

Stock Market

Dhaka stocks fall on profit taking

New Age, November 13, 2018

- Dhaka stocks dropped on Monday after a three-day rise as investors went for selling shares to book some profits in cautious trading amid political worries ahead of the 11th general elections. DSEX, the key index of Dhaka Stock Exchange, lost 0.75 %, or 39.91 points, to close at 5,239.06 points on Monday after gaining 74.6 points in the previous three sessions.
- The average share prices of all the large capitalised sectors declined on Monday. The share prices of energy, telecommunication, non-bank financial institution and bank dropped by 1.1 %, 1.0 %, 0.4 % and 0.2 % respectively.
- The share prices of textile, cement and pharmaceutical sectors also declined on the day. The share prices of Kattali Textile soared by 146 % to close at BDT 24.40 a share on its debut day on Monday. The turnover on DSE dropped to BDT 518.42 crore on Monday compared with that of BDT 527.44 crore in the previous trading session.
- Of the 336 companies and mutual funds traded on Monday, 203 declined, 96 advanced and 36 remained unchanged. DS30, the blue-chip index of DSE, also shed 0.68 %, or 12.84 points, to close at 1,855.45 points. Shariah index DSES dipped by 1.06 %, or 12.93 points, to finish at 1,202.48 points.
- SK Trims and Industries led the turnover chart with its shares worth BDT 27.26 crore changing hands. Kattali Textile, Khulna Power Company, Square Pharmaceuticals, Intech Limited, Bangladesh Export Import Company, Peninsula Chittagong, BBS Cables, Shasha Denims and Ifad Autos were the other turnover leaders.

<http://www.newagebd.net/article/55884/dhaka-stocks-fall-on-profit-taking>

BSEC grills Commerce Bank Securities top brass over share 'price rigging'

Prices of Monno Jute cross BDT 5,200

New Age, November 13, 2018

- Bangladesh Securities and Exchange Commission on Monday grilled top brass of Commerce Bank Securities and Investment, a brokerage firm, over allegation of price rigging of shares of seven listed companies. BSEC found that Commerce Bank Securities conducted in favour of its clients and related parties a number of unusual transactions involving securities of Monno Ceramics, Monno Jute Stafflers, Legacy Footwear, BD Autocars, Queen South Textile Mills, Alif Industries and Eastern Lubricants.
- The share prices of Monno Jute Stafflers soared by 5 % to BDT 5,234.4 on Monday, reflecting the failure of BSEC's moves to check the abnormal surge in the company's share prices. BSEC on August 16 suspended trading of the shares of Monno Jute Stafflers, BD Autocars and Legacy Footwear following unusual and astronomical hike in the prices of their shares.
- The share prices of Monno Stafflers shot by BDT 600 after lifting the suspension order on October 17 despite the company's shares being traded at the spot market. BD Auto and Legacy have also been trading at the spot market. The share prices of most of the seven companies remained high in recent months despite BSEC's several initiatives to rein in the abnormal surges.

<http://www.newagebd.net/article/55879/bsec-grills-commerce-bank-securities-top-brass-over-share-price-rigging>

BOOK-BUILDING METHOD

BSEC at its wit's end over manipulation

The Daily Star, November 13, 2018

- The chairman of the stock market regulator yesterday expressed deep frustration on the book-building method as it has failed to get fair prices for the recently listed companies. Book-building is the process by which an underwriter attempts to determine the price to place a securities offering, such as an initial public offering, based on demand from institutional investors.
- Institutional investors quote a higher price in the bidding through a collusive discussion, said M Khairul Hossain, chairman of the Bangladesh Securities and Exchange Commission (BSEC). But, market analysts said the issue managers advise the institutional investors to bid high, so that they get a good profit in the first few days of trading.
- The Dhaka Stock Exchange (DSE) data shows the cut-off price of Aman Cotton was BDT 40, Bashundhara Paper Mills BDT 80, Aamra Networks BDT 39 and ACME Laboratories BDT 77. In the first few days of trading, Aman Cotton saw its price soar to BDT 83, which is 107.5 % higher than the cut-off price.
- Bashundhara Paper's share price touched BDT 181.60, which is 127 % higher than its cut-off price. Acme's share price hit BDT 120.8, which is 56.88 % more than the cut-off price. The share price of Aamra Networks shot up to BDT 144.50, which is 270.51 % higher than the cut-off price determined in the book-building process.
- Aman Cotton is now trading at BDT 47.80, Bashundhara Paper BDT 95.60, Aamra Networks BDT 59 and Acme Laboratories BDT 81.90, according to yesterday's DSE data.

