

Stock Market

Weekly analysis: DSE breaks 13-week losing streak

Securities regulator's moves cheer stocks

The Financial Express, May 04, 2019

- Stocks rebounded in the outgoing week, snapping a 13-week losing streak, as the securities regulator took a series of market-supportive measures. The prime index of the Dhaka bourse wiped out 775 points during the past 13 weeks, prompting aggrieved investors to take to the streets.
- The government has also extended the tenure of the capital market refinancing scheme up to December 31, 2022, which also lifted the investor sentiment. Week on week, DSEX, the prime index of the DSE, went up by 20.57 points or 0.39 % to settle at 5,286 on Thursday, the last trading day of the week, after losing 775 points in the past 13 weeks.
- The DS30 index, comprising blue chips, advanced 6.64 points to finish at 1,870 and the DSE Shariah Index rose 10 points to close at 1,225. The total turnover stood at BDT 15.13 bn last week as against BDT 13.66 bn in the week before.
- The daily turnover averaged out at BDT 3.83 bn, registering an increase of 12.23 % over the previous week's average of BDT 3.41 bn. The food sector saw the highest loss of 2.95 %, followed by telecommunications (1.70 %) and banking sector (0.84 %).
- Genex Infosys was the week's best performer, posting a gain of 22.76 % while Agrani Insurance was the worst loser, shedding 18.06 %.
- The port city bourse, Chittagong Stock Exchange (CSE), also returned to the green territory, with its CSE All Share Price Index -- CASPI - advancing 15 points to settle at 16,161 and the Selective Categories Index -- CSCX -gaining 15 points to finish at 9,784.

<http://thefinancialexpress.com.bd/stock/weekly-analysis-dse-breaks-13-week-losing-streak-1556946187>

BSEC drafts share short-selling rules

New Age, May 04, 2019

- Bangladesh Securities and Exchange Commission has drafted rules for short sales of shares to legalise the issue at the country's capital market with the aim of launching new products including derivatives and sukuk at the market.
- Short sales are a transaction in which the seller does not actually own the stock that is being sold but borrows it from the broker-dealer through which he or she is placing the sell order. The seller then has the obligation to buy back the stock at some point in the future.
- Short sales are not permitted in the country's capital market as per the existing rules. vBSEC has recently posted the rules on its web site seeking public opinions.
- According to the drafted rules, stockbrokers may only enter into the short sales of any eligible securities on behalf of clients, if the transaction is confirmed by the client in a format approved by the exchange and the stockbroker takes the responsibility for ensuring the timely delivery of the securities.

- Stockbrokers and dealers would only enter into the short-sales of any eligible securities, if they have entered into a valid contract for securities borrowing, unless otherwise specified by other rules or regulations.

<http://www.newagebd.net/article/71413/bsec-drafts-share-short-selling-rules>

Ten cos grab 25pc of weekly turnover

Fortune Shoes dominates DSE transaction chart

The Financial Express, May 04, 2019

- Ten most traded companies accounted for over 25 % transactions on the Dhaka Stock Exchange (DSE) in the outgoing week, with Fortune Shoes coming out on top of the turnover chart. Thursday was the last trading session of the week.
- The Fortune Shoes, listed on the DSE in 2016, disbursed 15 % stock dividend for the year ended on June 30, 2018. The company's paid-up capital is BDT 1.24 bn, authorised capital is BDT 1.50 bn and the total number of securities is 124.93 mn.
- The National Polymer came second on the turnover chart, with shares worth BDT 488 mn changing hands. The company's share closed at BDT 105.80 on Thursday, soaring 13.16 % over the previous week. Monno Ceramic clinched the third spot, with shares worth BDT 473 mn changing hands. The company's share price closed 7.26 % lower at BDT 227.40.
- The United Power emerged fourth with shares worth BDT 460 mn changing hands. The power generation company's share closed at BDT 307.70, advancing 9.46 %. The Genex Infosys notched the fifth spot, with shares worth BDT 380 mn changing hands. The company's share price jumped 22.76 % to close at BDT 48 on Thursday. It was also the week's top gainer.
- The turnover of Bangladesh Submarine Cable Company was BDT 365 mn. The state-run company's share price shed 2.47 % to close at BDT 154.20 each. The National Tubes featured a turnover of BDT 320 mn. The company's share ended at BDT 121.90 each, losing 2.32 % over the previous week.
- Indo-Bangla Pharmaceuticals also found a spot on the top 10 turnover chart, with shares worth BDT 236 mn changing hands. The company's share price advanced 13.04 % to close at BDT 26 each on Thursday.

