

## Stock Market

### Stocks advance for 4th day on govt stimulus

New Age, April 10, 2018

- Dhaka stocks on Monday extended the gaining streak to fourth sessions with rising turnover as investors kept buying shares following the government's steps to increase money flow to the financial market.
- The key index of Dhaka Stock Exchange, DSEX, added 0.23 %, or 14.03 points, to close at 5,879.41 points on Monday.
- The DSEX gained 90 points in the last four trading sessions.
- Market operators said that despite some profit taking moves on Monday.
- The government measures to beef up the fund crisis included a cut in cash reserve ratio of banks and repo rate and increase in limit of funds that the state-owned agencies can deposit with the private banks.
- After the government declarations on March 28, the DSEX gained 390 points within just seven trading days with the increased participations of the investors.
- The turnover at the bourse advanced further to BDT 691.52 crore on Monday compared with that of BDT 622.05 crore in the previous session.
- Monday's turnover was the highest after November, 28 last year when it was BDT 813.20 crore.

<http://www.newagebd.net/article/38702/stocks-advance-for-4th-day-on-govt-stimulus>

### DSE not required to pay for licensing

The Financial Express, April 10, 2018

- The technical offer of Chinese consortium includes 10-year licensing for use of SZSE (Shenzhen Stock Exchange) trading system application software by Dhaka Stock Exchange (DSE).
- The cost of such trading system improvement service will stand at \$9.0 Mn, out of a total offer worth \$37 Mn.
- DSE will not be required to pay for total offer of Chinese consortium, according to market insiders.
- The free Chinese technical offer needs DSE shareholders' approval and the prime bourse will seek the endorsement in its extra-ordinary general meeting (EGM) to be held on April 30 next.
- DSE will also seek its shareholders' approval of selling exchange's 25 % shares to the Chinese consortium comprising of Shenzhen Stock Exchange and Shanghai Stock Exchange at BDT 22 each.
- The consortium will also provide consulting services for development of latest version of trading system on the DSE.
- The DSE will also be offered 10-year licensing for use of SZSE surveillance system application software including e-mail and telephone-based support services worth \$6.5 Mn.

<https://thefinancialexpress.com.bd/stock/dse-not-required-to-pay-for-licensing-1523331012>

## Economy

### **BB extends ADR adjustment time to next March**

New Age, April 10, 2018

- The Bangladesh Bank on Monday extended the deadline by three more months for banks to adjust their advance-deposit ratio in line with the new rate set by the central bank.
- According to the circular, the banks, having ADR above the BB allowed limit, will have to submit an action plan to the central bank within March next year and will have to report on a monthly basis about the progress of implementing the directive.
- The central bank in January asked all the traditional banks to cut down ADR by 1.5 % point to 83.5 % from 85 %, while shariah-based banks were asked to bring down the investment-deposit ratio to 89 % from 90 %.
- Following a sudden increase in interest rate on deposit along with rapid fall in share prices in the capital market after the BB instruction to adjust ADR, the central bank on February 20 extended the time to adjust the ADR by six months to December 31, 2018.
- All the banks were also asked to comply with the asset-liability management guidelines in issuing new loans and loan commitments that the entities have already made.
- Any sort of reluctance or deviation by the banks to comply with the guidelines would be treated as violation of the BB directive by the entities' top management.

<http://www.newagebd.net/article/38699/bb-extends-adr-adjustment-time-to-next-march>

### **WB doubts 7.65pc GDP growth estimate**

The Daily Star, April 10, 2018

- The World Bank yesterday questioned the 7.65 % economic growth estimate being peddled by the Bangladesh Bureau of Statistics for fiscal 2017-18, raising doubts over claims of robust expansion of the manufacturing sector and domestic demand.
- The manufacturing sector is growing faster than last year.
- The private investment has remained almost stagnant.
- The WB also raised doubts over the estimate of 7-8 % growth of domestic demand.
- While the remittance inflows have recovered, the level of remittance still remains 2.7 % less than in the July-March period of fiscal 2015-16.
- Last week, the BBS said the economy is on course for a 7.65 % growth, driven by double-digit growth in manufacturing and construction sectors.
- This is the third consecutive year that the economic growth was above 7 % after years of languishing in the neighbourhood of 6 %.

