

Stock Market

Stocks fall after 3-day gain as Eid holidays near

New Age, August 06, 2019

- Dhaka stocks dipped on Monday after gaining in the previous three sessions as investors were cautious ahead of Eid-ul-Azha holidays while prices of Grameenphone fell significantly after its record date. Trading at the Dhaka Stock Exchange and the Chittagong Stock Exchange will remain closed in August 9-17 for weekly and Eid holidays.
- DSEX, the key index of the DSE, lost 0.24 %, or 12.49 points, to close at 5,160.37 points on Monday after gaining 47.82 points in the previous three sessions. The share prices of mobile operator Grameenphone plummeted by 4.87 % on the day following entitlement of interim dividend and the plunge contributed 33-point drop to the DSEX.
- The average share prices of telecommunication, textile, non-bank financial institution and bank sectors dropped by 4.42 %, 0.48 %, 0.24 % and 0.17 % respectively. The market gained momentum after a number of companies, especially the banks declared better financial results for the January-June period.
- The share prices of low-capitalised and non-performing companies continued rising abnormally. Among the low-capitalised companies, the share prices of Al-Haj Textiles, Bangladesh Industrial Finance, Monno Ceramics and Monno Jute Stafflers finished with around the maximum gains allowed under the circuit breaker on Monday.
- The average share prices of the mutual fund sector gained 2.54 % on Monday after losing 22 % in the previous six sessions on poor dividend declarations. Beside the mutual fund sector, share prices of engineering and pharmaceuticals gained 1.04 % and 0.21 % respectively.
- Square Pharmaceuticals, Monno Ceramics, United Power Generation Company, Bangladesh Shipping Corporation, Monno Jute Stafflers, Fortune Shoes, Dragon Sweater, Stylecraft and Silco Pharmaceuticals were the other turnover leaders.
- Al-Haj Textile Mills gained the most on the day with a 9.91-% increase in its share prices while SEMI IBBL Shariah Fund was the worst loser, shedding 6.62 %.

<http://www.newagebd.net/article/80802/stocks-fall-after-3-day-gain-as-eid-holidays-near>

Controversial Coppertech sees abnormal surge of 348pc on debut

New Age, August 06, 2019

- The share prices of controversial Coppertech Industries shot up abnormally on its debut trading day on Monday amid a section of investors' hype surrounding the issue ignoring various allegations against the company.
- The prices of the company's shares, which were issued at BDT 10 each, soared by 348 % to close at BDT 44.80 on Monday. The media has been reporting about different anomalies in the companies' financial data including faking paid-up capital formation for last three months.

- The price earnings ratio of Coppertech has already increased to 57.93 on Monday based on diluted earnings per share of the entity. Considering risk factors, the Bangladesh Securities and Exchange Commission does not allow brokerage houses or merchant banks to provide margin loans to any clients for purchasing shares having PE ratio above 40.
- With knowledge over the financial data engineering by the company, the stock market regulator on July 24 asked the DSE to enlist Coppertech within 10 working days. Besides the media reports about Coppertech's phony financial data, the DSE also detected a number of anomalies in the company's financial data and informed the BSEC about those, seeking necessary action.
- Coppertech on Sunday declared profit growth at BDT 3.4 crore in the July, 2018-March, 2019 period from that of BDT 3.2 crore in the same period in the previous year. But, the company's earnings per share declined to BDT 0.87 from BDT 1.62 due to a rise in the number of its paid-up shares.

<http://www.newagebd.net/article/80801/controversial-coppertech-sees-abnormal-surge-of-348pc-on-debut>

EBL First MF tenure extended up to 2029

The Financial Express, August 05, 2019

- The tenure of EBL First Mutual Fund, a closed-end mutual fund, has been extended 10 more years until August 18, 2029, said an official disclosure on Monday. Closed-end mutual funds are investment funds that gather a fixed pool of money for 10 years from a number of investors and re-invest them into stocks, bonds and other assets.
- RACE Management PCL, the asset manager of the fund, has informed that By order of the government, the BSEC through the exercise of its power accorded by the Securities and Exchange Ordinance, 1969 (XVII of 1969) Section 20A has given consent to extend the tenure of the existing EBL First Mutual Fund for another 10 years in relaxation of all applicable rules & regulations and procedures.
- In continuation, the EBL First Mutual Fund is declared extended up to August 18, 2029, said the disclosure. Earlier in September 2018, the stock market regulator has given a go-ahead to the extension of the tenure of closed-end mutual funds and handed over the right to the asset managers.
- In this regard, the BSEC also issued a directive scrapping its previous directive regarding conversion or liquidation of closed-end MFs on completion of tenure of ten years. According to BSEC directive, total tenure, including another term of ten years, of the existing closed-end MFs will not be more than 20 years.

