

Stock Market

Stocks drop for 2nd day, debutant Genex surges

New Age, February 07, 2019

- Dhaka stocks dropped for the second day on Wednesday as investors continued selling shares to book profits while share prices of Genex Infosys Ltd skyrocketed on its debut, market operators said. DSEX, the key index of Dhaka Stock Exchange, shed 0.24 %, or 14.23 points, to close at 5,786.00 points on Wednesday after losing 27.82 points in the previous session.
- Average share prices of non-bank financial institutions, cement, textile and energy sectors dropped by 0.9 %, 0.6 %, 0.4 % and 0.3 % respectively. Share prices of Genex Infosys surged by 459 % on Wednesday due mainly to the investors' irrational hype around any newly listed company with small capitalisation.
- Each share of Genex Infosys that was issued at BDT 10 closed at BDT 56.50 after opening at BDT 44.90 at DSE on Wednesday. Share prices of general insurance, telecommunication and bank advanced by 2.8 %, 0.1 % and 0.1 % respectively. The turnover on DSE increased to BDT 766.84 crore on Wednesday compared with that of BDT 706.66 crore in the previous trading session.
- Of the 336 companies and mutual funds traded on Wednesday, 185 declined, 114 advanced and 47 remained unchanged. DSE blue-chip index DS30, however, advanced by 0.06 %, or 1.35 points, to close at 2,022.57 points. Shariah index DSES dropped by 0.38 %, or 5.03 points, to finish at 1,312.03 points.
- United Power Generation Company led the turnover leaders with its shares worth BDT 73.72 crore changing hands on Wednesday. Genex Infosys, Sonar Bangla Insurance, Paramount Textile, Bangladesh Submarine Cable Company, Monno Ceramics, Square Pharmaceutical, Berger Paint Bangladesh, BRAC Bank and Shurwid Industries were the other turnover leaders. Meghna Pet Industries was the worst loser, shedding 5.58 %.

<http://www.newagebd.net/article/64031/stocks-drop-for-2nd-day-debutant-genex-surges>

Genex Infosys makes flying debut

The Financial Express, February 06, 2019

- Genex Infosys made a flying trading debut on Wednesday as its share price soared 426 % or BDT 42.60 each within first hour of trading. The share price of the IT Company is trading between BDT 44 and BDT 53.40 in the first hours of trading on the Dhaka Stock Exchange (DSE) till the report was filed at 11:30am. Its issue price was BDT 10 each.
- The latest trading price of the company's share was BDT 52.6 each. Genex Infosys is the 9th company under the IT sector on the prime bourse. The company raised a fund worth BDT 200 mn from the capital market under the fixed price method by offloading 20 mn ordinary shares at an offer price of BDT 10 each under the fixed price method.
- The share subscription for the initial public offering (IPO) of Genex Infosys was held on November 18 and November 29 last year. Bangladesh Securities and Exchange Commission (BSEC), approved the company's IPO proposal on September 4, 2018. Genex Infosys will utilise the IPO proceeds for expansion of call centre business (61.50 %), partial long-term loan repayment (30 %) and the IPO expenses 8.50 %, according to its IPO prospectus.
- The company's profit after tax stood at BDT 59.53 mn and basic EPS of BDT 0.97 for the six months period ended on 31 December 2018 against profit after tax of BDT 60.08 mn and basic EPS of BDT 0.98 for the same period of the previous year.
- The company's paid-up capital is BDT 816 mn, authorised capital is BDT 1.0 bn and the total number of securities is 81.60 mn. Currently, eight IT companies are listed with the Dhaka bourse and the IT sector accounts for less than 1.0 % of the DSE's total market capitalisation.

- Genex Infosys, the largest call centre operator in Bangladesh and principal service of the company is Information Technology Enabled Service (ITES) and providing maintenance and support services both to domestic and international clients.

<http://thefinancialexpress.com.bd/stock/bangladesh/genex-infosys-makes-flying-debut-1549431733>

ACI's earnings sinking

The Daily Star, February 07, 2019

- Earnings of ACI, a blue-chip stock known to have a very stable growth rate, have been on the slide for the last four quarters and in the process wiped out investors' money. ACI's earnings per share (EPS) for the October-December quarter stood at BDT 0.78 in the negative, in contrast to BDT 5.44 a year earlier, according to financials posted on the Dhaka Stock Exchange's website last week.
- This is the first time since 2012 that the company's earnings became negative. ACI blamed currency devaluation, interest rate increase, decrease in profit from joint ventures and associates, purchase rate variance due to international price hike and high income tax expenses for the de-growth.
- When ACI took the loan the interest rate was 7 to 8 %. Now, it is about 10 %. The business group, which is one of the largest in the country with exposure from commodities to pharmaceuticals, reported a decline in earnings in the last few quarters as well, which was well below investors' expectations.
- As a result, the EPS of ACI slumped about 94 % year-on-year to BDT 0.44 for the first half of fiscal 2018-19. One of the ACI high officials said on condition of anonymity the company has huge bank loans, so higher interest rate affects its earnings mostly. The company's short-term bank loans increased to BDT 2,138.52 crore from BDT 1,836.72 crore in a span of six months.
- At the same time, long-term loans decreased to BDT 789.95 crore from BDT 797.23 crore, according to the financial statement. The statement also shows that ACI incurred higher losses for animal health, consumer brands, retail chain and the food segment.

