

## Stock Market

### Stocks gain on bargain hunting

New Age, November 04, 2019

- Dhaka stocks gained on Sunday as a section of investors went for bargain hunting while many others remained cautious fearing further losses. The key index of Dhaka Stock Exchange, DSEX, gained 0.62%, or 29.18 points, to close at 4,712.08 points on Sunday after losing 0.30 points in the previous day.
- The market started rising from the very beginning on Sunday and maintained the vibe until the end of the session as investors went for bargain hunting, market operators said.
- Turnover on the DSE dropped to BDT 325.97 crore on Sunday from BDT 405.43 crore in the previous day.
- Share prices of large capitalised companies like Square Pharmaceuticals, BRAC Bank and United Power Generation Company increased on Sunday that contributed most to keeping the market afloat.
- Northern Jute, Sonar Bangla Insurance, Shurwid Industries, Stylecraft, Fortune Shoes, VFS Thread Dyeing, Pharma Aid, Monno Jute Stafflers and Premier Bank were the other turnover leaders.

<http://www.newagebd.net/article/89686/stocks-gain-on-bargain-hunting>

### BDT 777cr foreign fund pulled out of Dhaka stocks in 8 months

New Age, November 04, 2019

- The foreign investors at Dhaka Stock Exchange withdrew record BDT 777 crore in last eight months (March-October) this year from the country's premier bourse due mainly to lack of confidence in the country's capital market, widespread anomalies at the market and instability at the country's financial sector.
- The record breaking run of withdrawal of foreign portfolio investments became a heavy drag on the market, market experts said. The amount withdrawn in last eight months broke the previous record of withdrawal in 2009 when the foreigners had pulled BDT 440 crore out of the market in six consecutive months (January-June). In 2010, the overseas investors withdrew BDT 676.58 crore from the market, the highest pull-out in a year.
- The country's capital market has been falling for last nine months that made foreigners worried about the market prospect. DSEX, the core index of the DSE, lost 265 points in October to end at 4,682.9 points on October 31. The DSEX dropped by 1,265 points in last nine months with the DSE market capitalisation losing around BDT 65,000 crore.
- Investment by the overseas investors at the bourse was negative in 17 months out of last 22 months. It was positive only in two months (January and February) this year and three month (January, March and September) in last year. Market operators said that local and foreign investors lost their confidence in the market as they saw no visual movement from the regulators to revive the market.
- They said that the practices of falsifying financial documents by the listed companies, widespread wrongdoings, asymmetric regulatory approach and approval of weak initial public offerings were behind the decline in the investors' confidence level.

<http://www.newagebd.net/article/89684/BDT-777cr-foreign-fund-pulled-out-of-dhaka-stocks-in-8-months>

## **Not fund crisis, poor governance depresses stocks: CPD**

The Daily Star, November 04, 2019

- Fund crisis is not the main problem for the capital market but lack of good governance and structural weaknesses of institutions are, the Centre for Policy Dialogue (CPD) said yesterday. The CPD identified five issues that are weakening the markets: poor-quality initial public offerings (IPO), anomalies in financial reporting, lack of transparency in beneficiary owner's (BO) accounts, suspicious trading in secondary market and questionable role of institutional investors.
- The lack of good governance and structural institutionalisation is fuelling a crisis in the stock market, so when the government provides liquidity support the index rises temporarily but not for long, said Khondaker Golam Moazzem, research director of the CPD. Whenever stocks plunge some people blame the liquidity crisis and seek support from the government and the government also takes such measures, Moazzem said. "But liquidity crisis is not the reason for the market's slide."
- The market became unstable after the last national polls despite a number of promises in the election manifesto. Many listed companies' dividends fell and some failed to provide any dividend also. On the other hand, junk stocks were jumping abnormally, but no effective steps were taken against them from the regulator, he pointed out.
- "Institutional investors are behaving like silent audience. On the other hand, higher bad loans and lack of corporate good governance mounted the crisis of confidence." Institutional investors' transactions sometimes create instability in the market. As institutional investors hold almost 60% of the shares in the market, they need to behave in a stable manner.
- Crisis between Grameenphone and the Bangladesh Telecommunication Regulatory Commission was also a reason of the market's slide. About the lack of quality IPOs, Moazzem said a number of IPOs have been approved by the BSEC whose stock price rose in the first few days and then plummeted to a very low level. Sometimes they went below the offer price. So, it raises the question of what kind of companies they are and whether they were properly scrutinised by the Dhaka Stock Exchange, Chittagong Stock Exchange and the BSEC.