<https://www.thedailystar.net/business/news/bsec-its-wits-end-over-manipulation-1659814>

Economy

10 more banks get BB notice on misleading forex rate info

Dollar's upward trend continues

The Financial Express, November 13, 2018

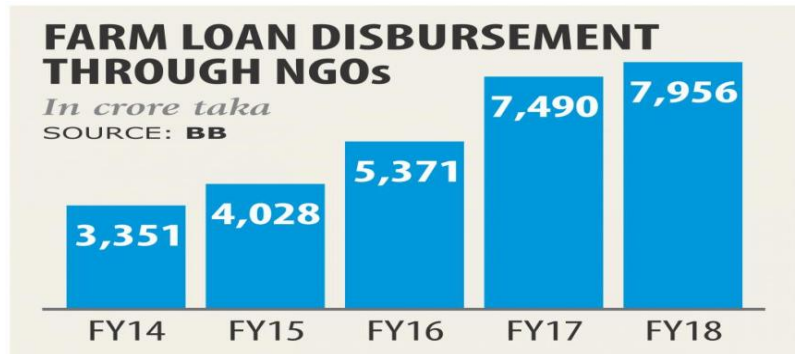
- The central bank issued show-cause notices to 10 more banks on Monday for allegedly providing misleading information about the foreign exchange rate, particularly for importers. The BB issued the show-cause notices based on the findings of its investigation conducted in the port city recently, the central banker explained.
- The central bank probe team found that the banks reported the BC (Bill for Collection) selling rate at BDT 83.85 to the central bank, although they sold the greenback to the importers at the rates ranging from BDT 84.00 to BDT 85.50. The banks include two foreign commercial banks, five fourth-generation banks, one state-owned commercial bank (SoCB), one third-generation bank and another first-generation bank.
- Earlier on October 28 last, the central bank issued show-cause notices to nine banks on the same grounds. The central bank is now scrutinising the responses by nine banks on their alleged attempts to mislead the BB with 'false information' about the foreign exchange rates offered particularly to the importers.
- In response to show-cause notices, the banks had clarified their positions on the allegations and sought exemption from the allegations, according to the BB officials. The US dollar was quoted at BDT 83.85 in the interbank foreign exchange market on Monday which remained unchanged from the previous level.

<http://thefinancialexpress.com.bd/trade/10-more-banks-get-bb-notice-on-misleading-forex-rate-info-1542081325>

Farmers deprived of low-interest loans

The Daily Star, November 13, 2018

- Farmers continue to face interest rate as high as 25 % for agriculture loans as many banks prefer to disburse them through non-government organisations that keep a cut for themselves. In the process, the central bank's intent to extend low-interest loans to farmers gets defeated.
- Considering agriculture as a priority sector, the central bank usually sets the interest rate on farm loans at 2-3 % rate less than the major credit products of lenders. If the loans are disbursed through bank branches, farmers can get them at 9 % interest rate.
- But when disbursed through NGOs and microfinance institutions, the rate goes up to 20-25 % as they take the funds from banks first at 9 percent interest and then give them out to farmers. Banks turn to NGOs and microfinance institutions for farm loan disbursement to lessen their supervisory- and recovery-related costs.
- The central bank earlier instructed lenders to distribute at least 30 % of their annual farm loan disbursement target through their respective branches, but a number of banks disregarded the rule. At least 26 banks disbursed more than 70 % of their farm loans last year through NGOs, but the central bank has not taken any punitive measures against them. In fiscal 2016-17, the number was 22.
- Banks have been achieving the disbursement quota in recent years but by outsourcing it to NGOs. In fiscal 2017-18, farm loan disbursement stood at BDT 21,394 crore, 37.19 % of which was given out through the NGO channel.



<https://www.thedailystar.net/business/news/farmers-deprived-low-interest-loans-1659817>

Polls spending to fuel inflation

The Daily Star, November 13, 2018

- Electoral expenditure will put pressure on inflation in the coming months, said experts at an event yesterday. Inflation stood at 5.43 % in September against the Bangladesh Bank's target of 5.8 %.
- Volatility in the foreign exchange market and the financial sector is one of the main challenges for the government, said Zahid Hussain, lead economist of the World Bank's Dhaka office. In theory, Bangladesh has a flexible interest rate and a flexible exchange rate system, but in reality these are tightly managed, according to Hussain.
- The financial market should be allowed to determine the interest rate and the exchange rate without any intervention from the central bank. Though inflation is still low, it will be the short-term challenge for the new government because of volatility in the financial market.
- Bangladesh can take advantage of the trade war between China and the US, said Mohammed Farashuddin, a former governor of the BB. China is not looking to divert its investment to Bangladesh, so the government should take measures to attract them to the country, he added.

<https://www.thedailystar.net/business/news/inflation-take-heat-election-1659811>

International

SoftBank unveils massive \$21b IPO of Japan mobile unit

The Daily Star, November 13, 2018

- Telecoms giant SoftBank will list shares in its Japanese mobile unit next month in a sale that could raise over \$21 bn and be one of the biggest tech IPOs in years. The IPO will help raise funds for the company as it increasingly transforms into an investment firm, ploughing money into a broad range of companies and projects around the world.
- The IPO will take place in Tokyo on December 19 and will offer 1.6 bn shares in the SoftBank Corp mobile unit at 1,500 yen (\$13) each. That values the mobile unit at 7.18 trillion yen, and the IPO could be Japan's biggest-ever, local media said. The company had announced in February that it was going ahead with the IPO after media speculation about the plan.

<https://www.thedailystar.net/business/news/softbank-unveils-massive-21b-ipo-japan-mobile-unit-1659802>

BASL DAILY NEWS BUZZ

November 13, 2018



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