

Stock Market

Stocks slump to two-month low

DSE finds operations of Tung Hai Knitting, C&A Textiles closed

New Age, March 05, 2019

- Dhaka stocks slumped again on Monday with a fall in share prices of two-thirds of scrips as investors went for selling shares especially financial ones on concern about the sector. DSEX, the key index of Dhaka Stock Exchange, dropped by 0.71 %, or 40.66 points, to close at 5,682.41 points on Monday after gaining 11.24 points in the previous session.
- The DSEX hit a two-month low on Monday as it dropped to its lowest on the day after January 7 when it was at 5,655.18 points. According to media reports, banks have been competing for deposits in recent days that eventually would raise interest rate in the financial sector.
- Therefore, the financial sectors led the plunge on the day with a fall in the average share prices of general insurance (0.62 %), bank (0.61 %) and non-bank financial institution (0.52 %). Share price of energy, textile and pharmaceutical sectors also slumped on the day.
- Meanwhile, a DSE investigation team has visited the factory premises and head offices of Tung Hai Knitting & Dyeing Limited and C&A Textiles Limited, and found that the factories and the head offices of both the companies closed. Earlier, on June 7, 2017, C&A Textiles informed DSE about a temporary suspension of the commercial operations of the company from May 1, 2017.
- Share prices of telecommunication, miscellaneous and food sectors advanced by 0.76 %, 0.83 % and 0.57 % respectively that saved the market from further fall on Monday. The turnover on the bourse increased to BDT 682.01 crore on Monday from BDT 662.27 crore in the previous trading session.
- Out of the 345 issues traded on the day, 227 declined, 73 advanced and 43 remained unchanged. DSE blue-chip index DS30 shed 0.53 %, or 10.71 points, to close at 1,991.70 points. Shariah index DSES declined by 0.66 %, or 8.71 points, to finish at 1,309.20 points.
- Genex Infosys Limited gained the most on the day with a 4.61-% increase in its share prices while RAK Ceramics was the worst loser, shedding 11.27 %.

<http://www.newagebd.net/article/66468/stocks-slump-to-two-month-low>

Foreign fund in stocks keep soaring on DSE

Net portfolio investment jumps 84pc in Feb

The Financial Express, March 05, 2019

- Net foreign investments in Dhaka bourse soared more than 84 % month-on-month in February as overseas investors continued to put fresh funds after the national elections.
- Net foreign fund in stocks turned positive in January, 2019 after remaining negative in the past three consecutive months - October, November and December, 2018.
- The overseas investors bought shares worth BDT 5.87 bn and sold stocks of BDT 2.64 bn, to take their net investment to BDT 3.23 bn in February, according

Foreign transactions on DSE in two months

Months	Buy (Tk billion)	Sell (Tk billion)	Net position (Tk billion)
January, 2019	4.95	3.20	1.75
February, 2019	5.87	2.64	3.23

Source: DSE

to statistics from the Dhaka Stock Exchange (DSE). In January, 2019, the overseas investors collected shares worth BDT 4.95 bn and sold shares worth BDT 3.20 bn, to take their net position of BDT 1.75 bn, the DSE data shows.

- In 2018, net foreign funds in stocks were in the negative territory of BDT 5.93 bn as nine months out of 12 passed in bearish mood. The overseas investors bought shares worth BDT 44.96 bn and sold shares worth BDT 50.89 bn in 2018.
- The overseas investors started to make fresh investments after the national elections, held peacefully on December 30, 2018, said a leading merchant banker. The prime index of the DSE, however, fell 110 points or 1.89 % in February to close the month at 5,711, after gaining 436 points in January, 2019.
- Banks shares were the top choice of foreign investors, who also seemed interested in power and energy, non-banking financial institutions, telecom, pharmaceuticals, multinational companies and IT companies. Delta Brac Housing Finance holds more than 43 % stake of foreign investors, the highest followed by Brac Bank 41.42 % and Olympic Industries 39.84 % as of January 31, 2019.
- Also known as portfolio investment, foreign investment accounts for less than 2.0 % of the premier bourse's total market capitalisation, which stood at BDT 4,133 bn as of Monday.

<http://thefinancialexpress.com.bd/stock/foreign-fund-in-stocks-keep-soaring-on-dse-1551755491>

BSEC yet to release its annual report

The Financial Express, March 04, 2019

- More than eight months after the end of fiscal year 2017-18 (FY18), country's stock market regulator is yet to release its annual report. The latest annual report, available on the website of Bangladesh Securities and Exchange Commission (BSEC), is the report for FY17.
- Moreover, BSEC has discontinued publishing the annual report in English since FY14 and publishing it only in Bengali for the last three years since FY15. Annual report of BSEC is considered an important document containing overall capital market situation including regulatory measures in a year. Bangladesh Bank, the main regulator of the banking sector, also unveiled its annual report for FY18 in January this year.

