

Stock Market

Stocks finish flat amid short-term profit booking

New Age, July 09, 2018

- Dhaka stocks finished flat on Sunday, the first trading session of the week, due mainly to profit-taking selling by a section of investors after a two-day rise. The key index of the bourse, DSEX, finished at 5,366.02 points, adding just 0.07 % or 3.74 points. Turnover on the bourse declined slightly to BDT 892.49 crore on Sunday from BDT 902.83 crore in the previous trading session.
- Although the market started with a positive vibe on Sunday, it finished flat due mainly to short-term profit-booking approach by a section of investors in late trading, stockbrokers said. Besides, confusion over whether or not the market would grow further might be among other reasons for the flat ending of the session despite 30 points gain within a few minutes after the day's trading commencement, they said.
- DS30, the blue-chip index of the DSE, gained 0.13 %, or 2.67 points, to close at 1,929.13 points. The Shariah index, DSES, added 0.46 % or 5.90 points, to close at 1,267.22 points. Of the 339 companies and mutual funds traded on the day, 128 advanced, 165 declined and 46 remained unchanged. Bashundhara Paper Mills led the turnover chart with its shares worth BDT 66.61 crore changing hands.
- Ratanpur Steel Re-Rolling Mills, United Power Generation and Distribution Company, BBS Cables, Alif Manufacturing Company, Alif Industries, Monno Ceramic Industries, Anwar Ganvanizing, Sino Bangla Industries and Fortune Shoes were other turnover leaders. Prime Textile Spinning Mills gained the most on the day, adding 10 %, while Bashundhara Paper Mills was the worst loser, shedding 8.75 %.

<http://www.newagebd.net/article/45537/stocks-finish-flat-amid-short-term-profit-booking>

Bourses maintain uptrend at opening

The Financial Express, July 09, 2018

- Prices of most of the shares on both bourses saw positive trend in early hour of Sunday trading as investors were showing buying appetite on sector-wise stocks. Following the last session's upward movement, the Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE) opened higher amid rising trading activities.
- Within first 15 minutes of trading, DSEX, the key index of the country's prime bourse, rose more than 16 points while the CSE All-Share Price Index (CASPI) of port city's market gained 10 points at 10:45am. After 30 minutes of trading, the DSEX gained more than 11 points while the CASPI of Chittagong Stock Exchange advanced 4.0 points at 11:00am when the report was filed.
- The DSEX of Dhaka Stock Exchange went up by 11.04 points or 0.21 % to reach at 5,373 points at 11:00am. The DS30 index, comprising blue chips, also advanced 1.96 points to reach at 1,928 points. The DSE Shariah Index index gained 3.35 points to reach at 1,264 points till then. Turnover, the important indicator of the market, stood at BDT 1.82 bn when the report was filed.
- The port city's bourse – CSE – also saw positive trend till then with CSE All Share Price Index (CASPI) advancing 4.0 points to stand at 16,508, also at 11:00am. The Selective Category Index (CSCX) also advanced 3.0 points to stand at 9,987 points till then. Of the issues traded till then, 61 gained, 35 declined, and 12 issues remained unchanged with BDT 63 mn in turnover.

<http://thefinancialexpress.com.bd/stock/bourses-maintain-uptrend-at-opening-1531030608>

Economy

Banks' mgmt in dilemma over lending rate cut implementation

New Age, July 08, 2018

- Management at most of the banks in Bangladesh are in dilemma about how to implement the bank owners' decision to cut lending rate to single digit (9 %) keeping the deposit rate at 6 % as they fear the hurriedly taken move would put the financial health of the embattled banks at further disarray.
- They also said that the banks directors (about 700 individuals in 57 banks) who took one-seventh of loans that these banks disbursed (BDT 8,92,403 crore) at the end of May this year, have no legal rights to impose such decision on the banks' management.
- Huge amount of classified loans in the banking sector, which increased to BDT 88,589 crore at the end of March 2018 and a major cost of fund for the banks, would be another barrier to reducing lending rate, they said.
- According to the central bank data, 15 banks borrowed term deposits for different periods from their clients with the interest rate ranging from 8 % to 11 % rate.
- The deposits were taken for three months, six months, nine months, one year and beyond one year meaning that the banks will have to return the amounts after the end of the specific periods.
- Again, if a client borrows fund from the bank at the rate of 10 %, the bank will have to add another 2.5 % to 3.5 % as cost of fund meaning that the break even lending for the entity would not be less than 13 %, depending on capacity of the banks.
- If the entity lends below the cost of fund (at 9 %), the rest amount, the gap between the cost of fund and lending, would be loss.

