

Stock Market

Dhaka stocks fall for 2nd week with signs of recovery

New Age, July 08, 2018

- Dhaka stocks in the past week fell for the second week amid debut of the Bashundhara Paper Mills and confusion about the banks' interest rate cut early in the week.
- DSEX, the key index of Dhaka Stock Exchange, lost 0.80 % or 43.18 points over the week to finish at 5,362.28 points on Thursday, the last trading session of the week, after losing 36.30 points in the previous week.
- As there was no trading on Sunday because of bank holiday, the week's trading began on the bourse on Monday with DSEX plunging 83.04 points.
- As a result, the DSEX fell again by 49.24 % on Tuesday as banking sector scrips continued to be hammered.
- DS30, the blue chip index of the DSE, also lost 1.71%, or 33.49 points, to close at 1,926.46 points over the week.
- Shariah index DSES also lost 0.20 %, or 2.48 points, to close at 1,261.32 points.
- Debutant Bashundhara Paper Mills led the turnover chart with its shares worth BDT 256 crore changing hands.
- Ratanpur Steel Re-Rolling Mills, United Power Generation & Distribution Company, Monno Ceramic Industries, Alif Industries, Prime Textile Spinning Mills, Bangladesh Export Import Company, Fortune Shoes, Paramount Textile and Legacy Footwear.
- Legacy Footwear gained the most in the week with a 45.55 % increase in its share prices, while Peoples Leasing & Financial Services was the worst loser shedding 21.21 %.

<http://www.newagebd.net/article/45454/dhaka-stocks-fall-for-2nd-week-with-signs-of-recovery>

Mutual funds trading below face value

The Daily Star, July 08, 2018

- Most of the mutual funds have been trading at lower than their face value for several years now as poor performance and mismanagement by fund managers spoiled investors' appetite. A mutual fund is an investment fund that gathers capital from a number of investors to create a pool of money that is then re-invested into stocks, bonds and other assets.
- Investors are effectively unit holders in the fund in proportion to their investment. Funds that are close-ended must be liquidated within a certain timeframe. Of the 37 close-end funds on the premier bourse, 31 are trading below their face value, according to data from the Dhaka Stock Exchange.
- Even more, funds are trading on the price that is 34.3 % lower than their net asset value (NAV), according to IDLC Investments. Investors normally buy mutual funds at around their NAV.
- The performance of many mutual funds is not lucrative also as the NAV at market price of the most of these funds is lower than the NAV at cost price, said market insiders.
- The NAV at market price may be lower for a while following a bearish market, but the deviation should be very minimum as the fund is supposed to be managed by skilled people.
- The regulator should observe the activities of fund managers vigorously so that they cannot hide anything and cannot swindle investors' money.
- There are 37 closed-end and 41 open-ended mutual funds of BDT 6,100.9 crore and BDT 3,722.1 crore respectively.

<https://www.thedailystar.net/business/banking/mutual-funds-trading-below-face-value-1601701>

Stocks rise for 2nd day, DSE turnover hits 7-month high

New Age, July 08, 2018

- Stock prices increased for the second trading session on Thursday with the turnover on the Dhaka Stock Exchange hitting a seven-month high as investors continued buying shares after plunges in the previous three trading sessions.
- DSEX, the key index of the DSE, gained 1 %, or 53.16 points, to close at 5,362.27 points. Turnover on the bourse increased to BDT 902.83 crore, the highest after BDT 928 crore on November 27 last year. On Wednesday, it was BDT 741.22 crore.
- The market started with a positive tone in line with the previous trading session and the vibe sustained throughout the session as investors continued bargain hunting for the second day after a three-day plunge, market operators said.
- Meanwhile, the price hike of some fundamentally weak companies including Legacy Footwear, Bangladesh Autocars and Aziz Pipes continued for another trading session on Thursday despite the fact that the DSE issued notices to the companies seeking reasons for the recent unusual price hike of their shares.
- Of the 339 companies and mutual funds traded, 192 advanced, 107 declined and 40 remained unchanged. DS30, the blue-chip index, finished at 1,926.46 points, adding 1.25 % or 23.88 points on Thursday, the last trading session of the week.
- The Shariah index of the bourse, DSES, closed at 1,261.31 points, rising by 1.27 % or 15.84 points.
- Bashundhara Paper Mills Limited led the turnover chart with its shares worth BDT 58.83 crore changing hands. Alif Industries Limited, Fortune Shoe, Ratanpur Steel Re-Rolling Mills, United Power Generation and Distribution Company, BBS Cables, Monno Ceramics, BEXIMCO, Anwar Galvanising and Sinobangla Industries were the other turnover leaders. Shahjibazar Power Company gained the most on the day with a 9.97-% increase in its share prices, while Dulamia Cotton Spinning Mills was the worst loser, shedding 9.17 %.

<http://www.newagebd.net/article/45274/stocks-rise-for-2nd-day-dse-turnover-hits-7-month-high>

Economy

Pvt sector credit growth above BB target

New Age, July 08, 2018

- Private sector credit growth fell in May, for the third consecutive month, but remained well above the central bank projected limit against lower growth in deposit.
- According to a latest Bangladesh Bank statement released last week, year-on-year private sector credit growth stood at 17.60 % in May. The credit growth rate was 17.93 % in March and 17.65 % in April. The rate was 18.36 % in January and 18.49 % in February.
- As the private sector credit growth was higher compared with BB's projected 16.3 % for the first half of the 2017-18 fiscal, the central bank set an enhanced growth target for the second half.
- On the other hand, the total domestic credit growth was 15.15 % in May while domestic credit posted 11.02 % growth during July-June of the fiscal year 2017-2018.
- The domestic credit growth, however, was below the central bank-projected 15.8 % for fiscal year 2017-2018 mainly due to 21.20 % negative growth in government borrowing from banks.
- Broad money, representing overall deposits, in the banking sector posted a 10.2 % year-on-year growth in May this year while the growth was 6.12 % during July-May of the FY18, according to central bank data.

