

Stock Market

Dhaka stocks drop on political confrontations

New Age, November 15, 2018

- Dhaka stocks dipped on Wednesday as a section of investors offloaded their holdings amid political worries following a brawl between the police and the Bangladesh Nationalist Party leaders and activities in capital Dhaka on the day.
- DSEX, the key index of Dhaka Stock Exchange, shed 0.24 %, or 13.00 points, to close at 5,245.58 points on Wednesday after gaining 19.52 points in the previous session.
- The share prices of Grameenphone plunged by 2.23 % that weighed on the index. The average share prices of telecommunication, pharmaceuticals, non-bank financial institutions and bank declined by 2.3 %, 0.4 %, 0.3 % and 0.2 % respectively. The share prices of Khulna Power Company, Square Pharmaceuticals and Summit Power also declined as some investors went for taking profits.
- A surge (8.74 %) in the share prices of United Power Generation and Distribution Company intercepted the day's downfall most. The company disseminated news that the board of directors decided to acquire 99 % shares of United Energy Limited, a sister concern of United Group, at face value.
- The average share prices of energy, textile and engineering advanced by 1.9 %, 1.6 % and 0.7 % respectively. The turnover on DSE advanced to BDT 631.61 crore on Wednesday compared with that of BDT 531.55 crore in the previous trading session. Of the 336 companies and mutual funds traded on Wednesday, 138 advanced, 137 declined and 62 remained unchanged.
- DS30, the blue-chip index of DSE, also lost 0.34 %, or 6.49 points, to close at 1,860.28 points. Shariah index DSES declined by 0.52 %, or 6.35 points, to finish at 1,206.79 points. United Power Generation Company led the turnover chart with its shares worth BDT 47.75 crore changing hands.
- Khulna Power Company, Monno Ceramics, IFAD Autos, SK Trims, Shepherd Industries, Kattali Textile, Saiham Cotton, Active Fine Chemicals and Libra Infusions were the other turnover leaders. Central Pharmaceuticals gained the most on the day with a 10-% increase in its share prices, while Tosrifa Industries was the worst loser, shedding 9.40 %.

<http://www.newagebd.net/article/56070/dhaka-stocks-drop-on-political-confrontations>

United Power to acquire United Energy

The Daily Star, November 15, 2018

- United Power Generation Company plans to acquire 99 % shares of United Energy Limited (UEL) at face value, which is subject to necessary regulatory approval. UEL—a sister concern of United Group—operates a 53 megawatt power plant in Ashuganj and another 28MW one in Sylhet. UEL also has 92.41 % equity investment in United Ashuganj Energy, which has a power generation capacity of 195MW.

<https://www.thedailystar.net/business/news/united-power-acquire-united-energy-1660795>

DBH's home loan portfolio crosses BDT 10,000cr

The Daily Star, November 15, 2018

- Delta Brac Housing Finance Corporation (DBH) has crossed the milestone of disbursing home loans of BDT 10,000 crore, which is the highest among all lenders in Bangladesh. It took the housing financier nearly 21 years since its inception in 1997 to reach the landmark.

- DBH, which is an international joint venture financial institution, has emerged as the largest and only specialised housing finance institution in the private sector. The company is the market leader, both in terms of annual home loan disbursements and housing loan portfolio. DBH has been retaining an AAA credit rating for the last 13 consecutive years with its non-performing loans staying below 0.5 %.

<https://www.thedailystar.net/business/news/dbhs-home-loan-portfolio-crosses-BDT-10000cr-1660792>

FACTORIES WITH SLOW REMEDIATION

Accord list faulty: BGMEA

The Daily Star, November 15, 2018

- The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday termed faulty a list of 532 garment factories with which the Accord has proposed severing business ties due to poor progress in remediation works.
- The majority of the factories in the list are close to completing their remediation works as per the recommendations of the Accord experts, said Siddiqur Rahman, president of the BGMEA, yesterday. Not only that, many of the factories on it are not in operation anymore, he told The Daily Star at his office in Dhaka yesterday.
- Recently, the Accord wrote to its more than 200 signatory retailers calling for severing business relations with 532 factories as they were delaying remediation. The agency is set to pack its bags and leave Bangladesh on November 30 after a five-and-a-half year tenure. It sought an extension for three more years, but the request was shot down.
- Commerce Minister Tofail Ahmed on Monday came down hard on the Accord for its intent to sever business ties with 532 garment factories. The comments of the Accord in this regard could not be known despite several attempts.

