

Stock Market

DSE turnover hits 13-month low

The Daily Star, May 15, 2019

- The stocks have continued to bleed on Dhaka Stock Exchange, pushing the turnover to a 13-month low yesterday despite a raft of measures from the government that aimed to revive the market. The turnover, an important indicator, dropped 17.59 % to BDT 251.4 crore, the lowest since March 25, when it was BDT 224.53 crore.
- The DSEX, the benchmark index of the bourse, declined 29.91 points, or 0.56 %, finishing the day at 5,217.91. The index has lost 58 points in the last three trading days. In the last two months, BDT 35,064 crore, or 8.35 %, was wiped from the market.
- The bleeding continues even after the central bank last week decided to re-allocate a revolving fund of BDT 856 crore to the market to halt the fall. It also agreed to change the definition of market exposure.
- Excess liquidity stood at BDT 63,921 crore as of February, down 5.82 % from a month earlier and 14.56 % year-on-year, according to data from the central bank. As the liquidity crunch is intensifying, banks are offering 11-12 % interest on deposits.
- Yesterday, the most negative contributors to the market were Grameenphone, Brac Bank and Square Pharmaceuticals. Of the traded issues, 76 advanced and 219 declined while 52 securities closing unchanged on the premier bourse.
- Fortune Shoes dominated the turnover chart with 41.05 lakh shares worth BDT 15.22 crore changing hands, followed by Jamuna Bank, Brac Bank, Bangladesh Shipping Corporation and Monno Ceramic. Popular Life Insurance was the day's best performer with a 9.89 % gain while RN Spinning Mills was the worst loser, shedding 6.06 %.



<https://www.thedailystar.net/business/news/dse-turnover-hits-13-month-low-1743796>

Sukuk, derivatives and short-sale rules approved

The Daily Star, May 15, 2019

- The Bangladesh Securities and Exchange Commission approved three separate rules on issuing sukuk bond, exchange traded derivatives and short-sale.

- After getting comments and recommendations from all the stakeholders, the commission approved the rules, a gazette will be published very soon. The approval came in a commission meeting yesterday.

<https://www.thedailystar.net/business/news/sukuk-derivatives-and-short-sale-rules-approved-1743784>

Block module for sale of shares of sponsors and directors

The Daily Star, May 15, 2019

- The stock market regulator yesterday approved a module of the Central Depository Bangladesh Ltd (CDBL) to keep the stocks and mutual fund unit owned by sponsors, directors and placement shareholders of listed companies blocked.
- They are allowed to sell their shares through giving declaration in a proper way and paying taxes. CDBL has trained all the related officers of listed companies, asset management companies and stock exchanges so that they can use the module easily.

<https://www.thedailystar.net/business/news/block-module-sale-shares-sponsors-and-directors-1743778>

Govt bond yield rises sharply

High yield on govt securities likely to continue till July

The Financial Express, May 15, 2019

- Yield on government treasury bonds (T-bonds) increased significantly on Tuesday following an upward trend in interest rates particularly on bank deposits. High yield on the government securities may continue till July due to higher demand for liquidity ahead of Eid-ul-Fitr festival along with impact on closing of the fiscal year, according to officials and bankers.
- The cut-off yield, generally known as interest rate, on 05-Year Bangladesh Government Treasury Bonds (BGTBs) rose to 7.46 % on the day from 6.99 % of the previous auction held on April 09, according to the auction results, published by Bangladesh Bank (BB).
- Currently, the required SLR is 13 % daily for the conventional banks and 5.5 % daily for the Islamic Shari'ah-based banks of their average total demand and time liabilities.
- Besides, different institutions including insurance companies and deposit insurance trust are also buying the government securities for maintaining regulatory requirements and compliance with trust act, according to a senior private banker.
- The government's net bank borrowing is set to reach BDT 67.25 bn at the end of this month, after deducting BDT 30.75 bn as maturity amount of the government securities from the gross borrowing amount, according to the central banker.
- Currently, four T-bills are transacted on auction to adjust government borrowing from the banking system. The T-bills have 14-day, 91-day, 182-day and 364-day maturity period. The T-bills are short-term investment tools issued through auctions, conducted by the central bank on behalf of the government.

