

Stock Market

Weekly analysis

Panic sell-offs drag index lower

Average daily turnover plunges 12pc on DSE

The Financial Express, September 07, 2019

- With a series of negative factors at play, worried investors continued to dump shares to ward off further losses, pushing the benchmark equities index lower for the second consecutive week that ended on Thursday.
- Week on week, DSEX, the prime index of the Dhaka Stock Exchange (DSE), dropped 82.76 points or 1.62 % to settle at 5013. The growing concern stemming from a row between the telecom regulator and the GP over claims of unpaid dues prompted investors to sell off shares in the mobile phone operator, said a leading broker.
- The net foreign investment in DSE remained negative for the six consecutive months as of August, as the foreign investors bought shares worth BDT 1.77 bn and sold BDT 2.79 bn worth of shares, resulting in the net position of negative BDT 1.02 bn.
- The outgoing week saw a total of five trading days as usual. Of them, first four sessions ended lower while the last session posted a marginal gain. Like the benchmark index, two other market indices finished lower. The DS30 index, comprising blue chips, fell 42 points to close at 1,758 and the DSE Shariah Index lost more than 16 points to settle at BDT 1,167.
- The weekly turnover on the prime bourse stood at BDT 19.73 bn, down from BDT 22.43 bn in the week before. The daily turnover averaged out at BDT 3.95 bn, which was 12 % lower over the previous week's average of BDT 4.48 bn. The International Leasing Securities said that as the investors are losing confidence in the market and looking for an exit, the DSEX came down close to 'psychological' 5,000-mark.
- Monno Ceramic Industries dominated the week's turnover chart, with 4.78 mn shares worth nearly BDT 1.09 bn changing hands during the week. Kay & Que was the week's best performer, posting a gain of 22.12 % while Padma Islami Life Insurance was the worst loser, shedding 15 %.

<http://thefinancialexpress.com.bd/stock/panic-sell-offs-drag-index-lower-1567830636>

GP, Robi's parent companies back off from Asian merger

The Daily Star, September 08, 2019

- Norwegian telecom operator Telenor said Friday talks on merging its Asian operations with Malaysian telecom group Axiata have ended due to complexities with the transaction. The companies announced in May that they had entered talks on creating a new company to serve nearly 300 mn customers in nine Asian countries.
- Telenor would have controlled 56.5 % of the shares and Axiata the remaining 43.5 %. The proposed company would have had its head-quarters in Kuala Lumpur and be listed on an international stock exchange as well as the Malaysian exchange Bursa Malaysia.

- In addition to northern Europe, Telenor currently has operations in Thailand, Malaysia, Bangladesh, Pakistan and Myanmar. Axiata is present in Malaysia, Bangladesh, Cambodia, Nepal, Sri Lanka and Indonesia. When Norwegian markets opened on Friday following the announcement Telenor shares fell 6.3 %.

<https://www.thedailystar.net/business/news/gp-robis-parent-companies-back-asian-merger-1797196>

Badly performing stocks fly amid market slump

The Daily Star, September 08, 2019

- At a time when investors are losing money on good stocks, gambling on underperforming companies is rampant. In the last three weeks, the prices of 10 badly-performing companies' stocks soared 9 to 37 % for seemingly no reason, when the overall market fell 4.26 %, according to data from the Dhaka Stock Exchange
- The companies too informed the DSE that there is no reason for the abnormal price hike of the stocks. The share price of Kay & Que, which was upgraded to 'B' category last year after languishing in the 'Z' category for seven years, jumped to BDT 235 from BDT 179 in the last three weeks.
- If a company fails to provide less than 10 % dividend then it is put in the 'B' category and if it fails to provide any dividend it becomes a 'Z' category stock. Kay & Que's earnings per share (EPS) stood at BDT 0.65 in the last three quarters, down from BDT 0.69 a year earlier.
- In the last two weeks, only three companies from the 'A' category were among the top 10 gainers. The three companies also have low market capitalisation, meaning they are easy to manipulate. On this ground, the BSEC is analysing how they can be caught, he said, adding that general investors should be careful before investing their hard-earned money in dicey stocks.

TOP TEN GAINERS OF THE DSE Aug 18-Sep 5		
Company	Category	Gain (in %)
Monno Jute	A	37.3
Kay & Que	B	30.6
SS Steel	N	30.5
Standard Ceramic	B	29.7
Khan Brothers PP	B	24.7
Silco Pharma	N	21.8
Wata Chemical	A	20.1
United Airways	Z	18.8
Keya Cosmetics	Z	18.4
Stylecraft	A	18.3

SOURCE: DSE

<https://www.thedailystar.net/business/news/badly-performing-stocks-fly-amid-market-slump-1797199>

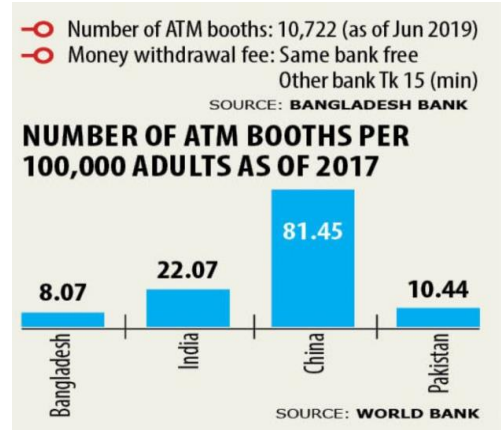
Economy

Non-bank entities can soon set up ATMs

The Daily Star, September 08, 2019

- The central bank will allow non-bank entities to set up automated teller machines (ATMs) and point of sale (POS) terminals as it ramps up efforts to promote card-based transactions across the country.
- The move will help people in distant parts of the country to settle their transactions without going to banks as some private companies already have plans to install a large number of ATMs, said a Bangladesh Bank official.

