

## Stock Market

### Dhaka stocks fall on pre-Eid sales

New Age, August 14, 2018

- Dhaka stocks dropped on Monday after a four-day gain as investors went for selling shares to book profit ahead of Eid-ul-Azha. Eid-ul-Azha, one of the largest religious festivals of Muslims, will be celebrated across the country on August 22. Trading at the Dhaka Stock Exchange will remain closed from August 21 to 25 for Eid holidays and weekly holidays. DSEX, the key index of the DSE, lost 0.52 %, or 28.45 points, to close at 5,378.72 points on Monday after gaining 58 points in the previous four trading sessions. After a slight gain initially, the market moved downward sharply until the end of the session as investors went for profit-taking share sales ahead of Eid-ul-Azha, market operators said.
- They said a section of investors began to cash their investments in stocks to meet the Eid-centric expenses. Turnover on the DSE dropped to BDT 648.22 crore on Monday compared with that of BDT 818.39 crore in the previous trading session. Besides, investors continued shedding shares of junk companies after the premier bourse on August 7 initiated a move to take harsh measures against 15 more low-profile firms amid an irrational rise in their share prices, market operators said. Earlier, on July 18, the DSE delisted two low-profile companies — Rahima Food and Modern Dying — as the companies remained out of operation for long. Out of the 42 traded 'Z' category companies, only seven gained on Sunday.
- The average share prices of banks decreased by 0.4 % after leading the rally for four consecutive sessions. Beside the bank sector, the average share prices of textile, pharmaceuticals and energy sectors also declined by 2.4 %, 1.0 % and 0.3 % respectively. Market operators said a section of investors were also worried as most of the banks yet to bring down the lending rate to single digit. Finance minister AMA Muhith had announced August 9 as the fresh deadline for implementation of the rate cut decision after the banks had failed to do so by the previous deadline — July 1.

<http://www.newagebd.net/article/48379/dhaka-stocks-fall-on-pre-eid-sales>

### Runner Automobiles' IPO bidding to begin Sept 10

The Financial Express, August 14, 2018

- The bidding for discovering cut-off price for Runner Automobiles IPO shares under the book-building method is set to begin on September 10. Institutional bidding is a must for a company intends to go public using the book building method. The Bangladesh Securities and Exchange Commission (BSEC) allowed the company to conduct bidding for discovering IPO (initial public offering) share price on July 10.
- Runner Automobiles, which held road show on October 2016, will raise a capital worth BDT 1.0 bn from the capital market. Book building is a process through which an issuer attempts to determine the price to offer for its security based on demand from institutional investors. The eligible investors, who will not participate in the bidding, will not be able to participate in the offer period, said a DSE official.
- Of the IPO proceeds, BDT 630 mn will be spent on design and development of new products, machinery purchase and upgradation of existing models, BDT 330 mn for bank loan repayment and the remaining BDT 40 mn will be IPO expenses. According to the financial statement for the year ended on June 30, 2017, the company's net asset value (NAV) per share is BDT 55.70, with revaluation reserve. The value is BDT 41.94 without revaluation reserve. And, the weighted average earnings per share (EPS) of the company is BDT 3.31.

<https://thefinancialexpress.com.bd/stock/runner-automobiles-ipo-bidding-to-begin-sept-10-1534135548>

## Small Capital Board in the offing

The Financial Express, August 14, 2018

- A Small Capital Board will be formed soon to facilitate small capital companies to raise funds through initial public offerings (IPOs). Chairman of Bangladesh Securities and Exchange Commission (BSEC) Dr. M. Khairul Hossain disclosed this during a meeting with Venture Capital and Private Equity Association of Bangladesh (VCPEAB) at BSEC in the capital on Monday. VCPEAB Chairman & General Partner of Fenox Venture Capital Shameem Ahsan led the delegation.
- With the introduction of the Small Capital Board, a company can apply for IPO if it has a minimum existing paid-up capital of BDT 50 mn, intends to raise its paid-up capital by at least BDT 50 mn through Qualified Investor Offer (QIO) and after QIO, its paid-up capital stands below BDT 300 mn. Now to apply for an IPO, a company requires BDT 300 mn as paid-up capital and profitability for past three years, among other criteria.
- VCPEAB Chairman Shameem Ahsan, said "Access to finance is a major challenge for young entrepreneurs and startups due to unavailability of bank loans. It was difficult for IT firms to opt for IPO, as they have lower paid-up capital and focus on growth rather than profitability."
- From BSEC, also present were Dr. Swapan Kumar Bala, FCMA, Commissioner; Shawkat Hossain, Secretary General, VCPEAB and Managing Director of BD Venture Limited; Mr. Waliul Maruf Matin, Founder and Managing Director of Maslin Capital Limited; and Mr. Nazmul Karim, Investment Manager, Aavishkaar Frontier Fund (Bangladesh).