<http://thefinancialexpress.com.bd/economy/bangladesh/govt-bond-yield-rises-sharply-1557891935>

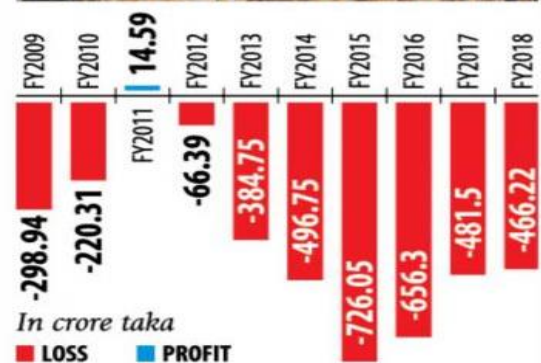
Economy

BJMC burdened with losses

The Daily Star, May 15, 2019

- The Bangladesh Jute Mills Corporation (BJMC) appears to be a bottomless pit. Over the past decade, the government handed it BDT 7,477 crore to bail it out of its financial troubles, and yet it has put its hand out for more.
- It has sought BDT 337 crore to clear arrear wages until June of its 32,740 workers and employees. And yet, the corporation, which comprises of 22 jute mills and 3 non-jute mills, is nowhere near to standing on its own feet.
- Corruption, inefficiency, dated technology, presence of ghost workers and an absence of competitive zeal and work-shyness amongst a section of the employees have been blamed for the sorry state of the mills. This coupled with the shrinking demand for traditional jute goods around the globe means losses have become a permanent feature of the BJMC, the largest state corporation.
- The BJMC mainly purchases relatively inferior grades of jute at higher quantities to make jute goods. Roughly, it buys 30 % jute of relatively better grade jute tosa C-grade, 41 % cross-bottom (medium quality) grade and 15 % low-grade SMR category of jute.
- Out of 10,835 looms, 4,452 looms in mills under the BJMC are in operation. However, productivity is falling as the mills are run with old machinery, which were mostly bought before the liberation of Bangladesh. The BJMC data showed that its production cost has been rising over the years. But, its production was declining.
- In 2010, the corporation implemented the government-announced national wage scale for workers in state-owned mills, which was -- higher than that of private mills.
- Under the 2010 wage scale, it has to pay BDT 4,150 as minimum wage, in contrast to BDT 2,700 at private jute mills. The production cost will soar more once the corporation implements the national wage scale 2015 that fixed BDT 8,300 as the minimum wage for state-mill workers.

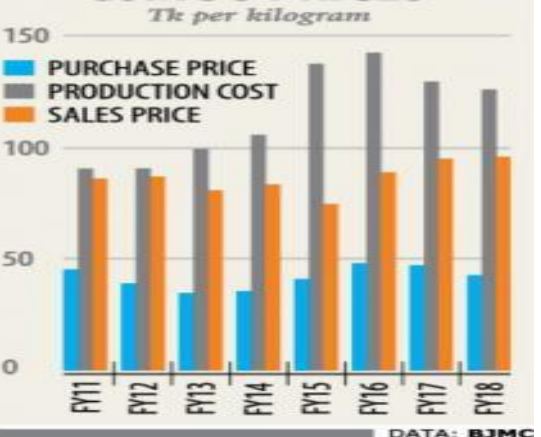
BJMC'S LOSS/PROFIT IN LAST 10 YRS



GOVERNMENT'S FINANCING TO BJMC



BJMC'S PRICES



- While the BJMC's production cost rose 40 %, it hiked the overall prices of jute goods by 11 % to BDT 95,713 per tonne during the period. The corporation increased the export price by 9 % in the seven years to BDT 86,545 per tonne in fiscal 2017-18. And over at home, it sold one tonne of jute goods at BDT 128,020 in fiscal 2017-18, up 11.57 % from seven years earlier.
- The corporation's shipment tumbled to 86,740 tonnes in fiscal 2017-18 from 2.23 lakh tonnes in fiscal 2000-01. Its exports, both in terms of value and volume, nosedived further -- 79 % year-on-year -- in the first six months of fiscal 2018-19.

<https://www.thedailystar.net/frontpage/bangladesh-jute-mills-corporation-burdened-with-losses-1743721>

Suspicious transactions go up 64pc

The Daily Star, May 15, 2019

- Banks and financial organisations sent a record number of suspicious transaction and activities reports to the Bangladesh Financial Intelligence Unit last fiscal year, in an indication of their commitment to fight money laundering.
- In fiscal 2017-18, the BFIU received a total of 3,878 suspicious transaction reports (STR) and suspicious activity reports (SAR) from reporting agencies, up 64.50 % year-on-year, according to the BFIU's annual report, which was released last week.
- The BFIU sent the maximum of 609 STR and SARs for digital hundi and informal remittance to the government investigation agencies. The investigation agencies have so far filed 27 cases with the courts after carrying out detailed investigations based on the reports disseminated by the BFIU.
- The reporting agencies -- banks, non-bank financial institutions, money changers and capital market intermediaries -- reported 5,422 suspicious transactions worth BDT 921.75 crore last year. The number of reported suspicious transaction was 3,736 worth BDT 1,163 crore in fiscal 2016-17.
- The global community always accept the rise in STRs and SARs positively as they think that this is an indication of the financial organisations' compliance with corporate governance, said Hassan, also a former deputy governor of the central bank.