<http://thefinancialexpress.com.bd/stock/ebf-first-mf-tenure-extended-up-to-2029-1564983869>

281,000 BO accounts closed in July amid sluggish stock business

The Dhaka Tribune, August 05, 2019

- A total of 281,158 beneficiary owner (BO) accounts were closed in July due mainly to non-payment of annual account renewal fees by the stock investors amid sluggish stock business.
- July is the month for clearing annual BO account renewal fees. The DSE officials concerned say the number of defaulting BO account holders in the given month was the highest this year, as never in the last decade did the number cross two lakh.

- In the middle of July, the free fall of stock prices caused the broad index-DSEX of the prime bourse to drop to the lowest level in the last 30 months. The index lost more than 500 points in the last few months as spooked investors continued their selling fearing further fall in the market, say market operators.
- According to the Central Depository Bangladesh Ltd (CDBL) data, the number of active BO accounts was 28,09,850 on June 30, but the figure declined to 25,28,692 on July 31 this year. About closing such a big number of BO accounts, he says that good companies are not going public, and BSEC did not approve a single IPO since April 30.
- As of yesterday, out of a total 2,516,104 BO accounts, 1,844,925 belonged to males and 671,179 to female investors. According to the CDBL data, currently 2,372,817 BO accounts are owned by Bangladeshi investors and 143,287 accounts by non-resident Bangladeshi investors.

<https://www.dhakatribune.com/business/stock/2019/08/05/281-000-bo-accounts-closed-in-july-amid-sluggish-stock-business>

Foreign investors retreating from DSE

The Daily Star, August 06, 2019

- Net overseas investment in the Dhaka bourse has been in the negative for the last five months as foreign investors are put off by lack of coordination among regulators. The amount hit BDT 164.67 crore in the negative in July, when foreign investors purchased shares worth BDT 309.36 crore and sold BDT 474.03 crore, according to data from the Dhaka Stock Exchange (DSE).
- For instance, in February the telecom regulator declared Grameenphone a Significant Market Power (SMP), which will squeeze the mobile operator's business prospects.
- This has dampened the confidence of foreign investors, who own around 40 % of Grameenphone's shares. But the Bangladesh Telecommunication Regulatory Commission (BTRC) did not consult with the stock market regulator about the consequence of the decision.
- This is not the lone example of non-coordination, said a top official of a leading stock brokerage house. In 2015, the energy regulator slashed the distribution charges of Titas Gas. As a result, the state-run gas utility lost more than BDT 3,000 crore in market value in the five months to February 2016, he said.
- The depreciation of the taka against the US dollar is another reason that caused the foreign portfolio investment to fall since March. The inter-bank exchange rate stood at BDT 84.50 per dollar on Thursday, up from BDT 82.97 a year earlier, according to data from the Bangladesh Bank
- The foreigners fear there may be further depreciation, which also fuelled the dumping of shares. The DSE data shows well-performing companies, where foreigners have significant investment, were amongst those in the top losers list due to huge sell off by them.

<https://www.thedailystar.net/business/news/foreign-investors-retreating-dse-1782319>

BB brings some relief to NBFIs' cash crunch

The Daily Star, August 06, 2019

- The central bank yesterday raised the borrowing ceiling for non-bank financial institutions (NBFIs) from the inter-bank call money market as it looks to ease the liquidity crisis in the sector.

- From now on, NBFIs can borrow up to 40 % of their equities instead of 30 % from the call money market, according to a Bangladesh Bank letter dispatched to managing directors of the 34 NBFIs operating in Bangladesh.
- This comes after the BB earlier on January 29 made the NBFIs' call money borrowing limit based on equity instead of net asset. The equity will be ascertained on the basis of the balance sheet on the last working day of each calendar year of the NBFI concerned.
- Despite maturity of the funds some of the NBFIs have failed to pay back their depositors due to cash shortage. But in the long run, the move will not be of much benefit as NBFIs provide long-term loans ranging from 10 to 20 years in general.
- The central bank has recently taken a decision to liquidate People's Leasing and Financial Services (PLFS), one of the NBFIs, due to its liquidity crisis and deterioration of financial health over the last several years.

<https://www.thedailystar.net/business/news/bb-brings-some-relief-nbfis-cash-crunch-1782310>

Sayed H Chy re-elected ONE Bank chairman

New Age, August 06, 2019

- The board of directors of ONE Bank has re-elected Sayeed H Chowdhury as chairman of the bank for another one-year term with effect from August 1, said a press release. Sayeed is the founder chairman and CEO of HRC.
- He is a member of the British Institute of Management. Sayeed is the chairman of Media New Age Ltd and Information Services Network Ltd. He is also the honorary adviser of Bangladesh Ocean Going Ship owners' Association (BOGSOA). He is the chairman of the editorial board of the national Bangla daily 'JAIJIDIN', said the release.