<https://www.thedailystar.net/business/banking/wb-doubts-765pc-gdp-growth-estimate-1560541>

## **Budget to 'rationalise' rate, cut layers**

The Financial Express, April 10, 2018

- The budget for the upcoming fiscal year, 2018-19, would explore ways for 'rationalising' the existing corporate tax rate in the country, Finance Minister A M A Muhith said in the capital on Monday.
- "The current corporate tax rate in Bangladesh is quite high, and there are many layers depending on types (of the corporate entities)," he said after a pre-budget meeting with the editors of top newspapers.
- The meeting also decided that the government would think of imposing tax on advertisements provided on Facebook and Google (from the country), he added.
- In addition, the meeting also decided to reduce the existing tax and VAT (value added tax) on newsprint and to introduce landing fee on Indian channels aired in Bangladesh.

<https://thefinancialexpress.com.bd/economy/bangladesh/budget-to-rationalise-rate-cut-layers-1523333876>

## **Impose additional taxes on cash dividends exceeding 200pc**

New Age, April 10, 2018

- The Institute of Cost and Management Accountants of Bangladesh on Monday proposed that the National Board of Revenue should impose additional taxes on cash dividends exceeding 200 % by the companies with a view to check capital flight in the form of dividends.
- At present, many of the multinational companies declare cash dividends ranging from 300-750 %, resulting in capital flight from the country.
- NBR chairman Md Mosharraf Hossain Bhuiyan presided over the discussion where its members Md Firoz Shah Alam and Md Rezaul Hasan, among others, were present.
- Mahbub Ul Alam suggested that the NBR should impose an additional 50 % tax if any company announce more than 200 % cash dividend.
- ICMA also proposed to include tax gap between listed and non-listed banks, insurance companies and financial institutions to 5 % from existing 2.5 % with a view to encouraging enlistment of those entities with the stock exchanges.
- Dhaka Taxes Bar Association president Md Abdul Matin said that the government should ensure services for the citizens with a view to encouraging taxpayers along with ensuring suitable use of their money.

<http://www.newagebd.net/article/38701/impose-additional-taxes-on-cash-dividends-exceeding-200pc>

## International

### **Unfazed by Volatility, Goldman Stays Bullish on Asian Equities**

Bloomberg, April 10, 2018

- Goldman Sachs Group Inc. strategists led by Timothy Moe have brushed off equity market volatility and are sticking with their bullish call on Asian stocks.
- A volatile first quarter, trade war between the U.S. and China and rising interest rates haven't shaken their investment thesis for Asian equities, according to an April 9 report published by Moe and his team.
- Goldman's group of market watchers reaffirmed their overweight call on Asia excluding Japanese equities and raised the 12-month estimate for the MSCI Asia Pacific Ex-Japan Index to 640 from 630, citing an improvement in earnings growth in the region and two potential catalysts from China.
- "Asian fundamentals are solid as macro and earnings growth remain robust and valuations are inexpensive," the strategists said. Trade policy and rate concerns don't warrant a change in the firm's view unless there's a significant escalation in restrictions and any trade-related weakness is a buying opportunity, they added.

<https://www.bloomberg.com/news/articles/2018-04-10/unfazed-by-volatility-goldman-stays-bullish-on-asian-equities>

### **Stocks rally as Xi calms jitters over U.S.-China trade row**

Reuters, April 10, 2018

- U.S stock futures rallied, Asian equities bounced and the safe haven yen fell on Tuesday as Chinese President Xi Jinping promised to lower import tariffs on products including cars, helping soothe investor jitters over an escalating U.S.-China trade row.
- Xi, speaking at the Boao Forum for Asia in Hainan province, said that China will take measures to sharply widen market access for foreign investors, raise the foreign ownership limit in the automobile sector and protect intellectual property of foreign firms.
- Xi's comments prompted a rapid and largely positive reaction in financial markets, which have been rattled over the past week on fears the tit-for-tat U.S.-China tariffs will explode into a full-scale trade war in a blow to global growth.

<https://www.reuters.com/article/us-global-markets/stocks-rally-as-xi-calms-jitters-over-u-s-china-trade-row-idUSKBN1HH05I>

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