

Stock Market

Stocks finish flat despite quick-fire start amid SK Trims debut hype

New Age, July 12, 2018

- Dhaka stocks on Wednesday ended almost flat despite a quickfire start as investors went for selling shares in late hours after the Dhaka Stock Exchange announced that SK Trims Industries would make its debut on the bourse on July 15. DSEX, the key index of the DSE, added 0.14 %, or 7.94 points, to close at 5,379.24 points after gaining 30 points in the previous trading session.
- Investors' frenzy over any newly listed company has been very high in recent years and so investors on Wednesday went for selling shares to free up funds following the DSE announcement over SK Trims, market operators said. For example, the share prices of Bashundhara Paper Mills that made its debut on the stock exchanges on July 2 soared by 73 % to BDT 130 each.
- The average share prices of non-bank financial institutions, bank and telecommunication advanced by 1.4 %, 1.3 % and 0.3 % respectively. On the other hand, the share prices of food, pharmaceuticals and cement dropped by 0.8 %, 0.2 % and 0.2 % respectively. Turnover on the bourse increased to BDT 1,115.29 crore compared with that of BDT 1,088.19 crore in the previous trading session, hitting a eight-month high.
- Wednesday's turnover was the highest after BDT 1,158.46 crore in November 20, 2017. Of the 339 companies and mutual funds traded, 153 advanced, 157 declined and 31 remained unchanged. DS30, the blue-chip index of the bourse, also gained 0.18 %, or 3.48 points, to close at 1,915.34 points. Shariah index DSES, however, lost 0.14 %, or 7.94 points, to finish at 1,266.99 points.
- Bashundhara Paper Mills led the turnover chart with its shares worth BDT 39.98 crore changing hands. Ratanpur Steel Re-Rolling Mills, Peninsula Chittagong, BBS Cables, Bangladesh Export Import Company, Legacy Footwear, United Power Generation and Distribution Company, Miracle Industries, Confidence Cement and BRAC Bank were the other turnover leaders. Queen South Textile Mills gained the most on the day with a 9.96-% increase in its share prices, while Aziz Pipes was the worst loser, shedding 8.43 %.

<http://www.newagebd.net/article/45788/stocks-finish-flat-despite-quickfire-start-amid-sk-trims-debut-hype>

ICB's investment capacity raised

The Daily Star, July 12, 2018

- The central bank will not consider the Investment Corporation of Bangladesh (ICB) as a single party borrower of banks in a bid to increase the financial institution's capacity to invest in the capital market. The move comes in line with the six-point recommendation made by Finance Minister AMA Muhith on June 18 to give a boost to the capital market. But the Bangladesh Bank did not implement the other five suggestions in the interest of the banking sector, a BB official told The Daily Star yesterday.
- In September last year, the central bank asked banks to follow the single borrower exposure limit while lending to the ICB. Any bank will be allowed to disburse loans up to a maximum of 15 % of its paid-up capital to a single borrower in line with the Bank Company Act 1991.
- But a number of banks invested huge amounts of funds in the ICB violating the act, which compelled the central bank to instruct banks to adjust their investment by June this year. The BB official said that a haphazard situation would be created in the banking sector if the central bank implemented the five other points. He also allowed banks to only include the portion of the loans given to subsidiaries that was used for share purchase as capital market exposure.