- At present, only banks are allowed to set up ATM and POS, but they are now showing little interest in expanding the facilities given the high maintenance cost, additional manpower and high security measures. The central bank has been working on the issue for long and has almost completed all relevant work to roll out the service.
- India's central bank has issued such a guideline in 2012 and allowed non-bank entities to set up ATMs in 2014. The intended companies, which will set up ATMs and POS, will have to take licences from the central bank to act as a payment system provider (PSO).
- The PSOs will have to deposit BDT 50 lakh with the central bank. Last month, Pay Union Bangladesh applied to the central bank seeking permission to set up ATMs and the central bank has taken the application positively as well.
- As of June, banks have installed 10,722 ATMs and 52,846 POS terminals while they issued 12.03 lakh credit cards and 1.57 crore debit cards, according to data from the central bank.



<https://www.thedailystar.net/business/news/non-bank-entities-can-soon-set-atms-1797208>

Audit Claims Dispute

Move to revoke GP, Robi's 2G-3G licences

The Daily Star, September 08, 2019

- Grameenphone and Robi's clash with the telecom regulator became more heated yesterday after they were slapped with show-cause notices enquiring why their 2G and 3G licences should not be cancelled for their failure to pay unpaid dues unearthed by audit.
- According to the Bangladesh Telecommunication Regulatory Commission's audits into the two operators' books from their inception until December 2014, Grameenphone has BDT 12,579.95 crore pending and Robi BDT 867.24 crore.
- Both the operators vehemently dispute the amounts and thus far have turned a deaf ear to the regulator's repeated claims. The BTRC has the authority to revoke licences to realise public money and also got the green light from the government to do so.
- In the five-page-long notices, the BTRC asked the operators to reply within 30 days. Both the operators confirmed they have received the notice and will reply within the stipulated timeframe.
- Both the operators are insisting on arbitration against the audit claims as per Bangladesh Arbitration Act 2001, but the BTRC remains non-responsive, saying it would only act as per the Telecommunication Act.

BREAKDOWN OF CLAIMS	
GP	First claim: Tk 11,530cr Revised claim: Tk 12,580cr BTRC's part: Tk 8,494cr Principal amount: Tk 2,300cr Interest: Tk 6,194cr NBR's part: Tk 4,086cr
ROBI	First claim: Tk 1,252cr Revised claim: Tk 867cr BTRC's part: Tk 488cr Principal amount: Tk 319cr Interest: Tk 169cr NBR's part: Tk 379cr

- If the two operators' response is not satisfactory as per the telecom act, the BTRC can appoint an administrator to run the business so that the operation can run smoothly, said a top official of the telecom regulator.
- Both the operators, which have 12.36 crore or 76 % of total active mobile connections between them, are not getting any approval from the BTRC since July 22 for new services and packages and cannot import equipment to maintain their network.

<https://www.thedailystar.net/business/telecom/grameenphone-gp-robi-2g-3g-licences-move-to-withdraw-179613>

International

China's foreign exchange reserves rise to \$3.11tr

The Daily Star, September 08, 2019

- China's foreign exchange reserves rose unexpectedly in August, even as the yuan posted its biggest monthly drop in 25 years amid escalating trade tensions with the United States. The country's foreign exchange reserves - the world's largest - rose by \$3.5 bn in August to \$3.1072 trillion, central bank data showed on Saturday.
- Economists polled by Reuters had expected reserves would fall \$4 bn from July to \$3.100 trillion, likely due to fluctuations in global exchange rates and the prices of foreign bonds that China holds. The increase in August was due to China maintaining a stable balance of international payments and generally stable economic growth, the foreign exchange regulator said in a statement after the data release.
- China has been able to keep capital outflows under control over the past year despite an escalating trade war with the United States and weakening economic growth at home. Reserves have rebounded from an October 2018 low thanks to capital controls and rising foreign investments in Chinese stocks and bonds.
- In August, the yuan tumbled about 3.8 % against the dollar – its sharpest monthly drop since China unified official and market exchange rates in 1994. It is currently trading at 11-1/2 year lows.
- China allowed the yuan to break through the closely watched 7-per-dollar level on Aug.5 for the first time since the global financial crisis, days after the United States said it would impose more tariffs on Chinese goods from Sept. 1.
- Hours after the yuan slid, Washington labelled China a currency manipulator for the first time since 1994, but China's foreign exchange regulator said such move had no grounds and did not accord with facts. The yuan has now depreciated about 12 % against the dollar since the two sides began exchanging tit-for-tat tariffs in April last year.

<https://www.thedailystar.net/business/news/chinas-foreign-exchange-reserves-rise-311tr-1797160>

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