

Stock Market

Stocks rallied after all elections, not this time

The Daily Star, April 09, 2019

- This year's post-election scenario in the stock market does not match with the previous four times thanks to a lack of confidence among investors and a liquidity crunch in the financial sector. In the three months since the election, DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), shed 577.78 points, or 9.71 %.
- In the last one month alone, the premier bourse lost BDT 10,339.39 crore, or 2.50 %, from its market capitalisation, according to data from the DSE. But after the past four elections, the index jumped. In 1996, the general index (DGEN) of the DSE, the then prime index, shot up 78 % to 1,605.73 points in three months after the election.
- In 2001, DGEN rose 26.09 % to 834.52 points in the next quarter after the polls. In 2008, the gain was 4.98 % to 2,671.38 points. In 2014, DSEX, which replaced DGEN, rose 6.37 % to 4,588.78 points in the three months after the election.
- Private sector credit growth hit a 53-month low in February due to the ongoing liquidity crunch brought about by the rising default loans, according to data from the Bangladesh Bank. In February, credit growth stood at 12.54 %, the lowest since October 2014. The growth was much lower than the central bank's target of 16.5 % for the second half of fiscal 2018-19.
- However, turnover, another important indicator, increased 26.50 % to BDT 418 crore, with 8.04 crore shares and mutual fund units changing hands on the DSE. Of the traded issues, 45 advanced, 273 declined and 28 closed unchanged on the premier bourse.

POST-ELECTION MARKET MOVEMENT In 3 months	
1996	Election held on June 12. The general index rose 78 percent to 1,605.73 points.
2001	Election held on October 1. The general index rose 26.09 percent to 834.52 points.
2008	Election held on December 29. The general index rose 4.98 percent to 2,671.38 points.
2014	Election held on January 5. The general index rose 6.37 percent to 4,588.78 points.
2018	Election held on December 30. The general index fell 9.71 percent to 5,372.23 points.

<https://www.thedailystar.net/business/news/stocks-rallied-after-all-elections-not-time-1727221>

Banks, NBFIs given extended facility to get JICA-assisted fund

New Age, April 09, 2019

- Bangladesh Bank on Monday extended refinancing facility for banks and non-bank financial institutions from the Japan International Cooperation Agency-assisted foreign direct investment promotion project. BB's foreign exchange investment department, also the FDIPP-implementation unit, issued a circular on the day with a view to enhancing fund disbursement from the JICA-assisted BDT 537 crore fund.
- As per the policy change, a participating bank or NBFIs would be allowed to seek refinancing loans up to BDT 30 crore that the entity has already issued to one of its client. Earlier, the amount of refinancing loans from the JICA-assisted FDIPP was limited to BDT 70 lakh for a client. The bank or NBFIs would also be allowed to seek pre-financing loans worth above BDT 15 crore from the project.
- Earlier, a bank or NBFIs was allowed to apply for pre-financing loans worth above BDT 70 lakh for any of its clients. Pre-financing allows banks or NBFIs to get finance from the project before loan disbursement to their clients, while the refinancing allows the entities to get fund after loan disbursement to their clients.

<http://www.newagebd.net/article/69534/banks-nbfis-given-extended-facility-to-get-jica-assisted-fund>

GP gets 1cr 4G clients

New Age, April 08, 2019

- The number of 4G customers of leading mobile operator Grameenphone crossed 1-crore mark within 14 months of introducing the service, said a press release.
- GP is the first operator to get 1 crore subscribers of 4G service, which was launched in February 2018, it said. 4G growth, which was primarily in the urban areas, found its way to the semi-urban and rural landscape as faster internet began shaping the lifestyle of the people of Bangladesh, said the release. Currently, over 3.7 crore customers use the internet on the GP network, said the release.