<https://www.thedailystar.net/business/news/acis-earnings-sinking-1698574>

BSEC allows FSIBL to float BDT 700cr bond

New Age, February 07, 2019

- Bangladesh Securities and Exchange Commission on Tuesday allowed First Security Islami Bank Limited to float non-convertible Mudaraba subordinated bond worth BDT 700 crore. The capital market regulator gave the approval at a commission meeting presided over by its chairman M Khairul Hossain.
- As per the BSEC approval, the bank will float unsecured non-convertible Mudaraba subordinated bond worth BDT 700 crore. The face value of each unit of the bond will be BDT 10 lakh and the bond will be fully redeemable in seven years.
- Only corporate bodies, financial institutions, insurance companies, corporate institutions and other eligible investors will be allowed to subscribe the bonds through private placement. The purpose of the issue is to strengthen the bank's capital base and meet its capital requirement under Tier-II.
- Green Delta Insurance Company acts as the trustee for the bond while Asian Tiger Capital Partner Investments Limited is the mandated lead arranger for the bond.

<http://www.newagebd.net/article/63938/bsec-allows-fsibl-to-float-BDT-700cr-bond>

Economy

Banks' capacity to write off loans enhanced

New Age, February 07, 2019

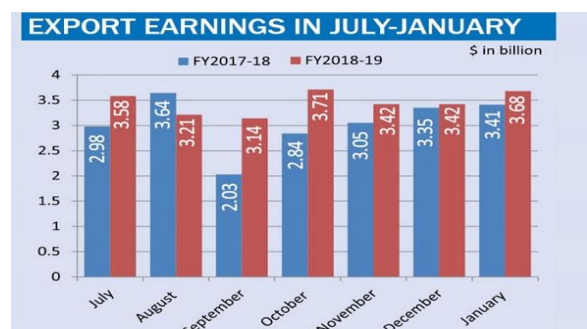
- Bangladesh Bank on Wednesday relaxed the loan write-off policy, enhancing banks' authority for writing off bad loans without filing lawsuit for recovery. Banking Regulations and Policy Department of the central bank on the day issued a new write-off policy, allowing banks to write off a loan worth below BDT 2 lakh without filing lawsuit. In the previous policy, the limit was BDT 50,000.
- According to the new policy, banks will also have to write off bad loans after three years of becoming classified without any possibility of recovery in near future. The previous policy allowed banks to write off bad loans after five years of becoming classified. The central bank informed the decision to managing directors and chief executive officers of all scheduled banks in the country.
- In the circular, BB said that it made the decision to make the legal framework related to loan write-off time-befitting considering the existing reality of the country's banking sector and international best practices.
- Banks use the mechanism of writing off bad loans to portray better financial condition but they have to keep 100 % provision against the write-off. Besides, recovery of any written-off loan is considered earnings of a bank. Banks are required to file case against the defaulters and defaulting entities and keep provision against the loan amounts before writing off the loans above the limit set in the policy by the central bank.
- Officials said that BB had extended the capacity of banks in writing off bad loans through issuing the new policy to give the balance sheets of banks a good shape. Banks have to show the bad loans in their balance sheets despite the loans remaining outstanding for long that makes the balance sheets unnecessarily inflated, they said.
- By the end of September this fiscal year, the amount of bad loans rose to BDT 99,370 crore, 11.48 % of the total outstanding loans (BDT 8,65,930 crore) in the country's banking system, according to the BB's latest data. If the write-offs worth BDT 49,745 crore were included, the total amount of classified loans in the banking sector stood at BDT 1,49,115 crore as on September 30 last year.

<http://www.newagebd.net/article/64028/banks-capacity-to-write-off-loans-enhanced>

Export earnings jump to \$24b in seven months

New Age, February 07, 2019

- Country's export earnings posted a 13.39-% growth to stand at \$24.18 bn in seven months (July-January) of the current fiscal year (2018-2019) riding on the readymade garment sector. The export earnings also exceeded the government's strategic target of \$22.41 bn by 7.91 % in July-January of FY19 due to a good performance by RMG products, according to Export Promotion Bureau data.
- Bangladesh had earned \$21.32 bn in export proceeds in the same period of FY18. In January this year, export earnings stood at \$3.68 bn, up 7.95 % on \$3.41 bn in the same month of last year, the EPB data released on Wednesday showed.