<https://www.thedailystar.net/business/icbs-investment-capacity-raised-1603924>

Economy

Muhith defends bankers' delay in lowering lending rate

New Age, July 12, 2018

- Finance minister AMA Muhith on Wednesday defended tentative bankers unable to bring down the lending rate to single digit from this month despite such a commitment by owners of the banks. It would take more time to implement the decision, he said while responding to a question about most banks' failure to comply with the government policy decision taken to foster private sector investment. Muhith was talking to reporters following meetings of cabinet committees on economic affairs and national purchases at the Secretariat. He noted that the target was a difficult one while the announcement was untimely.
- Experts warned that forceful implementation of the single digit lending rate would weaken the banks run by professionals called bankers. They noted that 57 banks' 700 directors, who took one-seventh of BDT 8,92,403 crore loans disbursed until May this year, had no legal rights to impose such a 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, would be another barrier to reducing the lending rate, they said.
- Parent company and overseas subsidiary company have to submit audited financial statements, including important documents, to the National Board of Revenue and to the Bangladesh Bank to ensure monitoring on overseas investment regularly, according to the guidelines. As per a provision included in the guidelines, the report on business environment will have to be submitted to the central bank and also to the foreign affairs ministry with the aim of bargaining with foreign governments and exploring possibilities of fresh investment and trade facilities and brightening the image of the country as well.
- The guidelines were prepared at a time when the government allowed in October local industrial conglomerate Akij Group to send USD20 mn to acquire a Malaysian company after the cabinet committee on economic affairs decided, in principle, to allow equity investments abroad by Bangladeshi nationals. Apparel maker Ha-Meem Group and automobile assembler Nitol-Niloy Group also sought permission to make equity investments abroad. But both the proposals were yet to receive green signal from the government.

Bangladesh leading global push to get transitional benefits

The Financial Express, July 12, 2018

- Bangladesh is leading a global push for getting the LDC-related benefits for the nations that are set to graduate to a developing country status in the coming years. The country is set to co-host an international event on "Supporting Smooth Transition of the LDCs towards a Sustainable Graduation" during the 'High Level Political Forum' that is now taking place in New York. The event, which is expected to bring representatives from all 47 least developed countries (LDCs) from around the world, is expected to focus on challenges faced by the LDCs during and after their graduation phase.
- The New York event comes just months after Bangladesh fulfilled the criteria for LDC graduation for the first time during the latest triennial review of the UN's Committee for Development Policy. Apart from Bangladesh, Lao PDR and Myanmar also met the graduation criteria for the first time during that same review. In addition, four countries, namely, Bhutan, Kiribati, Sa~o Tome' and Principe and Solomon Islands, were recommended for graduation. To date, five countries have formally graduated from the LDC status while 12 others are at different stages of graduation.
- There are some concerns, however, that graduating from LDC status may give rise to potentially important economic costs for such countries. Bangladesh, at the current pace, is expected to graduate from the LDC status by 2024.

Currently, the country enjoys a 12 % preference margin for its apparel industry under the European Union's Everything but Arms (EBA) Initiative, which gives it a substantial price advantage.

- It has been noted that as Bangladesh is expected to graduate concurrently from both the UN and the World Bank (WB) classifications, options for concessional financing will also dry up. Apart from the LDC graduation meeting, Bangladesh would co-host another event on "Enhancing the Global Partnership for Sustainable Development" on 17th. The roundtable dialogue would be organised by Asia Pacific Development Effectiveness Facility (APDEF) -- of which, Bangladesh is currently the chair. A study conducted by the Planning Commission, said Bangladesh would require additional financing of USUSD 928 bn to implement the UN-mandated SDGs by 2030.

<http://thefinancialexpress.com.bd/economy/bangladesh/bangladesh-leading-global-push-to-get-transitional-benefits-1531282899>

International

Gulf markets edge down at opening

The Financial Express, July 12, 2018

- Gulf markets opened lower on Wednesday as financials weighed on Abu Dhabi and Saudi Arabian shares, while Qatar and Dubai were slightly down. Abu Dhabi's index was down 0.5 %, pulled down by a 0.4 % drop in First Abu Dhabi Bank (FAB) and a 0.6 % decline in Emirates Telecom (Etisalat). Saudi Arabia shares index were down 0.3 % with Samba Financial Group falling 1.7 % and National Commercial Bank shedding 0.8 %, reports Reuters.
- Jarir Marketing was up 2.3 % on the Saudi bourse after reporting an estimated 10 % increase in second quarter profit. In Dubai, the index was down 0.1 % with major developers Emaar Properties falling 1.0 % and DAMAC Properties 0.9 % lower. The Dubai real estate sector has been a drag on the exchange this year with analysts expecting weak property values to fall further on excess supply.

<http://thefinancialexpress.com.bd/stock/gulf-markets-edge-down-at-opening-1531304118>

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