

Stock Market

DSEX hits three-year low

'Short-term steps fail to heal the market'

The Financial Express, October 11, 2019

- The Dhaka Stock Exchange (DSE) broad index - DSEX - closed lower on Thursday, hitting around three-year low, amid continuous selling pressure. The market observed correction in all sessions, and settled at 4,810.21 points on the day, the lowest mark since November 30, 2016.
- Experts blamed lack of quality IPOs (initial public offerings) as well as absence of coordination among the regulators concerned, among others, behind the continuous fall of the index. The losers took the lead over the gainers on the premier bourse in all four sessions of the week.
- On Thursday, out of the 353 issues traded, 271 issues declined, 59 issues advanced, and 23 issues remained unchanged. Only the jute sector, comprising small cap securities, witnessed price appreciation. Other sectors, having a notable impact on the index, declined moderately.
- Following investors' flat participation, the turnover value has also failed to cross BDT 4.0-bn mark since June 30. On the day, the turnover stood at above BDT 3.27 bn, which was 2.15 % higher than that of the previous session.
- On Thursday, the shariah-based index - DSES - also lost 1.11 % or 12.49 points to close at 1,111.36 points. The DS30 index, comprising blue chip securities, declined 1.18 % or 20.36 points to close at 1,704.54 points.
- The large cap securities, such as Grameenphone, British American Tobacco Bangladesh Company (BATBC) and United Power Generation & Distribution Company, have played the major role behind the correction in last few sessions. Investors' participation in banking sector, which once dominated the turnover board, has also been insignificant for a long time.

<http://thefinancialexpress.com.bd/stock/dsex-hits-three-year-low-1570768102>

BSEC to issue registration to IDLC Venture Capital Fund

The Financial Express, October 13, 2019

- The securities regulator has decided to issue registration to the IDLC Venture Capital Fund, an alternative investment fund. The decision came at a meeting of the Bangladesh Securities and Exchange Commission (BSEC) held at the office on Thursday.
- As per the BSEC decision, the size of the IDLC Venture Capital Fund will be BDT 450 mn and its tenure will be seven years. The fund will invest mainly in areas such as fintech, entertainment and lifestyle, enterprise solutions, travel and logistics, core technologies, education tech, food-tech and agri-tech and internet devices.
- The IDLC Finance is the sponsor of the fund while IDLC Asset Management and Green Delta Insurance Company will act as the fund manager and the trustee respectively. At the Thursday's meeting, the securities regulator also instructed the Mirror Financial Management, a DSE TREC holder, to start transactions in its dealer account by November 14.

- As per the securities rules, the TREC holders having dealer licences are required to conduct a certain amount of transactions in the dealer accounts.

<http://thefinancialexpress.com.bd/stock/bsec-to-issue-registration-to-idlc-venture-capital-fund-1570768441>

BSEC cautions three stock brokers

The Daily Star, October 11, 2019

- The stock market regulator has cautioned three stock brokers over breach of securities law. Md Fakhrul Islam Securities Ltd failed to deposit an investor's money into his account while United Enterprises and Company delayed submitting its yearly financial audit report of 2017 to the regulator.
- The third, EC Securities Limited, reappointed its managing director without taking the BSEC's approval.

<https://www.thedailystar.net/business/news/bsec-cautions-three-stock-brokers-1812142>

DBH 1st Mutual Fund conversion

The Financial Express, October 13, 2019

- The securities regulator has asked the trustee of DBH 1st Mutual Fund to convene a meeting of the unit holders in line with the rules. The Bangladesh Securities and Exchange Commission (BSEC) gave the order after the Bangladesh General Insurance Company sought guidance from the regulator.
- On September 24, the trustee sought the advice from the Commission to hold the meeting to take decision on the conversion of the fund. The unit holders have 78.42 % stake in the fund. LR Global Bangladesh Asset Management Company, the asset manager of the fund, had earlier extended the fund's tenure for another 10 years.
- The unit holders balked at the decision of LR Global and wrote to the trustee for the conversion. Against this backdrop, the BGIC pushed for the unit holders' meeting.