<http://www.newagebd.net/article/45368/pvt-sector-credit-growth-above-bb-target>

Trade war fallout risks lurk over Bangladesh economy

New Age, July 08, 2018

- The ongoing trade war between US and China, the two largest economies of the world, will affect Bangladesh's global trade in the long run along with some immediate negative impacts on its economy, economists say.
- They observe that the benefits, if any, for Bangladesh's economy, particularly export, would be temporary. The impact will become unbearable if the trade war that formally began on Friday lingers and spreads among other countries, they warn.
- A possible prolonged trade war may also lead to slowdown in global economy, ultimately affecting Bangladesh's export, which is concentrated on single sector —readymade garment items. The United States and China on Friday slapped tit-for-tat duties at the rate of 25 % respectively on USD34 bn worth of the other's imports as part of ongoing trade war.
- US president Donald Trump also warned that he might ultimately target over USD500 bn worth of Chinese goods, including apparel products, based on China's reaction on US decision on duty imposition. Apart from China, Trump has also locked into trade battles with US allies Canada, Mexico, EU and Japan and as well as with Russia and India.
- Trump has slapped tariffs on steel and aluminum imports from these countries while a number of them also slapped retaliatory tariffs on US products, including steel and agricultural products, jeans and motorcycle. In an analysis, international news agency Reuters found that the trade war might largely affect the countries having larger global exposure in value chains.
- Bangladesh's import from China stands at more than USD11 bn a year. In the long run, growth in global economy would slow down due to feared fall in demand which would not be good for Bangladesh economy, Mansur said.
- Bangladesh's export to US market reached nearly USD6 bn, out of which more than USD5 bn is from RMG products. It might also affect Bangladesh's remittance earnings if the trade war would prolong and caused global economic slowdown, he added.

<http://www.newagebd.net/article/45450/trade-war-fallout-risks-lurk-over-bangladesh-economy>

NBR receipts grow 20pc

The Daily Star, July 08, 2018

- The National Board of Revenue missed its collection goal in the just concluded fiscal year despite logging about 20 % growth in receipts, said an official citing provisional figures. The final collection could be BDT 205,903 crore in 2017-18 against the revised target of BDT 225,000 crore, said the official, requesting anonymity.
- This was the sixth year the NBR missed both the revised and the actual revenue mobilisation targets set by the government. The official said the NBR had expected some state agencies, especially Petrobangla, to pay arrears amounting to BDT 42,000 crore but none came forth.
- In 2017-18, VAT and income tax accounted for 70 % of the overall collection. Collection of VAT, a type of consumption tax collected mainly from domestic trade and economic activity, grew 23 % to BDT 78,335 crore from a year ago, according to provisional data.
- Income tax receipts soared 22 % to BDT 66,003 crore in the last fiscal year while collections from import tariff rose 13 % to BDT 61,565 crore, said the official.
- The think-tank said the budget would rely on individual income tax and VAT at domestic level to collect the extra revenue. Also there was no reflection of revenue mobilisation-related reforms, it added.

<https://www.thedailystar.net/business/tax-and-customs/nbr-receipts-grow-20pc-1601707>

International

Germany overtakes US as top RMG export market of Bangladesh

New Age, July 08, 2018

- Germany has overtaken the United States, for the first time, as the largest export market for Bangladesh's readymade garment in the just concluded financial year (2017-18).
- RMG export to Germany in FY18 stood at USD5.58 bn against USD5.35 bn in earnings from the US market, according to Export Promotion Bureau data.
- A moderate growth (8.65 %) of RMG export to Germany in FY18 from USD5.13 bn in FY17 against a meagre growth (2.84 %) in the US market from USD5.20 bn in FY17 resulted in the German market overtaking the US market.
- The EPB data showed that the country's export earnings from the US in FY18 stood at USD5.98 bn, which is 2.33 % higher than the earnings in FY17 — USD5.84 bn. Export to Germany grew by 7.58 % to USD5.89 bn from USD5.47 bn. RMG export to the UK grew by 12.63 % to USD3.72 bn from USD3.30 bn.
- Export earnings from France grew by 5.94 % to USD2 bn in FY18 from USD1.89 bn in FY17. RMG export to the market grew by 4.94 % to USD1.85 bn in the period, the data showed. Export earnings from Spain in FY18 grew by 21.40 % to USD2.45 bn from USD2.02 bn in FY17. RMG export fetched USD2.27 bn from Spain in the period, which is 21.24 % higher than the earnings in the previous fiscal year. Export earnings from Poland grew by 20.53 % to USD956.21 mn from USD800.77 mn. Earnings from Poland by exporting RMG products in FY18 stood at USD864.85 mn with a 20.10-% growth.
- In Asian markets, export earnings from China slumped by 26.80 % to USD694.96 mn in FY18 from USD949.41 mn in the previous fiscal year. Export earnings from Japan grew by 11.74 % to USD1.13 bn from USD1.01 bn. RMG export to the market grew by 13.73 % to USD846.73 mn in the period. Export earnings from India grew by 29.87 % to USD873.27 mn in FY18 from USD672.40 mn in FY17. RMG export to India in the period grew by 114.68 % to USD278.67 mn, the EPB data showed.

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