<https://thefinancialexpress.com.bd/stock/small-capital-board-in-the-offing-1534177330>

## Economy

### FAILURE TO MEET FARM LOAN TARGET

#### BB to block funds of 10 banks

The Daily Star, August 14, 2018

- The central bank will take punitive actions against 10 private banks for failing to attain their farm loan disbursement target in the last fiscal year. The banks are AB Bank, First Security Islami Bank, Meghna Bank, Modhumoti Bank, NCC Bank, NRB Global Bank, Shimanto Bank, South Bangla Agriculture and Commerce Bank, Farmers Bank and Union Bank. As a punishment, the Bangladesh Bank will block 3 % of the undisbursed farm loan amount of the banks from their current accounts with the BB.
- The banking regulator, however, does not return the blocked funds if banks fail to disburse the amount within two fiscal years. No interest is given to banks for their blocked funds. AB Bank disbursed 81.96 % of its farm lending target in 2017-18, according to data from the central bank. First Security Islami Bank distributed 54.78 % of the disbursement goal, Meghna Bank disbursed 57.49 %, Modhumoti Bank 8.69 %, NCC Bank 30.99 %, NRB Global 41.13 %, Shimanto Bank 2 %, South Bangla Agriculture and Commerce Bank 50.24 %, Farmers Bank 1.36 % and Union Bank 27.95 %.
- The central bank will block the fund this month and will not serve any show-cause notice. The banks will be notified after the fund is blocked. Bangladesh Development Bank and Sonali Bank also failed to reach their farm loan lending target. They, however, will not face any action, as the BB has exempted the state-run specialised and commercial banks since they are already burdened with the responsibility of providing various voluntary services to the public. Farm loan disbursement, however, rose 1.88 % year-on-year to BDT 21,393 crore in 2017-18. The central bank has set a BDT 21,800 crore farm loan disbursement target for the current fiscal year, up 6.86 % from a year ago.

<https://www.thedailystar.net/news/business/bb-block-funds-10-banks-1620517>

## Trade deficit doubles to USD18.25b in FY18

New Age, August 14, 2018

- Country's trade deficit doubled in last fiscal year (2017-2018) compared with that in the previous fiscal year, hitting a record USD18.25 bn due to a jump in import payments, said Bangladesh Bank officials. The current account deficit also hit a record USD9.78 bn in FY18 as import payments rose and the foreign direct investment decreased. As per the Bangladesh Bank data released on Monday, trade deficit in FY18 increased by 92.75 % from USD9.47 bn in FY17. Experts said significant growth in imports and less-than-expected growth in exports were the key reasons for the sharp increase in trade deficit.
- They, however, suspected capital flight in the form of over-invoicing in the import process and urged the authorities concerned to look into the issue for prevention of any potential adverse impact on the country's economy. They said that continuation of heavy trade deficit would ultimately push inflation up and create pressure on the country's economy as a whole. The BB data showed that the country's exports grew by 6.43 % against 25.23 % increase in import growth in FY18. Exports increased to USD36.205 bn in last fiscal year from USD34.019 bn in the previous fiscal year. On the other hand, import payments increased to USD54.463 bn in FY18 against USD43.491 bn in FY17.
- As a result of huge import payments and slow growth in export earnings, country's current account deficit increased by more than six times in last fiscal year. As per the central bank data, current account deficit increased to USD9.78 bn in FY18, increasing by 6.34 times, or USD8.449 bn, from USD1.331 bn in the fiscal year of 2016-2017. On the other hand, net inflow of foreign direct investment fell by 4.23 % to USD1.593 bn from USD1.653 bn. The country's foreign exchange reserves declined by 1.9 %, or USD0.639 bn, to USD32.832 bn from USD33.471 bn, the BB data showed.

<http://www.newagebd.net/article/48377/trade-deficit-doubles-to-1825b-in-fy18>

## International

### Asian shares fall despite upbeat Japanese economic data

The Financial Express, August 14, 2018

- Asian shares were lower on Friday, tracking losses on Wall Street, despite the release of data showing Japan's economy resumed its longtime expansion in the last quarter. Japan's Nikkei 225 index lost 0.7 % to 22,444.10 and Hong Kong's Hang Seng gave up 0.5 % to 28,473.94. The Shanghai Composite index fell 0.1 % to 2,790.53. Australia's S&P ASX 200 declined 0.2 % to 6,287.70. India's Sensex fell 0.2 % to 37,944.19. Shares were lower in Taiwan, Thailand and Singapore but rose in Indonesia, reports AP.
- The S&P 500 edged 0.1 % lower to 2,853.58. The Dow Jones Industrial Average slipped 0.3 % to 25,509.23. The Nasdaq composite inched higher, adding 3.46 points to 7,891.78, notching its eighth gain in a row. The Russell 2000, an index of smaller companies, added 4.01 points, or 0.2 %, to 1,690.89. Crude prices have stabilised after dropping 3.0 % at midweek. Benchmark US crude oil picked up 6 cents to USD66.87 a barrel in electronic trading on the New York Mercantile Exchange. It dipped 0.2 % to USD66.81 a barrel in New York.
- Brent crude, the standard for international oil prices, added 14 cents to USD72.21 a barrel. It lost 0.3 % to USD72.07 per barrel in London. The dollar fell to 110.78 yen from 111.09 yen after the report of strong second-quarter growth data. The euro fell to USD1.1519 from USD1.1526.

<https://thefinancialexpress.com.bd/stock/asian-shares-fall-despite-upbeat-japanese-economic-data-1533879983>

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