<http://thefinancialexpress.com.bd/stock/dbh-1st-mutual-fund-conversion-1570853956>

BSEC may create database of bond defaulters

The Financial Express, October 13, 2019

- The Bangladesh Securities and Exchange Commission may create a database of defaulters of bonds and debentures and would give banks and non-bank financial institutions access to the database so that they could bar the defaulters from receiving loans from them.
- The BB's recommendation came after a committee formed over long-term financing and capital market development at a meeting on September 19 came up with a proposal that the central bank should include defaulters of bonds and debentures in its CIB database.
- The committee found that the defaulters were getting bank loans without facing any question and suggested that the central bank should address the issue. According to the definition of credit information mentioned

in the order, information regarding bond, debenture or other investment materials cannot be included in the CIB database.

- When a company issues bonds, related law obliges it to make regular interest payments to bondholders and repay their principal investments once the bonds mature. If a company fails to maintain the obligations, whether it is in the form of a missed interest payment or a missed principal payment, the company will be considered a bond defaulter.
- Maintaining the obligations is especially important when someone buys long-term bonds with far-off maturity dates, as a lot can happen to an issuer's finances over time. The capital market development committee made a set of 18 recommendations and seven of them were related to the central bank.

<http://www.newagebd.net/article/87487/bsec-may-create-database-of-bond-defaulters>

MNCs not spared from bearish onslaught

The Financial Express, October 13, 2019

- Most of the listed multinational companies (MNCs) lost share prices ranging between 1.0 % and 5.4 % in last week amid the price correction witnessed by most of the local companies. The Dhaka Stock Exchange (DSE) continued declining trend in all sessions executed in last week following investors' panic sales.
- As a result, the DSE broad index DSEX witnessed moderate correction and hit 35-month low. The impact of the declining market trend was also reflected in the prices of the shares of listed MNCs. Of the listed MNCs, Heidelberg Cement Bangladesh witnessed the highest price correction on the premier bourse DSE.
- The company's share price declined 5.4 % in four sessions to close at BDT 196.40 each. The share price of RAK Ceramics (Bangladesh) declined 3.9 % to close at BDT 29.60 each. Grameenphone declined 3.5 % to close at BDT 333 each. The share price of British American Tobacco Bangladesh Company (BATBC) declined 2.9 % to close at BDT 1108.3 each.
- Of other MNCs, the share price of LafargeHolcim Bangladesh declined 3.6 %, Linde Bangladesh 2.7 %, Reckitt Benckiser (Bd.) 2.0 %, Bata Shoe Company (Bangladesh) 1.9 %, Berger Paints Bangladesh 1.0 % and Singer Bangladesh 1.0 %. Two MNCs, however, witnessed price appreciation in last week on the premier bourse DSE.
- The companies are GlaxoSmithKline(GSK) Bangladesh and Marico Bangladesh. The share price of GlaxoSmithKline(GSK) Bangladesh rose 1.3 % to close at BDT 1674 each. On the other hand, the share price of Marico Bangladesh closed at BDT 1742.30 each with a rise of 0.4 % in last week.
- Of the MNCs, Grameenphone and British American Tobacco Bangladesh Company have notable impact on index movement due to their large market capitalisation. These two companies and other local large cap ones played a pivotal role behind the correction observed in market capitalisation in last week.

<http://thefinancialexpress.com.bd/stock/mncs-not-spared-from-bearish-onslaught-1570939455>

Economy

BB makes existing beneficiary apparel makers ineligible for 1% cash incentive

Dhaka Tribune, October 10, 2019

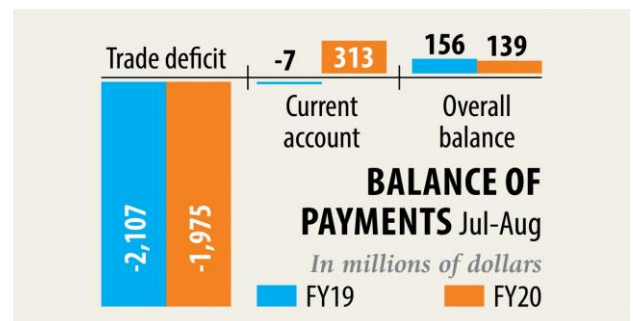
- Small and medium apparel industries currently enjoying the 4% incentive would also become ineligible for the latest government handout. Bangladesh Bank on Thursday restricted the 1% cash incentive facility offered in the current budget for apparel makers, making the existing beneficiaries ineligible for the new handout.
- The central bank in a guideline attached a string of conditions to become eligible for the 1% cash incentive. If any apparel exporter avails the current 4% cash incentives instead of for not availing bonded warehouse facility and duty drawback would be barred from the 1% cash incentive, the BB circular said.
- Besides, apparel exporters getting the current 4% cash incentive against their shipment in countries beyond the US, Canada and the European Union will also be ineligible for the privilege. Selected exporters now enjoying the 2% incentive for exporting in the euro zone, have also been barred for the 1% incentive facility, the guidelines elaborated.
- However, local apparel exporting companies at export processing zones and economic zones will be entitled to avail the incentive against their exports in the EU, the US and Canada, the guidelines adds. The BB circular said that the exporters must ensure at least 30% local value addition to become eligible for the facility.
- The BB said the products manufactured in own factories of the exporter would only be entitled for 1% special cash incentive on net price of freight on board. In the budget for fiscal year 2019-20, the government offered the 1% cash incentive against export of apparel goods, and allocated BDT2,825 crore on the head.

