

Stock Market

Weekly analysis: Stocks stay afloat on institutional support

Monno Ceramic jumps 51pc in a week

The Financial Express, August 03, 2019

- Stocks eked out gains for the second consecutive week that ended on Thursday, as institutional investors continued to support the market. DSEX, the prime index of the Dhaka Stock Exchange (DSE), soared 36.48 points or 0.71 % week on week to settle at 5,169.
- As per un-audited financial statements, the consolidated EPS of the 24 banks, out of 30, soared for the January-June 2019 period, compared to the same period of the previous year. The outgoing week saw five trading days as usual. Of them, four sessions ended higher while one saw marginal fall.
- Two other indices of DSE ended marginally higher. The DS30 index, comprising blue chips, gained 2.31 points to finish at 1,838 and the DSE Shariah Index climbed 18.46 points to end at 1,192. The total turnover on the prime bourse stood at BDT 22.01 bn, up from BDT 19.98 bn in the week before.
- The daily turnover averaged out at BDT 4.40 bn, rising 10.2 % over the previous week's average of BDT 3.99 bn. Fortune Shoes dominated the week's turnover chart, with 22.77 mn shares worth BDT 944 mn changing hands. Monno Ceramic was the week's best performer, posting a gain of 51.06 % while Vangurd AML Rupali Bank Balanced Fund was the worst loser, plunging by 37.38 %
- The port city bourse, Chittagong Stock Exchange (CSE), also edged higher, with its CSE All Share Price Index - CASPI -gaining 85 points to settle at 15,798 and the Selective Categories Index - CSCX - advancing 53 points to finish the week at 9,604.

<http://thefinancialexpress.com.bd/stock/weekly-analysis-stocks-stay-afloat-on-institutional-support-1564807661>

Net foreign investment remains negative for fifth straight month

The Financial Express, August 02, 2019

- Net foreign portfolio investment in Dhaka Stock Exchange (DSE) remained negative for the fifth consecutive month in July due to higher outflow of equity fund.
- The government's move to liquidate People's Leasing and Financial Services Limited, imposition of penalty tax on listed companies and the ongoing tussle between Grameenphone and the telecom regulator also dampened the foreign buyers' confidence, they added.
- In July, foreign investors bought shares worth BDT 3.09 bn and sold off shares worth BDT 4.74 bn, forcing the net position to reach a negative BDT 1.65 bn, according to the DSE data. In June, the net foreign investment was a negative BDT 1.05 bn, as they purchased shares worth BDT 2.95 bn and sold off shares worth BDT 3.05 bn.
- The net foreign investment in DSE was a negative BDT 1.24 bn in March, a negative BDT 1.54 bn in April and a negative BDT 652 mn in May.

- In the last seven months (January-July) of 2019, DSEX, the benchmark index of the premier bourse, also slumped 247 points or 4.58 %. In 2018, the net foreign funds in stocks were a negative BDT 5.93 bn, as the overseas investors bought shares worth BDT 44.96 bn and sold off shares worth BDT 50.89 bn.
- Shares of banks and financial institutions were the top choice for foreign buyers, who also seemed interested in power and energy sector, telecoms, pharmaceuticals, multinational companies and IT companies.

<http://thefinancialexpress.com.bd/stock/net-foreign-investment-remains-negative-for-fifth-straight-month-1564719992>

Nine-day stock market holiday begins Aug 9

The Financial Express, August 02, 2019

- Trading and official activities at Dhaka Stock Exchange (DSE) will remain closed for nine days from August 9 to 17, including weekly holidays, on the occasion of Eid-ul-Azha. The decision on Eid vacation came at a board meeting of the DSE recently, DSE Deputy General Manager (PR) Shafiqur Rahman confirmed.
- The Eid-ul-Azha holiday will run from August 11 to 13. As August 9, 10 and 16, 17 are weekends and August 15 is public holiday and the DSE board declared August 14 a holiday to keep the vacation uninterrupted, the vacation will stretch to a total of nine days.
- After Eid vacation, the trading and official activities will resume on August 18. The port city bourse, the Chittagong Stock Exchange (CSE), will also follow suit.