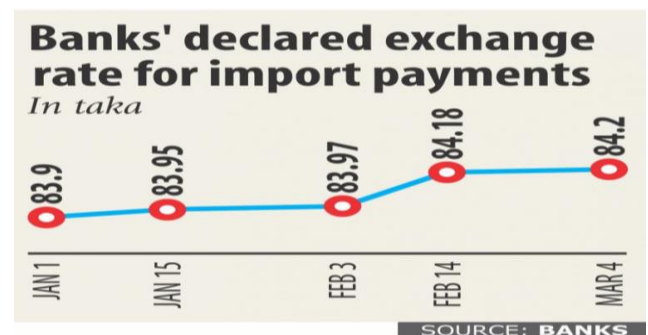
<http://thefinancialexpress.com.bd/stock/bsec-yet-to-release-its-annual-report-1551700073>

Banks charge importers more for greenback

Exporters, remitters benefit from taka depreciation

The Daily Star, March 05, 2019

- Banks do not follow the exchange rate they set every day in a deviation that inflicts additional costs on importers and may fuel inflation. Data from the Bangladesh Foreign Exchange Dealers' Association showed that banks fixed the average exchange rate for bills for collection (BC) sale, at which lenders make import payments, at BDT 84.20 per US dollar for the last week, but a majority of the lenders ignored the rate while making payments on behalf of importers.
- Bankers blame it on the gap between supply and demand of the dollar. They say the spending spree of the government for implementation of the mega projects has created a fresh demand for the greenback. An increase of



SOURCE: BANKS

BDT 0.50 per USD may sound insignificant for many, but it can be huge for importers who buy goods in bulk amount. For example, the settlement of \$20 mn import payments will require an importer an additional BDT 1 crore because of the rise.

- The central bank is selling the greenback to banks to address the shortage of the currency. It has injected \$1.68 bn this fiscal year so far, but the move did not yield the desired result because of a large gap between demand and supply.
- The interbank exchange rate also shot up to BDT 84.15 on March 1, up from BDT 82.96 a year earlier. Since 2016, the foreign exchange reserve has been hovering between \$30 bn and \$32 bn. Between July and December, imports rose 5.73 % to \$27.82 bn and exports fetched \$20.16 bn, up 16.75 % year-on-year.

<https://www.thedailystar.net/business/news/banks-charge-importers-more-greenback-1710709>

Monno Ceramic's share price keeps soaring sans PSI

The Financial Express, March 04, 2019

- The share price of Monno Ceramic Industries was soaring despite having no price sensitive information (PSI). The company's share price surged further by BDT 27.60 each or 6.67 % to close at BDT 441.30 on the DSE trading floor Sunday.
- In the last one month, the company's share price jumped more than 42 % or BDT 130.80 each. Its share price was BDT 310.50 on February 05 last. In the last one year, its share traded between BDT 126.80 and BDT 449 each.
- Following the recent abnormal price hike, the Dhaka Stock Exchange (DSE) served show-cause notice to the company on Sunday. However, the company in a knee-jerk response informed the DSE that there is no undisclosed PSI for recent unusual price hike of its shares.
- Meanwhile on February 20 last, Bangladesh Securities and Exchange Commission (BSEC) lifted the restriction on Monno Ceramic and put back the shares of the company on the public market from the spot market for transactions. Earlier on August 16, 2018, the BSEC had sent the Monno Ceramic to the spot market for the unusual price hike of their shares.
- The company, which was listed on the Dhaka bourse in 1983, disbursed 30 % stock dividend for the year ended on June 30, 2018. The company's paid-up capital is BDT 326.62 mn and authorised capital is BDT 500 mn, while the number of securities is 32.66 mn.
- The sponsor-directors own 59.72 % stake in the company, while institutional investors own 9.44 %, foreign investors 0.10 %, and the general public 30.74 % as on January 31, 2019.

<http://thefinancialexpress.com.bd/stock/monno-ceramics-share-price-keeps-soaring-sans-psi-1551683879>

BSEC bars provident funds from being MF sponsor

New Age, March 05, 2019

- Bangladesh Securities and Exchange Commission has barred employees' provident funds of private institutions from being sponsor of any mutual fund. The commission made the decision as investment at mutual funds is more risky than investment at provident funds in the country.
- BSEC found sponsors from provident funds in four schemes — Capitech Popular Life PF Unit Fund, Capitech Padma PF Shariah Unit Fund, HFAML-ACME Employees Unit Fund and ICB Employees Provident Mutual Fund: Scheme-1. Among them, the commission at the meeting cancelled its approval for open-end mutual fund CAPITEC Popular Life PF Unit Fund as it continued fund subscription without complying with conditions.

