


Stock Market

MFs see investors' increased participation

The Financial Express, July 11, 2019

- Listed mutual funds have been witnessing investors' increased participations amid the continuous price corrections witnessed by other major sectors. The market opened the Tuesday's session with a negative note and the broad index of the Dhaka Stock Exchange (DSE) continued the declining trend for an hour.
- The shariah based index DSES declined 0.71 % or 8.72 points to close at 1207.49 points. The DS30 index comprising blue chip securities went down by 0.56 % or 10.64 points to close at 1875.52 points.
- Of the large cap companies, the share price of the Grameenphone declined playing a role behind the decline of the broad index.
- Of total issues traded, 86 advanced, 242 declined and 24 were unchanged on the premier bourse DSE. The turnover stood at above BDT 5.12 bn which was 20.79 % higher than the turnover of the previous session. Of the sectors which advanced, mutual funds and financial institutions rose 5.1 % and 0.3 % respectively
- Following investors' increased participation, mutual fund sector grabbed 13.70 % of the market turnover followed by pharmaceuticals & chemicals 13.60 %, general insurance 12.90 %, engineering 12.4 %, and textile 10.20 %.
- Peoples Leasing and Financial Services was the worst loser after declining 10 % or BDT 0.40 to close at BDT 3.60 each.



Weekly Mutual Fund Review

Trading at 36.8% Discount

07-Jul-19

Closed End Fund Statistics

Total Return Spectrum (with Dividend)											
Fund Manager	# of Funds Under Management	Market Cap (BDT bn)	AUM (BDT bn)	YTD	1 Months	3 Months	6 Months	9 Months	1 Year	2 Year	Premium/Discount
RACE	10	15.7	32.0	2.2%	0.0%	-0.4%	-1.0%	3.5%	6.0%	4.0%	-51.0%
LR GLOBAL	6	6.9	9.7	2.5%	0.2%	-1.3%	0.3%	4.1%	4.1%	6.1%	-28.7%
ICB AMCL	9	5.3	6.0	2.6%	1.4%	-1.0%	-5.3%	2.8%	2.1%	na	-10.4%
AIMS	2	3.2	4.4	5.1%	1.4%	-1.5%	-0.3%	6.1%	6.3%	17.1%	-25.2%
VAML	2	2.0	2.7	-3.1%	2.4%	-2.1%	-7.2%	-0.6%	-2.0%	-6.1%	-25.7%
SEKL	3	2.0	2.4	na	na	na	na	na	na	na	-14.3%
VIPB	2	1.9	2.2	5.1%	3.0%	0.2%	0.7%	8.2%	7.8%	7.0%	-13.2%
CAPH	2	1.0	1.2	2.2%	2.1%	0.9%	-2.4%	2.9%	na	na	-15.8%
ASIAN TIGER	1	0.7	0.8	2.3%	2.8%	-1.1%	-2.3%	2.4%	4.0%	8.4%	-13.7%
MF Sector	37	38.8	61.3	3.6%	1.9%	0.5%	-0.2%	4.9%	6.1%	5.3%	-36.8%

AUM-Asset Under Management

Source: UCB Capital Management Ltd.

<http://thefinancialexpress.com.bd/stock/mfs-see-investors-increased-participation-1562733193>

Delisting of 14 non-performing cos

The Financial Express, July 11, 2019

- The country's premier bourse is yet to take its final decision regarding delisting of 14 non-performing companies as the securities regulator has not yet delivered its instruction.
- However, market observers opined delisting is not a solution when a company becomes non-functional as investors have already invested money. The regulator has many tools in hand to handle non-functional companies including management change, so that investors can get back the money, they invested.
- The Dhaka Stock Exchange (DSE) has reviewed the performances of the companies which violated the listing regulations by recommending no dividend in last five years.
- As per section 51 (1) (a) of the DSE Listing Regulations, 2015, any listed securities may be de-listed if the issuer has failed to declare dividend (cash/stock) for a period of five years from the date of declaration of last dividend or the date of listing with the Exchange.
- The prime bourse is also reviewing the performances of 14 companies in line with the section 51 (1) (c) of the listing regulations. As per this section, a company will be de-listed if the issuer has gone into liquidation

either voluntarily or under court order or has stopped its commercial operation/production/exploration for a period of consecutive three years.

- The companies which are being reviewed by the DSE as per section 51 (1) (c) are: Jute Spinners, Meghna Condensed Milk Industries, Meghna Pet Industries, ICB Islamic Bank, Dulamia Cotton Spinning Mills, Samata Leather Complex, Shyampur Sugar Mills, Zeal Bangla Sugar Mills, Imam Button Industries, Savar Refractories, Beximco Synthetics, Shinepukur Ceramics, Sonargaon Textiles, Beach Hatchery, ICB Islamic Bank, Dulamia Cotton and United Airways (BD).