- Earnings from RMG products, both knitwear and woven, grew by 14.51 % to \$20.22 bn in July-January of FY19 from \$17.65 bn in the same period of FY18. Woven export grew by 15.18 % fetching \$10.08 bn while knitwear export rose by 13.86 % to \$10.14 bn in the seven months compared with that in the same period of last year, the data showed.
- Woven products worth \$8.74 bn and knitwear products worth \$8.90 bn were exported in July-January of FY18. Experts and exporters said that the country's export performance was rebounding this fiscal year from lower growth in FY18 when export earnings grew only by 5.8 %.
- According to the data, export earnings from agriculture products in the seven months of FY19 grew by 61.03 % to \$579.61 mn from \$359.94 mn in the same period of last fiscal year. Earnings from leather and leather products, jute and jute goods, however, continued witnessing negative growth in July-January of FY19.
- Export earnings from leather-footwear, however, increased by 7.35 % to \$384.30 mn while leather products fetched \$136.95 mn with a 42.62-% negative growth in the period. Export earnings from jute and jute goods in July-January of FY19 fell by 24.66 % to \$498.66 mn from \$661.86 mn in the same period of FY18.

<http://www.newagebd.net/article/64027/export-earnings-jump-to-24b-in-seven-months>

ADB approves \$50m loan for microenterprise development

The Financial Express, February 06, 2019

- The government and the Asian Development Bank (ADB) have signed an agreement for \$50mn in loan to promote microenterprise development for inclusive economic growth and poverty reduction. The assistance will help improve microenterprises' access to finance through the Palli Karma Sahayak Foundation (PKSF), an apex development finance and capacity building organisation; and its partner organisations.
- Monowar Ahmed, Secretary, Economic Relations Division (ERD), and Manmohan Parkash, Country Director, ADB, signed the agreement on behalf of Bangladesh and ADB, respectively on Wednesday. The total cost of the project, which is due for completion at the end of 2020, is \$62.5 mn, of which the microenterprises will contribute \$12.5 mn, reports UNB.
- The loan will be provided to PKSF to on-lend to partner organisations to sub-lend to about 40,000 microenterprises, of whom 70 % are female. To address medium-term challenges, the project will help PKSF develop a financing strategy and carry out institutional strengthening.
- For the longer term, ADB said, the project will develop microenterprise finance operational guidelines for microfinance institutions. It will also assist in clustering microenterprises for business expansion and upscaling with quality control, branding, packaging, and marketing.
- The project will also raise market orientation of financing institutions as well as enhance microenterprises' skills to make enterprise loans, and monitor environmental and social safeguard. The project is accompanied by an ADB technical assistance grant of \$500,000 to enhance the capacity of PKSF and its partner organisations in microenterprise lending and promoting sustainable operations.

<http://thefinancialexpress.com.bd/economy/bangladesh/adb-approves-50m-loan-for-microenterprise-development-1549447581>

International

Venezuela opposition plans to get oil money from US fund

The Financial Express, February 06, 2019

- Venezuela's opposition on Wednesday said it would use a US-based fund to receive some of the country's oil income in a key step to bankroll its efforts to dislodge President Nicolas Maduro. The fund would receive income accrued by

state-run oil firm PDVSA's US unit Citgo Petroleum Corp since last month, when US President Donald Trump recognized Juan Guaido as Venezuela's legitimate head of state, opposition legislator Carlos Paparoni told Reuters.

- Guadio, head of Venezuela's National Assembly, last month declared himself to be the South American country's interim ruler. Aside from one senior general, who recognized Guaido in a video and urged others in the military to do the same, most of Venezuela's top military officers have not defected from Maduro.
- Citgo, the eighth-largest US refiner and Venezuela's top foreign asset, is in the middle of a tug of war as the United States has made aggressive moves to remove it from Maduro's control and imposed sanctions on OPEC-member Venezuela's oil industry.
- Pressure is building on Maduro, a socialist, to resign amid an economic crisis marked by widespread shortages and hyperinflation. Maduro was re-elected last year in a vote critics have called a sham. Most Latin American and European countries also recognize Guaido, although Italy so far has not. Guaido has reached out to Italy's ruling coalition seeking its support.
- Maduro, who retains control over the state, denounces Guaido as a US puppet who is seeking to foment a coup against him. He is supported by China and Russia, while Slovakia on Wednesday joined Italy in defying the coordinated action of European Union nations and the United States.

<http://thefinancialexpress.com.bd/world/america/venezuela-opposition-plans-to-get-oil-money-from-us-fund-1549511073>

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