<https://www.dhakatribune.com/business/banks/2019/10/10/bb-makes-existing-beneficiary-apparel-makers-ineligible-for-1-cash-incentive>

Trade deficit narrows on falling imports

The Daily Star, October 13, 2019

- Trade deficit narrowed slightly in the first two months of the fiscal year, helped by a decrease in both imports and exports in a sign that the country's overall business is facing sluggishness.
- Between July and August, trade deficit, a situation when imports exceed exports, stood at \$1.97 bn, down 6.24 % year-on-year, according to data from the central bank. Imports stood at \$8.62 bn, down 2.30 % year-on-year and merchandise exports slipped 1.06 % to \$6.64 bn.
- The decreasing trend of import and export is not a good indication for any economy, but Bangladesh is facing such a bad state of affairs, said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.



- The import growth would have declined more if the import payments for petroleum products had not increased significantly. Imports of crude petroleum rose 137 % year-on-year to \$151 mn. But the import of capital machinery fell 24.42 % year-on-year to \$760 mn.

<https://www.thedailystar.net/business/news/trade-deficit-narrows-falling-imports-1812196>

96pc Samsung sets assembled locally

No import from March

The Daily Star, October 13, 2019

- No Samsung mobile handsets will be imported to Bangladesh after March next year as its local plant is capable of meeting the domestic demand entirely. The plant in Narsingdi is currently assembling products that account for 96 % of Samsung's smartphone sales in the country.
- Samsung Bangladesh and its assembly partner Fair Electronics Ltd announced that the globally reputed mobile brand will start assembling its Galaxy-branded flagship products within next few months. Fair Electronics set up the mobile plant two years ago and began assembling a range of 4G smartphones in June last year.
- In the last one year, the plant has assembled about 15 lakh units of smartphones, with prices ranging from BDT 7,500 to BDT 40,000. Of the total mobile phones in use in Bangladesh, only 30 % are smartphones. Currently, Samsung is the top player in the smartphone segment in Bangladesh, with 31 % market share in terms of volume and 48 % share in terms of value.

AT A GLANCE

- Samsung's monthly assembling capacity 3 lakh units
- It assembled 15 lakh phones in the last one year
- 25 lakh to be assembled in the next one year
- It will stop importing from March next year
- Local plant will make motherboards from next year

<https://www.thedailystar.net/business/news/96pc-samsung-sets-assembled-locally-1813057>

International

US outlines phase 1 trade deal with China

Suspends October tariff hike

The Daily Star, October 13, 2019

- US President Donald Trump on Friday outlined the first phase of a deal to end a trade war with China and suspended a threatened tariff hike, but officials on both sides said much more work needed to be done before an accord could be agreed.
- The emerging deal, covering agriculture, currency and some aspects of intellectual property protections, would represent the biggest step by the two countries in 15 months to end a tariff tit-for-tat that has whipsawed financial markets and slowed global growth.

- With Chinese Vice Premier Liu He sitting across a desk from him in the Oval Office after two days of talks between negotiators, the president told reporters that the two sides were very close to ending their trade dispute.
- Trump, who is eager to show farmers in political swing states that he has their backs, lauded China for agreeing to buy as much as \$50 bn in agricultural products. But he left tariffs on hundreds of bns of dollars of Chinese products in place.

<https://www.thedailystar.net/business/news/us-outlines-phase-1-trade-deal-china-1813045>

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