<http://www.newagebd.net/article/80800/sayed-h-chy-re-elected-one-bank-chairman>

Economy

Cash incentives against export of more products in FY20

BB to ask for docs to give incentive against remittance over \$1,500

New Age, August 06, 2019

- The government on Monday decided to give cash incentives against exports of more products including medical instruments and home appliances in the current financial year 2019-20.
- Besides, synthetic items produced in the export processing zones and pet flex have been included in the cash incentive basket. Finance ministry officials said that the cash incentives would be given against the new products along with 33-34 products for which cash incentives were given in FY19.
- The ministry meeting also discussed about the modalities for giving 2 % cash incentives against inward remittance as announced in the national budget.

<http://www.newagebd.net/article/80798/cash-incentives-against-export-of-more-products-in-fy20>

Borrowing limit from call money market to increase from September

The Financial Express, August 05, 2019

- The Bangladesh Bank has increased the borrowing limit from inter-bank call money market. Financial institutions can borrow maximum 40 % of their equity from September 1, 2019, according to a BB circular, reports BSS on Monday.
- The equity will be fixed based on December 31, 2018 balance-sheet, the circular added. Now, financial institutions are borrowing maximum 30 % from the call money market. The central bank also said financial institutions will prepare their accounts and fix equity based on December 31.

<http://thefinancialexpress.com.bd/trade/borrowing-limit-from-call-money-market-to-increase-from-september-1565011483>

Chevron wants to explore 11 onshore blocks

The Financial Express, August 05, 2019

- Chevron Bangladesh has intended to carry out an 'exploration study' in 11 onshore blocks, fully or partially, to delineate new hydrocarbon prospects and help augment the country's overall natural gas output.
- The US company aims at finding potentially drillable prospects in the unexplored areas of the blocks (1, 2A, 2B, 3A, 3B, 8, 9, 11, 12, 13 and 14). Among the blocks, few are still vacant, or unexplored, some owned by state-run Bangladesh Gas Fields Company Ltd (BGFCL) and Sylhet Gas Fields Ltd (SGFL) and some owned by Chevron Bangladesh itself.
- The company wrote recently to the state-owned Petrobangla seeking its nod to carry out the study, get access to relevant data currently available with the BGFCL, SGFL and Bangladesh Petroleum Exploration and Production Company Ltd (Bapex), and ink a confidentiality agreement.
- Assigned by Bapex, Chinese energy exploration firm Sinopec, however, found recently an onshore natural gas prospect at Shariatpur. Drilling of exploratory wells will be required to assess whether gas reserves there will be commercially viable or not.
- In its proposal, Chevron expressed the interest to carry out the study excluding the 'ring-fenced areas' of the blocks owned by the BGFCL and the SGFL. A ring-fence is a virtual barrier that segregates a portion of company's assets from the rest, which is kept intake for future exploration.

<http://thefinancialexpress.com.bd/trade/chevron-wants-to-explore-11-onshore-blocks-1565065213>

International

China lets yuan break key 7 level for 1st time in decade

New Age, August 06, 2019

- China let the yuan breach the key 7-per-dollar level on Monday for the first time in more than a decade, in a sign Beijing might be willing to tolerate more currency weakness that could further inflame a trade conflict with the United States.

- The sharp 1.4 % drop in the yuan comes days after US president Donald Trump stunned financial markets by vowing to impose 10 % tariffs on the remaining \$300 bn of Chinese imports from September 1, abruptly breaking a brief ceasefire in a bruising trade war that has disrupted global supply chains and slowed growth.
- The People's Bank of China (PBOC) provided the early impetus for yuan bears by setting a daily rate for the currency at its weakest level in eight months. Capital Economics senior China economist Julian Evans-Pritchard said the PBOC had probably been holding back against allowing a weaker yuan to avoid derailing trade negotiations with the United States.
- In a statement on Monday, the central bank linked the yuan's weakness to the fallout from the trade war, but said it would not change its currency policy and that two-way fluctuations in the yuan's value are normal. The central bank set the yuan's daily midpoint at 6.9225 per dollar before the market open, its weakest level since December 3, 2018.
- The onshore yuan finished the domestic session at 7.0352 per dollar, its weakest level since March 2008. Monday marked the first time the yuan had breached the 7-per-dollar level since May 9, 2008. With the escalating trade war giving Beijing fewer reasons to maintain yuan stability, analysts said they expect the currency to continue to weaken.

<http://www.newagebd.net/article/80804/china-lets-yuan-break-key-7-level-for-1st-time-in-decade>

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