- The commission had asked the asset management company of the fund, CAPITEC Fund Management, to take consent from officials of Popular Life Insurance Limited which is the beneficiary of Popular Life Insurance Limited Employees Provident Fund. The provident fund is the sponsor of CAPITECH Popular Life Unite Fund.
- CAPITEC Fund Management, however, submitted consent of trustee board instead of officials' consent. Therefore, the commission cancelled its approval for the fund. The public subscription of the fund started on February 3 and was supposed to end on March 19 with a target size of BDT 10 crore.

<http://www.newagebd.net/article/66469/bsec-bars-provident-funds-from-being-mf-sponsor>

IPO subscription of Coppertech to open March 31

The company to raise BDT 200m through IPO

The Financial Express, March 04, 2019

- The public subscription of Coppertech Industries is set to begin on March 31, officials said. The company will raise a fund worth BDT 200 mn through initial public offering (IPO) using the fixed price method. The company's IPO subscription will be opened until April 09 for resident and non-resident Bangladeshis.
- The securities regulator - Bangladesh Securities and Exchange Commission (BSEC) approved the IPO proposal of Coppertech Industries on December 26, 2018. As per the BSEC approval, the company will raise a capital worth BDT 200 mn by offloading 20 mn ordinary shares under the fixed price method.
- The company will utilise the IPO proceeds to purchase plant and machineries, repay bank loans, construct building and IPO expenses. As per the financial statement for the year ended on June 30, 2018 the company's net asset value (NAV) per share, without revaluation, was BDT 12.06.
- For the same period, the earnings per share (NAV) of the Coppertech Industries stood at BDT 2.60, whereas the diluted EPS was BDT 1.03. The weighted average EPS was BDT 0.87. Located in Hobiganj, the Coppertech Industries is a copper pipe, tube, bus bar, strip, and wire manufacturer in Bangladesh. The company started its commercial operation in June 2014.
- The core markets for the product of the company are power plants, AC fridge manufacturing factory and workshop, engineering workshop, electronic product producer and other local customers, according to IPO prospectus. MTB Capital is working as issue manager of the Coppertech Industries.

<http://thefinancialexpress.com.bd/stock/ipo-subscription-of-coppertech-to-open-march-31-1551674119>

Square Textiles posts 27pc revenue growth

The company to invest BDT 916m to enhance production capacity

The Financial Express, March 04, 2019

- Square Textiles has posted a 27 % growth in revenue year-on-year in 2017-18 due to increase of production capacity. At standalone level, the company's revenue stood at BDT 6,367.12 mn in the fiscal year 2017-18 compared with BDT 5,020.43 mn in the previous fiscal.
- The company installed 4,500 tonnes per year production capacity yarns machinery and commenced its commercial production from July 2018, according to its latest annual report. The annual report noted that this will generate additional turnover around BDT 1.0 bn for the current financial reports of 2018-19 with additional profit, said the company.

- The company's operating profit stood at BDT 444.19 mn in the FY 2017-18 as against BDT 344.37 mn in the previous fiscal, an increase by 28.99 %. The net profit increased by 15.22 % to BDT 290.91 mn in the FY 2017-18 which was BDT 252.49 mn in the previous fiscal.
- The board of directors of the company has recently approved an investment plan to further increase production capacity of the factory through building yarn production and fiber dyeing facility. Square Textiles will increase its production capacity of 3,000 tons per year and estimated project cost will be BDT 916 mn.
- The company expects that an amount of BDT 720 mn will be added in the turnover per year and profit contribution 10 % of the turnover after completion the new project. The company disbursed 20 % cash and 5.0 % stock dividend for the year ended on June 30, 2018.
- The company has also reported consolidated earnings per share (EPS) of BDT 2.43, consolidated net asset value (NAV) per share of BDT 39.63 and consolidated net operating cash flow per share (NOCFPS) of BDT 0.29 for the year ended on June 30, 2018 as against BDT 2.19, BDT 39.10 and BDT 1.23 respectively for the same period of the previous year. The board has also approved BDT 850 mn for BMRE, and purchase of land for further expansion.
- In six months for July-December, 2018, its consolidated EPS was BDT 1.17 as against BDT 1.0 for July-December, 2017. The consolidated revenue from operations for FY 2017-2018 was BDT 9,411.87 mn which was BDT 7,758.88 mn in the previous year, registering a growth of 21.30 %. The consolidated profit from operation was BDT 672.26 mn in the FY 2017-18 as against BDT 551.43 mn in the previous fiscal.

