalation in the US-China tariff war. Morgan Stanley analysts estimate an 81-basis-point impact on global growth in a scenario of 25 % tariff hikes across all imports from China and Europe, with US growth slowing by 1 %age point and China's by 1.5 points.

<https://www.thedailystar.net/business/global-business/global-factory-growth-slowing-china-us-trade-war-biting-1614808>

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