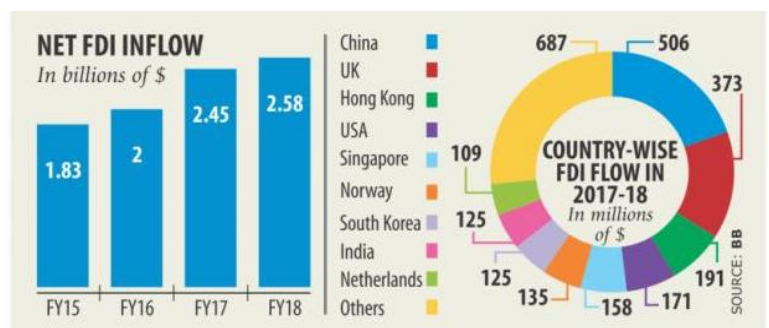
<https://www.thedailystar.net/business/news/accord-list-faulty-bgmea-1660804>

Economy

FDI picking up, but slowly

The Daily Star, November 15, 2018

- Foreign direct investment in Bangladesh rose only 5.11 % in fiscal 2017-18 from a year earlier -- the progress being slow because of inadequate infrastructure and poor ranking in the World Bank's Ease of Doing Business index. Bangladesh ranked 176 out of 190 countries in the World Bank's Ease of Doing Business index this year, the lowest ranking for a South Asian nation.
- Last fiscal year, net FDI stood at \$2.58 bn in contrast to \$2.45 bn a year earlier, according to the central bank. FDI flow has been maintaining a rising trend in recent years but it was not up to the mark given the GDP size, said AB Mirza Azizul Islam, a former finance adviser to a caretaker government.
- Bangladesh is yet to become an investment destination for foreigners due to its poor governance, unavailability of energy supply, infrastructure deficits, corruption, political uncertainty and concerns over security, Islam said. The



power sector saw the highest inflows in fiscal 2017-18 of \$589 mn, followed by textile at \$459 mn and banking at \$321 mn.

- Last fiscal year, \$506 mn flew in from China, \$373 mn from the UK, \$191 mn from Hong Kong, \$171 mn from the US, \$158 mn from Singapore, \$135 from Norway and \$125 mn from South Korea. The central bank calculates the FDI in three categories: equity, reinvestment of earnings and intra-company loan.
- Last fiscal year, equity capital or new investment came down 39 % to \$615 mn. The declining flow of equity capital is a matter of concern for the country's FDI as it is a pivotal element among the three categories, said a Bangladesh Bank official. Reinvestment of earnings by existing foreign companies remained almost unchanged at \$1,253.44 mn.

<https://www.thedailystar.net/business/news/fdi-picking-slowly-1660810>

Lending forex support

BB sells \$95m to banks in two days

The Financial Express, November 15, 2018

- The central bank has strengthened its foreign currency support to the commercial banks to settle their import payment obligations particularly for fuel-oils, officials said. As part of the move, Bangladesh Bank (BB) sold US\$ 95 mn directly to the commercial banks in last two days to meet the growing demand for the greenback in the market.
- On Wednesday, \$45 mn was sold to three banks, while the remaining \$50 mn was provided to four state-owned commercial banks, according to the officials. Import of petroleum products rose by 78.62 % to \$1.07 bn in the first three months of the present fiscal year (FY), 2018-19, from \$597.77 mn in the same period of the previous fiscal.
- The rising trend in fuel-oil import may continue in the coming months following diversified use of the gasoline products, particularly for power generation, the officials added. Currently, around 50 power plants out of the total 122 across the country are running with fuel-oils.
- On the other hand, the exchange rate of Bangladesh Taka (BDT) depreciated slightly against the US Dollar (USD) on Tuesday, despite the central bank's foreign currency support to the commercial banks. The local currency depreciated by three poisha in the inter-bank foreign exchange market on the day, mainly due to higher demand for the greenback, the market operators said.
- The demand for the US dollar is increasing gradually, mainly due to higher import payment pressure, particularly for the petroleum products and capital machinery, according to the market operators
- The local currency may depreciate further against the greenback shortly following higher demand for the US dollar in the market to settle import payment obligations particularly for fuel-oils, they added. Meanwhile, the country's foreign exchange reserve (forex) reserve came down to \$30.99 bn on Wednesday from \$31.04 bn of the previous working day after selling the US dollar to the banks.

<http://thefinancialexpress.com.bd/trade/bb-sells-95m-to-banks-in-two-days-1542254020>

BD 24th country in sending students to US

The Financial Express, November 15, 2018

- Bangladesh now ranks 24th in the world for countries sending students to the United States for higher education, according to a new study. The country has got 10th place in sending students to the US to study in graduate level for the 2017-2018 school year.
- The 2018 Open Doors Report on International Educational Exchange, released on Tuesday, revealed the information. The US embassy in Dhaka also issued a statement over the study, reports bdnews24.com.