<http://thefinancialexpress.com.bd/stock/delisting-of-14-non-performing-cos-1562733318>

FALLOUT OF PEOPLE'S LEASING LIQUIDATIO

Worries among 15 banks, NBFIs over BDT 850cr deposit

The Daily Star, July 11, 2019

- Some 15 banks and non-bank financial institutions (NBFI) that have BDT 850 crore stuck with People's Leasing Financial Services (PLFS) are on edge over the government's decision to liquidate the ailing NBFI as they stand to lose a large portion of the sums.
- Of the institutions, International Leasing and Financial Services (ILFS), another NBFI, alone has deposited BDT 227 crore in PLFS, which is more than its paid-up capital of BDT 211 crore. ILFS may be in serious trouble if it has to write off the sum.
- Four state-owned commercial banks also have huge deposits with PLFS. But given the dire position of PLFS, there is unlikely to be much to salvage from liquidation. For instance, in the first nine months of 2018 the NBFI's operating expenses stood at BDT 22.48 crore against the operating income of BDT 2.05 crore.
- PLFS's problems began in earnest in 2013-14, when some of its directors made off with more than BDT 1,000 crore by way of submitting fake documents, according to the central bank report. Meanwhile, the news of PLFS's liquidation has impacted the stocks of NBFIs, with the sector losing 1.8 %.
- As of May 31, retail investors held 68 % of the PLFS's stock, according to the Dhaka Stock Exchange. If PLFS's liquidation goes through -- which will be a first in Bangladesh's financial sector -- the general shareholders stand to lose about BDT 193.52 crore and institutional investors BDT 25.75 crore.

DEPOSITS OF BANKS AND NBFIs IN PEOPLE'S LEASING (As on Dec 31 of 2017)	
Bank/NBFI	Deposit (In crore taka)
International Leasing	227
Bangladesh Commerce Bank	140
Rupali Bank	120
Reliance Finance	61.6
BIFFL	55
Sonali	44
Premier	40
Janata	38
Agrani	37
Fareast Finance	28
UCB	25
IFIC	15
FAS Finance	10
NRB Commercial	5
BDBL	5

SOURCE: ANNUAL REPORT OF PEOPLE'S LEASING

<https://www.thedailystar.net/business/banking/news/worries-among-15-banks-nbfis-over-BDT-850cr-deposit-1769779>

BSEC may allow any firm with BDT 5cr paid up capital to become DSE TREC holder

New Age, July 11, 2019

- The Bangladesh Securities and Exchange Commission is going to propose that a firm having BDT 5 crore in paid up capital would be eligible for brokerage operation in the capital market, allowing financially-weak companies to be TREC holders of the stock exchanges.

- The regulator will soon seek public opinions on the matter after approving the recommendations of the committee. The eligibility criteria proposed by the body didn't focus on the financial health of a company except the paid-up capital requirement.
- There is no other specific requirement set in the rules for becoming a TREC holder. The proposal deals with insignificant issues of a company including credibility of the company's officials rather than the company's financial health.
- The requirement would ease competition and would depress the good companies including the foreign firms who have already expressed their interest to be DSE TREC holder.
- UK-based EFG Private Bank, CDF London, Black Rock and Aberdeen Asset Management, China-based CITIC CLSA Securities and USA-based Goldman Sachs Group have expressed their intention to get DSE brokerage licence.

<http://www.newagebd.net/article/78110/bsec-may-allow-any-firm-with-BDT-5cr-paid-up-capital-to-become-dse-trec-holder>

Economy

People's Leasing depositors to get back money: BB

The Financial Express, July 11, 2019

- The central bank said as a regulator it will not shoulder the responsibility of failure on the part of the People's Leasing and Financial Services Ltd (PLFSL), which is now facing liquidation.
- Director of the Bangladesh Bank (BB) Shah Alam told a press conference in the capital on Wednesday. Asked whether the leasing company could have been saved from winding up by appointing an administrator, and whether as a regulator BB has failed in this case, he answered in the negative.
- Mr Alam also said the depositors have nothing to be worried about getting back their money. The company has assets worth BDT 32.39 bn, while the amount of its total deposit is BDT 20.36 bn.

<http://thefinancialexpress.com.bd/economy/bangladesh/peoples-leasing-depositors-to-get-back-money-bb-1562817299>

3 economic zones get \$17.91b investment proposals

The Daily Star, July 11, 2019

- Businesses from home and abroad have come up with investment proposals worth \$17.91 bn in Mirsarai, Sreehatta and Moheshkhali economic zones, which are now under construction. Around \$5.78 bn will come as foreign direct investment from companies in China, South Korea, Japan, India, Singapore, the UK, Australia, Malaysia and the US.
- Over 60 local companies will invest the rest \$12.13 bn, according to data from Bangladesh Economic Zones Authority (Beza).
- BDT Group, Karmo Foam Industry, Mango Teleservices, BDCOM Online, Bashundhara Group, Siraj Cycle Industries Ltd, Abdul Monem Limited, Star Consortium and Ayesha Clothing Co Ltd are the major local investors.

- The domestic companies want to pour funds in pharmaceuticals and chemical, steel, textiles, garments, bicycle, automobile, tyre and tube, electronics and ceramic sectors. Among the foreign ones, the highest investment proposal worth \$2.83 bn came for the power sector from two Chinese companies.

<https://www.thedailystar.net/business/news/3-economic-zones-get-1791b-investment-proposals-1769770>

International

Aggressive US energy policy tests ties with European allies

New Age, July 11, 2019

- For the administration of president Donald Trump, a policy of 'energy dominance' means reducing dependence on imported oil and promoting exports to boost the national economy and Washington's political influence overseas.
- For many of America's European allies, however, it means unwelcome interference in its markets. The Trump administration has capitalised on a decade-long US drilling boom to pursue some of the most aggressive foreign energy policies in the nation's history.
- So far, that has meant sanctions on oil exports from OPEC-members Iran and Venezuela and threats against firms helping Russia build a natural gas pipeline into Europe. To fill the supply gap, Washington is promoting a rising wave of US crude oil and natural gas exports.
- The Trump administration has billed the moves as a way to achieve foreign policy goals, with the added benefit of helping both US energy producers expand their markets and American allies diversify their supplies.

<http://www.newagebd.net/article/78116/aggressive-us-energy-policy-tests-ties-with-european-allies>

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