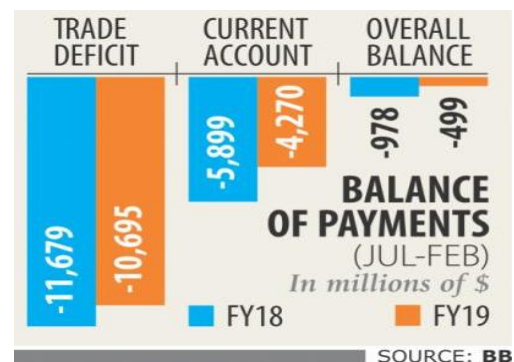
<http://www.newagebd.net/article/69538/gp-gets-1cr-4g-clients>

Economy

Trade deficit narrows

The Daily Star, April 09, 2019

- Trade deficit squeezed by 8.42 % in the first eight months of 2018-19 thanks to the steady growth of exports and a slowdown in imports, giving some breathing space to the government in managing the economy. Between July and February, the deficit stood at \$10.69 bn, down from \$11.67 bn in the same period a year ago, according to data from the central bank.
- Exports stood at \$27.14 bn in the first eight months of 2018-19, up 12.44 % year-on-year. Imports rose 5.64 % to \$37.83 bn. The deficit in the current account has also gone down but the sum is still sizable. The current account deficit decreased 27.21 % year-on-year to \$4.27 bn between July 2018 and February 2019.
- Although, the FDI has increased in recent times, it is still quite low considering the size of the GDP, said Rahman, also the managing director of Dhaka Bank. Net FDI inflow stood at \$1.18 bn in the July-February period, compared to \$948 mn registered during the same period a year ago.



<https://www.thedailystar.net/business/news/trade-deficit-narrows-1727209>

Bangladesh textile millers losing local business worth \$6b a year

New Age, April 09, 2019

- Bangladesh textile manufacturers are losing business worth more than \$6 bn annually in the domestic market due to smuggling of yarn and fabrics into the country and misuse of bonded warehouse facility, industry people said. Local spinners said that along with smuggling and misuse of bonded warehouse facility, high interest rate of bank loans and increased price of gas were also cutting the competitiveness of the sector.
- 'The size of domestic market of fabrics is 7 to 8 bn metres worth \$11-\$12 bn. Of which, local producers meet only 3 to 4 bn metres worth nearly \$6 bn and the rest of the demand is met by smuggled fabrics and bonded warehouse fabrics,' Bangladesh Textile Mills Association president Mohammad Ali Khokon told New Age on Monday.
- He said as per the statistics the commercial import of yarn and fabrics was very negligible but more than 50 % of the local demand worth more than \$6 bn was being met by foreign items.

- Market situation suggests that smuggling of fabrics into the country and misuse of bonded warehouse are taking place in a big way
- The BTMA president also said that huge quantity of dresses including saris, three-pieces and other shirting clothes were entering into Bangladesh illegally through border markets from neighbouring countries and the items were being brought to the Dhaka city.

<http://www.newagebd.net/article/69532/bangladesh-textile-millers-losing-local-business-worth-6b-a-year>

International

Japan faces recession risks with dearth of ammunition

New Age, April 06, 2019

- Japan appears to have dodged a recession thanks to resilient business spending but tanking factory and export sectors and a lack of policy options leave it particularly vulnerable if a projected recovery in the global economy fails to materialise.
- The Bank of Japan, too, may be forced to ramp up monetary support, though many analysts say the central bank is left with few effective tools to prop up growth.
- But the government held off from declaring Japan in a recession. Central bank policymakers also saw relief in the BOJ's 'tankan' survey last week that showed companies were maintaining their robust capital expenditure plans. Still, government and central bank policymakers worry that the global slowdown, if it persists, may eventually prompt firms to delay investment, say sources familiar with their thinking.
- The government has already earmarked roughly 2 trillion yen (\$17.95 bn) in spending to mitigate the pain, raising the threshold to postpone the tax hike again. But some analysts say another delay could not be ruled out as Abe faces an upper house election in the summer.

<http://www.newagebd.net/article/69539/japan-faces-recession-risks-with-dearth-of-ammunition>

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