- The embassy said the number of students from Bangladesh in the United States increased last year, beating the international average. The number of Bangladeshi students studying in the US has increased 58.4 % over the past six years.
- For the past three years, US colleges and universities hosted more than one mn international students, reaching a record high of 1.09 mn this school year. This also marks the twelfth consecutive year of continued expansion of the total number of international students in US higher education.
- In Bangladesh, EducationUSA advising services and reference materials are available at locations across the country, including the American Center at US Embassy Dhaka, located in Baridhara, and the Edward M Kennedy Center for Public Service and the Arts located in Dhanmondi.
- Trained advisors lead group information sessions and provide individual counseling services for students and parents at the American Corner in Chittagong.
- Meanwhile, Bangladesh was the top-25 student-sending country for international students studying in the United State for the 2016-2017 school year.

<http://thefinancialexpress.com.bd/education/bd-24th-country-in-sending-students-to-us-1542207465>

LNG supply glitch yet to be repaired

The Financial Express, November 15, 2018

- The domestic sector in some areas of the country having piped gas connections had its supply restored tolerably. Many areas are still reeling from a crippling disruption to the supply of LNG. It began on November 03 when re-gasification in the country's first LNG (liquefied natural gas) import terminal at Maheshkhali had to be suspended.
- The action was taken after a fault had been detected in the underwater hydraulic valve connected to the floating terminal. Technically it is known as FSRU (floating, storage, re-gasification unit). Despite the arrival of a team of foreign engineers, the glitch is yet to be fixed.
- A similar problem occurred and later solved just prior to the opening of the terminal in mid-August. Apart from causing disruptions to industrial productions, the miserably low-pressure gas supply this time brought household cooking activities to a standstill.
- With gas burners remaining inoperative in many areas, people were made to turn to alternative cooking devices. The worst hit areas included Dhaka and Chattogram --- the port city, which received the first supplies of the LNG imported from Qatar.
- As part of a domino effect, the sudden disruption to gas supply hit the power sector hard. It rendered three gas-run power plants and the giant urea fertiliser factory in the port city inoperative. They were declared shut to cope with the short supply of gas.
- Given the public sufferings and the accompanying economic impact, the glitch threatens to deteriorate into a lingering crisis. After futile attempts by the engineers of Petrobangla LNG Cell, a team of experts with the terminal co-operator, Excelebrate, has arrived in Bangladesh to fix the problem.
- The team is still said to be trying to solve it. As a remedial measure, state-owned Petrobangla has cancelled pre-scheduled shipments of LNG from Qatar. In short, the technical fault in the underwater valve of the FSRU and the suspension of re-gasification threatens to emerge as a blow to the country's energy sector. Recurrence of disruptions like it is feared to jeopardise the country's strategies of remaining unaffected by gas and power disruptions, and sufferings as well as the impact they have on industrial performance.

<http://thefinancialexpress.com.bd/editorial/lng-supply-glitch-yet-to-be-repaired-1542210095>

International

First slowdown since 2015 brings angst for German economy

New Age, November 15, 2018

- Germany's years-long run of steady growth came to a screeching halt in the third quarter, official data showed Wednesday, with a widely-expected bottleneck in the vital car industry matched by broader structural concerns.
- Federal statistics authority Destatis reported a 0.2-% slump in gross domestic product (GDP) between July and September — the first fall in the measure since early 2015 and worse than forecast by analysts after months of troubling economic indicators. A single fall in GDP does not point to a recession, which only becomes official if there are two successive quarters of shrinkage.
- But the figure represents a marked slowdown from the fast-paced growth of 0.4 % in the first quarter of the year and 0.5 % in the second. Economists still predict Germany will book its 10th consecutive year of expansion in 2019, although the pace this year and next will likely be slower than the 2.2 % recorded in 2017.
- In Berlin, the economy ministry highlighted the introduction of the so-called WLTP exhaust testing cycle in response to the 'dieselgate' emissions cheating scandal as the main brake on growth. New car registrations plunged more than 30 % year-on-year in September as the new regulations hit and buyers at home and abroad held off purchases.
- The auto industry, Germany's largest, employs around 800,000 people in firms ranging from giants like Volkswagen or BMW to tiny components suppliers. Economic think-tank IfW recently calculated that the third quarter saw the worst performance for the sector since 1997. Longer-term structural developments may offer more for economists looking to Germany's long-term prospects to worry over.
- As well as the export slowdown, Destatis highlighted 'mixed signals' domestically. In recent years strong consumer spending supported by rising wages has proved a bulwark of German growth. ING's Brzeski pointed to inflation in energy prices that 'completely erased' pay increases in recent months. What's more, Germany's aging population and low unemployment rate are proving a drag on growth, as companies struggle to find new skilled workers to hire in sectors ranging from construction to the digital economy.
- Internationally, the export-oriented economy is suffering from rising protectionist threats, the prospect of lower trade with Britain after it leaves the EU next year and intra-EU tensions over heavily-indebted Italy's budget.

<http://www.newagebd.net/article/56045/first-slowdown-since-2015-brings-angst-for-german-economy>

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