<http://www.newagebd.net/article/45535/banks-mgmt-in-dilemma-over-lending-rate-cut-implementation>

ADB to give USD2b for development projects

The Daily Star, July 09, 2018

- The Asian Development Bank will give USD2 bn in loans to Bangladesh this fiscal year – 66.66 % higher than it did last year – to help the country implement the ongoing development projects, said Finance Minister AMA Muhith yesterday. Muhith disclosed it to reporters after a meeting with ADB Country Director Manmohan Parkash at his secretariat office.
- On Friday, the ADB approved USD100 mn as grants for the displaced Rohingyas as part of a USD200-mn package. Parkash told reporters that unlike the World Bank, the ADB does not have any separate window for providing grant for the Rohingyas. However, following the request from the government, the lender urged its member countries to quickly approve the fund as grants.
- The project will be to build roads within the camps to connect essential food distribution and storage centres, hospitals, education facilities, and provide emergency access. It will also resurface the road from Cox's Bazar to Teknaf and other critical sections. To address the water needs, the project will provide mobile water carriers, community bathing facilities and build a piped water supply system and waste management facilities, together with small water treatment plants.

<https://www.thedailystar.net/business/adb-give-2b-development-projects-1602127>

BD pays USD1.27b to ACU for May-June imports

The Financial Express, July 09, 2018

- Bangladesh has made a routine payment of USUSD 1.27 bn to the Asian Clearing Union (ACU) against the imports during May-June period of this calendar year, officials said. After the payment, the country's foreign exchange (forex) reserve again fell below USD 32 bn on Wednesday. It happened after nearly two months due to higher import payment pressure on the economy.
- The forex reserve came down to USD 31.93 bn on the day from USD 33.17 bn of the previous working day. It was USD 31.94 bn on Thursday, according to the central bank figures. The Bangladesh Bank (BB) has already remitted the fund to the ACU headquarters in Tehran in line with the existing provisions of the union, said an official.
- On May 09, the forex reserve came down to USD 31.92 bn after making the ACU payment for March-April period from USD 33.23 bn of the previous working day. The amount of ACU payment dropped to USD 1.27 bn during the period under review from the previous level of USD 1.39 bn, mainly due to lower import from its member countries particularly from India, the officials added.
- Bangladesh is now importing different consumer items, cotton, raw materials and capital machinery from the ACU member countries, particularly from India, Pakistan and Bhutan, the central banker added. Under the existing provisions of ACU, the outstanding import bills and interests thereof among the member countries are to be paid at the end of every two months.
- The central bank has resumed providing the foreign exchange backup in the recent months through selling the US currency to the banks directly to keep the market stable. A total of USD 37 mn was sold since July 02 of the current fiscal year (FY), 2018-19, to the commercial banks as part of its ongoing support, according to the BB officials.
<http://thefinancialexpress.com.bd/economy/bd-pays-127b-to-acu-for-may-june-imports-1530854220>

International

Europe united against US tariffs: France

The Daily Star, July 09, 2018

- The French government insisted on Sunday that Washington should expect united retaliation from Europe to further tariff increases after Germany signalled it was prepared to negotiate. With Germany's powerful car industry facing the threat of higher US duties, Chancellor Angela Merkel said last Thursday she would back a lowering of European Union levies on imports of US cars.
- US President Donald Trump hit the EU, Canada and Mexico with tariffs of 25 % on steel and 10 % on aluminium at the start of June, ending exemptions that had been in place since March.
- The United States currently imposes a 2.5 % tariff on imported passenger cars from the EU and a 25 % tariff on imported pickup trucks. The EU imposes a 10 % tariff on imported US cars. Under World Trade Organization rules, the EU cannot lower import tariffs for only US-made cars. It would have to reduce them for all WTO members.
- While French carmakers would be little affected by US tariffs because they have little exposure to the American market, they would face stiff competition from Asian producers if EU tariffs were cut, a prospect that worries the French government.
- A joint Franco-German declaration agreed last month by Le Maire and his German counterpart had spoken of an EU agreement for the end of 2018. President Emmanuel Macron's government has invested considerable political capital in lobbying Paris' EU counterparts to back a 3 % tax on large firms' digital turnover, in the face of opposition from low-tax countries.

<https://www.thedailystar.net/business/europe-united-against-us-tariffs-france-1602109>

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