<http://thefinancialexpress.com.bd/stock/square-textiles-posts-27pc-revenue-growth-1551673474>

No disclosure in 18 months

Investors of C&A Textile and Tung Hai Knitting face troubles

The Daily Star, March 05, 2019

- Investors holding shares of C&A Textile and Tung Hai Knitting may find themselves in a difficult situation as the firms have not made any corporate disclosure in the last 18 months and their factories were found shut. The two companies have not published their annual financial statements in the last fiscal year, in a breach of listing regulations. Their last disclosure was a third quarterly report covering the January to March period of 2016-17.
- Since August 2017, both companies have not shared any information with investors through Dhaka Stock Exchange (DSE). Moreover, the DSE yesterday said it had visited the factory premises and head offices of C&A Textiles and Tung Hai Knitting but found them closed.
- C&A Textile has also been downgraded to junk stock within only three years of its listing in 2015 as its commercial operation was suspended and it did not give any dividend. Similarly, Tung Hai Knitting, listed in 2014, has become a junk stock for not giving dividend.
- On June 7, 2017, C&A Textile informed investors through the DSE website that it needed to upgrade some of its equipment and bring some structural changes to the factory as per recommendations of the Accord and the Alliance, two western buyers' platforms working to improve workplace safety in Bangladesh's readymade garment sector.
- As of November 2017, sponsors of Tung Hai Knitting held 30.04 % of shares whereas general investors held 64.34 %. Meanwhile, C&A Textile's sponsors held 22.14 % of shares and general investors 62.19 %. Through their listings, C&A Textile raised BDT 45 crore from the market and Tung Hai Knitting BDT 35 crore. C&A Textile's stocks fell 2.56 % to BDT 3.80 on the DSE yesterday while Tung Hai Knitting's were down 2.22 % to BDT 4.40.

<https://www.thedailystar.net/business/news/no-disclosure-18-months-1710700>

Economy

LPG becoming vital source of energy

Industry people say

The Daily Star, March 05, 2019

- The demand for LPG is growing exponentially in the country. It needs about 600,000 tonnes of LPG to meet the current demand, which is projected to be more than 1,400,000 tonnes by 2022.
- The rising energy demand and the projected shortage of natural gas are bolstering the growth of LPG use at both household and industry levels. He was speaking to The Daily Star on the closing day of a two-day South Asian LPG Summit-2019 at the International Convention City Bashundhara in Dhaka yesterday.
- A total of 80 local and foreign companies from Bangladesh, the US, China, India, Malaysia, Sri Lanka and European countries as well as 200 foreign representatives took part in the summit. The power, energy and mineral resources ministry and the LPG Operators' Association of Bangladesh organised the event.

<https://www.thedailystar.net/business/news/lpg-becoming-vital-source-energy-1710715>

Pvt sector credit growth remains slow in Jan amid ADR adjustment pressure

New Age, March 05, 2019

- Private sector credit growth remained at 13.2 % in January, far below the Bangladesh Bank's target to achieve 16.5 % growth in the second half (January-June) of the fiscal year of 2018-2019.
- Officials of the central bank told New Age that the liquidity crisis in the banks ahead of advance-deposit ratio adjustment as per the central bank-set deadline (March 31 this year) might be the major reason for slow disbursement of credit to the private sector.
- Besides the 11 banks, a number of banks are maintaining their ADR or IDR close to the BB-set limit, curbing their capacity to issue new credit to their clients. Some of these banks have refrained from disseminating loans to their customers even after issuance of sanction letter because of the liquidity situation.
- Apart from the ADR and national elections issues, increased government borrowing from the banking channel also created additional liquidity pressure over the banks. Government borrowing from the banking system rose by 22.07 % in January amid slow revenue earnings and high spending before the national polls.
- The central bank, in its monetary policy for the second half of FY19, projected to keep public sector borrowing from the banking sector, including the government, at 10.9 %. At the end of December of the year 2018, private sector credit growth was 13.30 % against the target for 8.5 %.

<http://www.newagebd.net/article/66465/pvt-sector-credit-growth-remains-slow-in-jan-amid-adr-adjustment-pressure>

Indian carmakers ride on boom of Bangladesh

The Daily Star, March 05, 2019

- Indian automobile manufacturers are keen to expand their market share in Bangladesh after posting steady sales growth in the last couple of years, thanks to rapid economic growth and a rise in purchasing power. Indian passenger vehicles, mainly sports utility vehicles (SUVs), witnessed an average sales growth of 20 % in Bangladesh in the last three years despite the dominance of Japanese reconditioned vehicles.