<http://thefinancialexpress.com.bd/stock/ten-cos-grab-25pc-of-weekly-turnover-1556945923>

Most banks offer lower dividends

AB Bank, ICB Islamic Bank recommend 'no' dividend

The Financial Express, May 03, 2019

- All the 30 listed banks have declared dividends for 2018, but the dividend amounts recommended by most banks are lower than in the previous year, as the profit margins have declined due to huge provisioning. A total of 18 banks have recommended lower dividend in 2018, compared to the previous year while only five banks have recommended higher dividends.
- Five other banks declared similar dividends and two others recommended no dividends for 2018, according to statistics available with the Dhaka Stock Exchange (DSE). The Dutch-Bangla Bank, Eastern Bank, Premier Bank, Pubali Bank and Uttara Bank declared higher dividends in 2018, compared to the previous year.

- The AB Bank and the ICB Islamic Bank declared 'no' dividend for 2018 as in the previous year. The Dutch-Bangla Bank came up with the highest dividend -- 150 % stock dividend -- for its shareholders. The bank had disbursed 30 % cash dividend in 2017.
- The Eastern Bank is the second highest in terms of dividend amount, as it recommended 30 % dividend (20 % cash and 10 % stock) for the year 2018. In 2017, the bank paid 20 % stock dividend. The Uttara Bank recommended 20 % cash and 2.0 % stock dividend for 218, the third highest among the listed banks. The bank disbursed 20 % cash dividend in 2017.

<http://thefinancialexpress.com.bd/stock/most-banks-offer-lower-dividends-1556858821>

Bankers, researchers for addressing agent banking hurdles

New Age, May 05, 2019

- Bankers and researchers at a seminar called for addressing the hurdles faced agent banking as it became popular among rural people. The number of agents increased by 74 % to 4,493 and number of agent outlets soared by 67 % to 6,933 in December 2018 compared with that of in the previous year, a BFP-B study found.
- Around 24.6 lakh agent banking accounts have been opened where 87 % accounts in rural areas and 35 % accounts are owned by the women, the study says. Among the clients of mobile financial services and agent banking, 90 % prefer using agent banking over MFS for three grounds — transaction limit, cost and security, the study finds
- Through the study, BFP-B have recommended non-exclusivity of master agents, reducing turnaround time for agent approval, incentivised refinancing schemes for banks to allow credit disbursement through agent banking channels and introduction of digital client verification system, better known as Know Your Customer.

<http://www.newagebd.net/article/71481/bankers-researchers-for-addressing-agent-banking-hurdles>

Economy

\$10b spent to hire foreign execs for MNCs in BD

The Financial Express, May 05, 2019

- The country requires to spend US\$ 10 bn worth of foreign currencies annually for hiring mid and top level executives especially in multinational companies (MNCs). This is mainly because the required manpower could not be created in the country.
- The observations came at a lecture series titled 'Leadership at the Top of Corporate Houses' organised by Dhaka Chamber of Commerce and Industry (DCCI) Business Institute at the auditorium of the trade body office on Saturday.
- DCCI vice-president Imran Ahmed offered the vote of thanks. Officials of different corporate houses and university graduates were present among others.

