

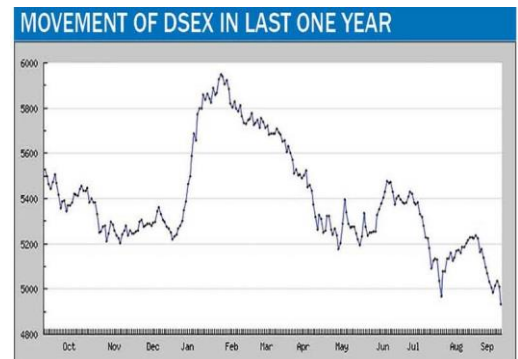
Stock Market

Stocks plunge on govt move to divert SoE funds

Key index hits 32-month low on panic selling

New Age, September 12, 2019

- Dhaka stocks plummeted on Wednesday with the key index hitting a 32-month low as panic-stricken investors continued selling shares as liquidity concerns were ignited amid the government's move to divert state-owned corporations' funds to the exchequer.
- DSEX, the prime index of the Dhaka Stock Exchange, plunged by 1.51 %, or 75.78 points, to close at 4,933.17 points on Wednesday after losing 24.83 points in the previous session. The DSEX hit a 32-month low after December 21, 2016 when the index was at 4,924.33 points. The index lost 303 points in last 13 trading sessions with just three positive sessions.
- The continued plunge wiped off BDT 18,746 crore in last 13 sessions and BDT 51,887 crore in last seven months of the market capitalisation. The foreign investors have also been taking out investments in recent months. The investors withdrew around BDT 619 crore in last six months (March-August) from the Bangladesh capital market.
- Despite the bearish sentiment at the market, the share prices of Monno Jute Stafflers continued soaring since July 22 and reached BDT 2,032.5 per share on Wednesday from BDT 688 per share. The share prices of the low-profile company witnessed a fall only in five sessions in the period.
- Out of the 352 scrips traded on Wednesday, 288 declined, 37 advanced and 28 remained unchanged. Turnover on the bourse increased to BDT 502.42 crore on Wednesday from BDT 407.03 crore in the previous session. DS30, the blue-chip index of the DSE, slumped by 1.24 %, or 21.92 points, to close at 1,736.18 points. DSE Shariah index DSES shed 1.19 %, or 14.01 points, to close at 1,155.49 points.
- National Tubes led the turnover chart with its shares worth BDT 26.88 crore changing hands. National Tubes gained the most on the day with a 9.93-% increase in its share prices while ML Dyeing was the worst loser, shedding 9.56 %.



<http://www.newagebd.net/article/84218/stocks-plunge-on-govt-move-to-divert-soe-funds>

PLFS's stock trading suspension continues

The Daily Star, September 12, 2019

- Trading of shares of the People's Leasing and Financial Services (PLFS), which is under process of liquidation, will be suspended for another 15 days starting from today. This is the third time the Dhaka Stock Exchange (DSE) is extending the suspension.

- Yesterday, the premier bourse informed investors about its latest decision. In July, the government directed the central bank to liquidate the non-bank financial institution due to deterioration of its financial health in the last couple of years.
- In mid-July, the DSE suspended the trading in line with a Bangladesh Bank's liquidation decision. As of May 31, retail investors held 68 % of the NBF's stock. The non-bank's problems came to the surface 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 a central bank inspection report.
- In 2015, the central bank removed five directors for their involvement in the financial scandal. But it was not enough. Since then the non-bank has been on a downward spiral. For instance, in the first nine months of last year the PLFS's operating expenses stood at BDT 22.48 crore against operating income of BDT 2.05 crore.

<https://www.thedailystar.net/business/news/plfss-stock-trading-suspension-continues-1798741>

Economy

PM opens Community Bank

The new bank owned by Police Welfare Trust vows to reach rural areas with digital banking booths

The Daily Star, September 12, 2019

- Community Bank Bangladesh yesterday began its journey with a view to reaching out the growth centres across the country. Prime Minister Sheikh Hasina opened the bank, owned by Bangladesh Police Welfare Trust, through a video conference from her official residence Gono Bhaban.
- The bank commenced the business operation of its branch in Gulshan. Five more branches will be set up within a month and a half. Along with Gono Bhaban, the inaugural session of the new lender took place at the Rajarbagh Police Line auditorium and the Gulshan branch in tandem.
- Since the inception, the bank has been following the central bank's rules and regulations in order to ensure corporate governance, according to a press release issued by the bank. It has appointed independent directors as well.
- The bank got its approval from the central bank in November last year to roll out the operations with a paid-up capital of BDT 400 crore. With Community Bank Bangladesh Ltd, the number of the country's total scheduled banks reaches 59.