<https://www.thedailystar.net/business/news/not-fund-crisis-poor-governance-depresses-stocks-cpd-1822867>

## **Economy and Industry**

### **Bangladesh economy under stress: CPD**

The Daily Star, November 04, 2019

- The Centre for Policy Dialogue (CPD) today said the economy of Bangladesh is now under pressure as its four major segments have been facing several types of problems.
- The four areas -- revenue mobilization, banking sector, capital market and balance of payments -- have been in difficult situation due to lack of corporate governance and in absence of required policy measures.
- While addressing the programme, CPD Distinguished Fellow Debapriya Bhattacharya said private investments to GDP ratio have been hovering around 23% for the last few years, which is awful for the economy.

- Private sector credit growth plummeted to a record low in August in the recent years, he said. Defaulted loans in the banking sector is on the rise at a time when the capital market is going through difficult situation, Bhattacharya said.
- Despite the facts, the country's GDP growth surpassed eight percent in the last fiscal year from five-six%. The government should unveil data in detail on the achieved GDP growth on how it has played role in promoting the economy, Bhattacharya said.

<https://www.thedailystar.net/business/news/bangladesh-economy-under-stress-cpd-1822543>

## **Incentive pushes remittance 20.5pc up in July-Oct**

New Age, November 04, 2019

- Remittance inflow rose by 20.41% year-on-year in July-October of the fiscal year 2019-2020 amid a sharp growth in remittance receipts in last couple of months as the government started giving incentive to the beneficiaries against remittance.
- In the four months of the current fiscal year, the country received USD6.15 bn, up USD1.04 bn on USD5.11 bn in the same period of the previous fiscal year.
- Bangladesh Bank executive director and spokesperson Md Serajul Islam told New Age that the inflow of remittance had witnessed significant growth recently amid the government's move to issue 2% cash incentive against the inward remittances.
- The government's move has prompted many of the expatriates to send money through the banking channel instead of sending through the illegal channel known as 'hundi', increasing the volume significantly in last couple of months, Serajul said.
- In last two months of FY20, the country's remittance inflow grew by 28.85% and 32.32% respectively. Remittance flow rose by USD328 mn to USD1.47 bn in September this year from USD1.14 bn in the same month last year.
- In October, the inflow of remittance increased to USD1.64 bn, up USD400 mn on USD1.24 mn in the same month of FY19. To encourage the expatriates for sending money through legal channel, the finance minister in the national budget for the fiscal year 2019-2020 announced the incentive.

<http://www.newagebd.net/article/89685/incentive-pushes-remittance-205pc-up-in-july-oct>

## International

### **Saudi Arabia kick-starts IPO of world's largest oil company**

The Daily Star, November 04, 2019

- Saudi Arabia's state oil company kick-started its initial public offering (IPO) on Sunday, announcing its intention to list on the domestic bourse as the kingdom seeks to diversify and create the world's most valuable listed company.
- Aramco did not give a time frame or say how much of the company it would sell, but sources have told Reuters the oil company could offer 1%-2% of its shares on the local bourse, raising as much as USD20 bn-USD40 bn.
- Aramco said the IPO would be split into two tranches: one each for institutional and individual investors. The percentage of shares to be sold and the purchase price would be determined after the book-building period, it added in a statement.
- Confirmation of the share sale in Saudi Arabian Oil Co, or Aramco, as the oil giant is usually known, comes about seven weeks after crippling attacks on its oil facilities, underlining Saudi Arabia's determination to push on with the listing regardless. Aramco said it does not expect the Sept. 14 attack on its oil plants will have a material impact on its business, operations and financial condition.
- The IPO of the world's most profitable company is designed to turbocharge Crown Prince Mohammed bin Salman's economic reform agenda by raising bns to diversify the kingdom, whose dependency on oil was highlighted by the production impact of the September attacks.

<https://www.thedailystar.net/business/news/saudi-arabia-kick-starts-ipo-worlds-largest-oil-company-1822828>

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