<https://www.thedailystar.net/business/news/suspicious-transactions-go-64pc-1743793>

Liquidity crisis grips leasing companies

Dhaka tribune, May 15, 2019

- About 60% funding of leasing companies comes from the banking sector, of them 40% are fixed deposits of banks and 20% funding comes from call money market. Highly bank dependency has made the leasing companies in crisis, according to related people.
- Banks are the main source of funds for leasing companies. They take term deposits and borrow through call money market from banks. Almost all banks have term deposits in leasing companies
- Slow deposits growth and lackluster loans recovery is responsible behind the liquidity crisis in the banking sector. According to Bangladesh Bank data, banks had more than 10% deposit growth in 2017, but the situation took a turn for the worse last year, with growth hovering around the 8-9%.

- Now the private commercial banks are offering interest rates on term deposits ranging from 6% to 11%. On the other hand, yields on national savings certificates are between 11% and 12%, according to the central bank data.

<https://www.dhakatribune.com/business/economy/2019/05/14/liquidity-crisis-grips-leasing-companies>

Pause in approval to new power plants likely

Existing plants may meet demand until 2030

The Financial Express, May 15, 2019

- The government is likely to stop giving permission to set up new power plants for now, considering that the existing plants are enough to meet the demand for power until 2030. A high-powered committee has recently recommended the pause in the approval process.
- The committee stated that the existing power plants, including those under construction, are enough to meet the country's electricity demand over the next one decade.
- On the other hand, the Power Division under the Ministry of Power, Energy and Mineral Resources (MPEMR) had projected the power demand at 40,000 MW by 2030. Currently, the country's overall electricity generation from a total of 127 power plants is hovering around 11,500 MW against their de-rated generation capacity of 17,701 MW.
- Due to low demand, the government has been keeping idle more than one-third of the country's overall electricity generating capacity consistently despite the rise in mercury and comparatively higher demand in Ramadan.
- The total power generation capacity, including that from the captive power plants, owned by industry owners, and renewable energy, has now reached 20,343 MW. Over the past one decade, the installed power generation capacity increased notably, as a significant number of power plants, mostly oil-fired ones, were set up during the period.

<http://thefinancialexpress.com.bd/trade/pause-in-approval-to-new-power-plants-likely-1557891145>

Ban on use of multiple accounts for collecting ins premium

The Daily Star, May 15, 2019

- The insurance regulator has issued a notice recently imposing a restriction on use of multiple bank accounts by non-life insurance companies for premium collection.
- Only one bank account can be used and the same must be used to pay taxes to the government, a limit put in place to stop unhealthy commission business, said Gokul Chand Das, a member of the Insurance Development and Regulatory Authority (IDRA).
- The insurance companies were asked to close the multiple bank accounts by May 13 and send updates. Later, the time was extended till June 30 in response to a request from Bangladesh Insurance Association (BIA).

- The IDRA also asked the non-life insurance companies not to pay claims in cash. The insurance industry's premium growth is slow due to anomalies in financial transactions, said a top executive of a private insurance company.
- Currently, 46 non-life insurance companies are in operation while the penetration has been on the decline for nine years since 2009, according to the IDRA. The penetration of non-life insurance companies declined to 0.15 % in 2017 from 0.20 % in 2009. Non-life insurance companies saw a 13.45 year-on-year growth in premium collection in 2018.
- The total premium of non-life insurance companies stood at BDT 3,382 core at the end of 2018, the IDRA data shows. Unhealthy competition centring commission business weakened the claim settlement capacity of non-life insurance companies to 32.60 % last year, a 10-year low.

<https://www.thedailystar.net/business/news/ban-use-multiple-accounts-collecting-ins-premium-1743790>

International

Trade war threat adds to Boeing woes

The Daily Star, May 15, 2019

- Already in crisis mode over the grounding of its top-selling 737 MAX aircraft, Boeing now finds itself at risk of becoming collateral damage in the US-China trade dispute.
- The editor of Communist party-owned Global Times newspaper said Monday that Boeing's order book could take a hit as Beijing parries Washington in the escalating trade fight.
- Talk of a Boeing hit came just after Beijing announced it will increase tariffs on \$60 bn worth of US goods starting June 1, in retaliation for the latest round of US tariff hikes.
- In 2018, Boeing reported \$13.8 bn in revenues from China, equivalent to nearly 14 % of overall company sales. During the past five years, about one in every four Boeing commercial jets went to an operator in China, supporting tens of thousands Boeing jobs, according to the company.
- Boeing is already under pressure after two deadly plane crashes forced the global grounding of its top-selling 737 MAX planes.

<https://www.thedailystar.net/business/news/trade-war-threat-adds-boeing-woes-1743802>

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