<https://www.thedailystar.net/business/banking/news/pm-opens-community-bank-1798753>

Banks asked to deduct 5pc source tax on saving tools up to BDT 5 lakh

New Age, September 12, 2019

- Bangladesh Bank on Wednesday asked all scheduled banks operating in the country to take necessary steps on deduction of source tax at the rate of 5 % on interest income from investment on savings instruments worth up to BDT 5 lakh with effect from August 28.

- The National Board of Revenue on August 28 issued a gazette notification slashing the tax from 10 % imposed in the budget for the current fiscal year 2019-2020.
- The central bank, in an instruction to managing directors and chief executive officers of all scheduled banks in the country, informed the decision of the revenue board and asked them to take measures in line with the decision of the NBR.
- According to the NBR gazette notification, small investors whose investment will not exceed BDT 5 lakh will enjoy the reduced rate of source tax on income from investment irrespective of the time of making investment. The benefit will not be applicable if investment exceeds BDT 5 lakh and, in case of that, 10 % tax will be applicable to the total investment.

<http://www.newagebd.net/article/84220/banks-asked-to-deduct-5pc-source-tax-on-saving-tools-up-to-BDT-5-lakh>

BB to give banks euro loans from reserves

The Daily Star, September 12, 2019

- Bangladesh Bank is set to give loans to local banks' offshore banking units (OBU) to offset the negative returns that it now gets for its liquid euro assets -- a move that can be viewed as making the best out of a bad situation.
- Interest rates went negative in the eurozone in June 2014 and the European Central Bank is widely expected to lower the negative interest rates even further today. At present, the Euro Interbank Offered Rate (Euribor) ranges from -0.358 % to -0.452 %.
- Meanwhile, OBUs of domestic banks have borrowed from banks in the eurozone at 2-5 % interest rate, and the interest payments are counted as outflows of foreign exchange from Bangladesh. As of June, €412 million has been borrowed by local banks' OBUs from the eurozone, according to data from the Bangladesh Bank.
- Subsequently, directors of the BB have decided to lend to the local banks' OBUs from the portion of its reserves it would invest in Euribor-linked products. Official reserve assets normally consist of liquid or easily marketable foreign currency assets that are under the effective control of, and readily available to, the monetary authority.
- Given that the BB intervenes in the foreign exchange market to keep the exchange rate relatively stable against the US dollar, assessment by the International Monetary Fund suggests an adequacy ranging from 3 to 8.8 months of imports given the country-specific characteristics of Bangladesh.

<https://www.thedailystar.net/business/banking/bangladesh-bank-give-banks-euro-loans-reserves-1798756>

International

China removes several US products from tariffs list

The Daily Star, September 12, 2019

- China on Wednesday said it would spare a number of US products from punitive tariffs in what is seen as an olive branch by Beijing in the protracted trade war ahead of high-level talks next month.
- However, the goods do not include big-ticket agricultural items that could be crucial to the ultimate success of any agreement between the two sides, whose stand-off is dragging on the global economy.
- The exemptions will become effective on September 17 and be valid for a year, according to the Customs Tariff Commission of the State Council, which released two lists that include seafood products and anti-cancer drugs.
- The lists mark the first time Beijing has announced products to be excluded from tariffs. Other categories that will become exempt include alfalfa pellets, fish feed, medical linear accelerators and mould release agents, while the commission said it was also considering further exemptions.
- Trade negotiators have said they will meet in Washington in early October, raising hopes for an easing of tensions between the world's two biggest economies. Both sides imposed fresh tit-for-tat tariffs on September 1 in the latest round of levies, which now cover goods worth hundreds of billions of dollars.
- In a sign of the pressure being felt by China, the central People's Bank of China said on Friday it would cut the amount of cash lenders must keep in reserve, allowing for an estimated \$126 billion in additional loans to businesses. China's economy grew 6.2 % on-year in the second quarter, the lowest rate in nearly three decades.

<https://www.thedailystar.net/business/news/china-removes-several-us-products-tariffs-list-1798693>

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