<http://thefinancialexpress.com.bd/stock/nine-day-stock-market-holiday-begins-aug-9-1564807280>

Non-life insurers agree to stick to 15pc commission

The Daily Star, August 02, 2019

- Non-life insurance companies have finally agreed not to give more than 15 % commission to agents as per the rules of the regulator, in what can be viewed as a shot in the arm for the flagging sector. The development comes after the Bangladesh Insurance Association (BIA), a forum of sponsors, yesterday warned its members not to violate the decision.
- All insurers, the Insurance Development and Regulatory Authority (IDRA) and the Bangladesh Bank have agreed to work together to implement the commission rate set by the regulator in 2012.
- Insurance penetration rate is less than one % in Bangladesh and yet 46 non-life companies are competing with each other to hook business. Many of the companies offer as high as 60 % of the premium as commission to get business, which, according to good companies, is hurting the industry.
- Amid this situation, the IDRA issued a notice seven years ago asking insurers to follow its order on agent's commission. When compliant insurers had tried to abide by the IDRA rule, errant companies grabbed the business by giving exorbitant commission. The financial health of many insurance companies is wobbly due to the payment of high commission, said Nasir Uddin Ahmed, executive member of the BIA.

<https://www.thedailystar.net/business/news/non-life-insurers-agree-stick-15pc-commission-1780612>

Economy

Maiden policy on hydrocarbon exploration

The Financial Express, August 04, 2019

- The government has made a move to frame a maiden policy to expedite countrywide hydrocarbon explorations with an intent to rein in the growing reliance on imported fuels. This is part of an initiative to explore hydrocarbon deposits across the country by local and foreign firms.
- Energy ministry now feels it urgent to accelerate local hydrocarbon explorations against the backdrop of the leanest-ever discoveries in the last one decade. The 'lower-than-expected' explorations prompted the government to initiate the import of 'expensive' liquefied natural gas (LNG) since April 2018.
- As planned, a geological survey will spot potential areas first, followed by a two-dimensional seismic survey to delineate prospective hydrocarbon reserves. A three-dimensional survey and subsequent drilling will be carried in the potential areas thereafter.
- The national oil and gas exploration companies will have to apply a standard exploration and operational procedure to ensure a better success. The state-owned Bangladesh Petroleum Exploration and Production Company Ltd (Bapex) will have to formulate a detailed manual on it and ensure its execution.

<http://thefinancialexpress.com.bd/trade/maiden-policy-on-hydrocarbon-exploration-1564890443>

Bangladesh RMG exports to US grow fastest among competitors in H1

Exporters see more growth as Trump threatens tariff on China apparel

New Age, August 04, 2019

- Country's apparel exports to the US in the first half of 2019 registered highest growth among the competitor countries as US buyers shifted orders from China to Bangladesh and other countries due to the on-going US-China trade tension.
- Bangladesh's earnings from readymade garment exports to the US in January-June grew by 14.49 % to \$3.08 bn from \$2.69 bn in the same period of 2018, according to data of the Office of Textiles and Apparel under the US Department of Commerce released on Friday.
- Experts and exporters said that Bangladesh's RMG exports to the US had been growing as US buyers were shifting orders from China to Bangladesh and other countries even though US president Donald Trump was yet to impose tariff on China apparel products.
- The buyers became worried as US and China have been in trade war for months with both countries imposing tariffs on each other's products worth over \$250 bn
- Although the US import of apparel from China was still high, the growth in import from the country in the first half of 2019 remained almost static at 0.68 % standing at \$11.30 bn against \$11.23 bn in the same period of last year.

<http://www.newagebd.net/article/80569/bangladesh-rmg-exports-to-us-grow-fastest-among-competitors-in-h1>

International

US exports fall amid escalating trade war with China

The Daily Star, August 03, 2019

- US exports weakened across the board in June amid a global economic slowdown, as President Donald Trump's trade war with China intensifies, according to government data released Friday. America's mammoth trade deficit held steady in June as imports also declined along with foreign demand for US goods and services.
- The falling exports and deteriorating trade picture comes as Trump escalated its aggressive tariffs plan against Beijing, threatening to impose new 10 % duties on \$300 bn in Chinese goods on September 1, on top of previous similar measures.
- Beijing has pledged to retaliate with "countermeasures." Economists say the tit-for-tat battle is helping to weaken global growth and international commerce. The US trade gap dipped a token 0.3 % to \$55.2 bn in June, but exports are falling faster than imports, according to the Commerce Department report.
- Despite Trump's tough tactics, which he says will protect US jobs and reduce the trade gap, the deficit in the first half of 2019 is 7.9 % higher than in the same period last year -- and could weigh on GDP growth in the second quarter.
- The US Federal Reserve this week cut the benchmark lending rate, citing the uncertainty caused by trade policy. Trump's new tariffs threat would add to the 25 % tariffs already levied on \$250 bn in imports.

<https://www.thedailystar.net/business/news/us-exports-fall-amid-escalating-trade-war-china-1781491>

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