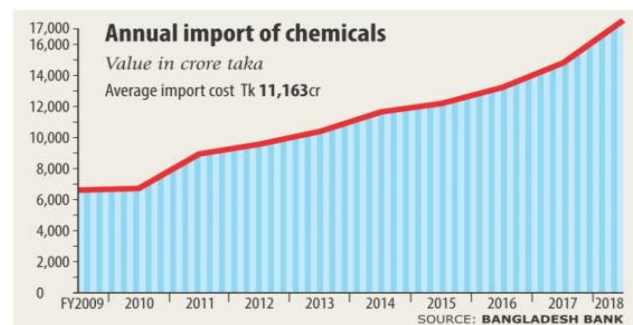
- The share of Indian automakers in Bangladesh's brand-new car segment reached almost 35 % in 2018, according to local distributors. Mahindra is showcasing all flagship models in the passenger vehicle category which are sold in Bangladesh, including the Maxximo HD and BOLERO PIK-UP and SUVs like the TUV300 and Bolero Power Plus.

<https://www.thedailystar.net/business/news/indian-carmakers-ride-boom-bangladesh-1710712>

Chemical imports treble in 10yrs

The Daily Star, March 05, 2019

- Bangladesh's chemical imports have nearly tripled in the past decade, spurred by the rising demand from various industrial sectors catering to domestic and foreign markets. Sector operators said garments and textile sectors are the main consumers of the imported chemicals followed by pharmaceuticals, food processing, cosmetics and toiletries, leather, plastic and other sectors.
- Businesses brought in BDT 17,548 crore worth of chemicals in 2017-18, which was only BDT 6,103 crore in 2007-08, according to Bangladesh Bank (BB) data. Imports rose 12 % year-on-year to BDT 7,772 crore in the July-November period of the current fiscal year, according to the BB.
- Old Dhaka garnered attention last month when a devastating fire in Chawkbazar took 70 lives -- the second biggest chemical-fuelled disaster after 2010's Nimtoli blaze when the death toll hit 124. Besides, a lot of chemicals are used in pharmaceuticals and food processing industry, fertiliser and agro sector, leather and plastic products.
- Chemicals are necessary for making paint as well as cosmetics and home care products, he said, adding that a portion of the domestic requirement was met by some local chemical industries. Appliance and foam industries are also relatively big consumers of chemicals, according to operators.
- As requirement and use of chemicals is rising, everyone should be taking a life cycle approach for management of chemicals. Coordination and monitoring should be strengthened to ensure safety and security, she said.



<https://www.thedailystar.net/business/news/chemical-imports-treble-10yrs-1710>

International

Easier for China to face tariffs than bend to US pressure

New Age, March 05, 2019

- China will acknowledge concessions made in any trade deal with the United States for the sake of stabilising shaky relations, but is unlikely to yield to demands it alter its economic model even if faced with continued tariffs, many trade experts believe.
- US president Donald Trump has warned he could walk away from a China deal if it were not good enough, even as his advisers touted 'fantastic' progress toward an agreement to end a dispute that has put tit-for-tat tariffs on hundreds of billions of dollars worth of each others' goods.

- Such optimism has taken a different shape in Beijing, where the delay on a once 'hard' March 1 deadline for a US tariff hike reinforced views that Trump's appetite for tough measures has weakened as the 2020 presidential election draws closer and a strong US economy shows initial signs of flagging.
- Chinese concessions in any deal are likely to fall short of US demands for deep change in the way the world's second-largest economy works. Revamping decades of state planning will not happen overnight, Chinese experts argue.
- And president Xi Jinping faces political realities at home, where being seen as kowtowing to Trump would be less palatable than navigating the near-term impact continued trade tensions might have on China's own slowing economy, they say.
- The United States has long complained that Beijing has systematically obtained American companies' intellectual property through coercion and outright theft. But improving copyright and trademark enforcement is seen by hardliners in Washington as a practical and self-interested move for China, now that it has innovative companies of its own.
- US trade representative Robert Lighthizer has signalled that tariffs would remain an important tool to push China to address US concerns over Chinese industrial policies, saying in written testimony at Congressional hearings last week that trade issues with China were too serious to be resolved merely through stepped-up purchases.

<http://www.newagebd.net/article/66470/easier-for-china-to-face-tariffs-than-bend-to-us-pressure>

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