<http://thefinancialexpress.com.bd/trade/10b-spent-to-hire-foreign-execs-for-mncs-in-bd-1557029972>

Bangladesh lost \$5.8m for BATB's profit-shifting

The Daily Star, May 05, 2019

- Bangladesh lost \$5.8 mn in tax in 2016 owing to British American Tobacco's Bangladesh operations shifting some of its profits to its associate company in the UK where it paid almost no tax, said a recent report.
- The country is the second largest market of BAT in the world, said the report 'Ashes to Ashes' by the UK-based Tax Justice Network (TJN).
- Between 2014 and 2016, BAT Bangladesh declared \$21 mn a year in obligations owed to BAT's UK subsidiaries in royalties, technical and advisory fees and IT charge, which was equivalent to 15 % of BAT's pre-tax profits for the period.
- The payments allowed the BATB to avoid paying corporate tax on the sum, costing Bangladesh \$5.8 mn in lost tax in 2016 -- enough to cover the government's per capita health expenditure for over 170,000 citizens for a year.
- The annual economic cost of smoking in Bangladesh, where 40 % of men over the age of 15 smokes daily and over one-quarter of the deaths among men is caused by tobacco, is \$1.8 bn.
- For every dollar the BAT paid in tax in the countries it operates in, it shifted more than half a dollar that would have been taxed locally to a UK subsidiary, said the report that also focused on the tobacco manufacturer's operations in Indonesia, Kenya, Guyana, Brazil and Trinidad and Tobago.
- The report found a range of mechanisms used by the tobacco company in 2016 to shift income equivalent to over 12 % (\$941 mn) of its pre-tax profits to BAT Holdings Ltd, a UK-based subsidiary. After paying excise duty, value-added tax and corporate income tax, the BATB's net profit margin in 2016 was 17.3 %.

<https://www.thedailystar.net/business/news/bangladesh-lost-58m-batbs-profit-shifting-1738924>

JUTE SECTOR BUSINESSES

Banks asked again to ensure loan moratorium facility

New Age, May 05, 2019

- The Bangladesh Bank once again asked the banks to provide jute sector businesses with moratorium facility for partial or total amount of their outstanding loans as its previous instruction remained mostly unimplemented.
- The central bank came up with the fresh instruction on May 2. Under the facility, working capital loans along with interests were supposed to be transferred to a block account for two years and the loans have to be cleared within 10 years.
- Responding to appeals from Bangladesh Jute Mills Corporation, Bangladesh Jute Mills Association and Bangladesh Jute Spinners Association the government had provided the facility. There were allegations that banks did not implement the government instruction duly, said the central bank circular and asked all the scheduled banks implementing the instruction accordingly.
- The banks were also asked to submit June-end progress report to the central bank with subsequent one month. As per the government's instruction issued in November 2018, outstanding loans and interests till

October 31, 2018 must be brought under the moratorium facility and the rate of interest on the transferred fund was supposed to be set based on the cost of fund.

<http://www.newagebd.net/article/71415/banks-asked-again-to-ensure-loan-moratorium-facility>

International

India LPG use to surge from record as govt promotes cleaner fuel

New Age, May 04, 2019

- India's demand for liquefied petroleum gas (LPG) rose to a record in the fiscal year ended in March amid government measures to provide cleaner cooking fuel to rural households, and analysts expect consumption to keep rising.
- About two-thirds of India's population live in rural areas, typically using firewood, coal or dried dung cakes for cooking. India consumed a record 24.9 mn tonnes of LPG in the financial year 2018/19, 53 % higher than five years ago, and 6.9 % higher than the previous year.
- The boost follows a social welfare programme, known as the Ujjwala scheme, launched by the government in 2016 that has provided about 72 mn new LPG connections to households in 714 districts, according to official data.
- Growing LPG consumption has kindled a surge in India's imports of the fuel, and analysts expect this trend to intensify. India imported 13.2 mn tonnes of LPG in the year to March 2019, a record high and more than double the import volumes in the 2013/14 financial year. Imports were 15.9 % higher than the previous year.
- Indian consumers have used the LPG to erode kerosene's role as a cooking fuel in the country. India's kerosene sales plunged 10 % during 2018/19 to 3.5 mn tonnes, less than half of the 7.2 mn tonnes sold in 2013/14.

<http://www.newagebd.net/article/71476/india-lpg-use-to-surge-from-record-as-govt-promotes-cleaner-fuel>

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