

Stock Market

DSE plunges, turnover dips below BDT 3.0b-mark again

The Financial Express, April 15, 2019

- Stocks witnessed yet another bearish session on Monday with sluggish trading activities as worried investors sold shares, fearing further fall. At the end of the session, DSEX, the prime index of the Dhaka Stock Exchange (DSE), went down by 16.91 points or 0.31 % to finish at 5,309.
- Two other indices also ended lower. The DS30 index, comprising blue chips, fell 1.62 points to finish at 1901 and the DSES (Shariah) index lost 4.42 points to settle at 1228. Turnover, another important indicator of the market, fell below BDT 3.0 bn-mark again and amounted to BDT 2.96 bn, which was 4.22 % higher than the previous day's turnover of BDT 2.84 bn.
- A total number of 86,281 trades were executed in the day's trading session with trading volume of 59.09 mn shares and mutual fund units. The losers took a marginal lead over the gainers as out of 341 issues traded, 193 closed lower, 107 ended higher and 41 issues remained unchanged on the DSE trading floor.
- Fortune Shoes topped the turnover chart with shares worth BDT 339 mn changing hands, followed by Monno Ceramic, Bangladesh Submarine Cable, United Power and Square Pharmaceuticals.

<http://thefinancialexpress.com.bd/stock/dse-plunges-turnover-dips-below-BDT-30b-mark-again-1555321701>

Esquire Knit falls within a day of DSE debut

The Daily Star, April 16, 2019

- Esquire Knit slid below its offering price within a day of its stock market debut on April 9 -- in a baffling development for a new stock, which typically experience high demand amongst general investors. The stock's offering price was BDT 45. The following day it slid to BDT 43.50 and yesterday it traded at BDT 43.60.
- The last stock to debut through the book-building method like Esquire Knit was Bashundhara Paper Mills on July 2 last year. Its offering price was BDT 80, which rocketed to BDT 181 within three days of its debut on the Dhaka Stock Exchange. But it is now trading at BDT 64.20.
- The same happened in cases of Aman Cotton, Amra Networks, which debuted last year, and Acme Laboratories in 2016. Book-building is the process through which the initial public offering price of a stock is determined based on demand from institutional investors.
- But the system can be gamed by wily institutional investors, who tend to place higher bids to inflate the offering price and offload their shares once their lock-in period is over and the price is still high. In so doing, they bring the stock's price down, leaving general investors with sudden losses.

<https://www.thedailystar.net/business/news/esquire-knit-falls-within-day-dse-debut-1730218>

Economy

Move to rid banks of NPL burden

The Daily Star, April 16, 2019

- The central bank has moved to form an asset management company to deal with the growing non-performing loans (NPLs) of banks, as part of its efforts to perk up the ailing sector. The development comes following recommendation from a six-member committee formed two months ago.

- The committee came up with the recommendation after conducting an extensive analysis of seven Southeast Asian countries on how they had brought down their large amounts of NPLs after facing a major recession -- widely known as Asian financial crisis -- between 1997 and 1999.
- Each of the seven countries -- Vietnam, South Korea, Indonesia, Malaysia, Thailand, Taiwan and the Philippines -- successfully brought down their classified loans by way of implementing this formula. At the end of 2018, the total amount of NPLs in the banking sector stood at BDT 93,911 crore, which is 10.30 % of total outstanding loans.
- Many banks have been failing to maintain the requisite capital and provisioning against bad loans, which are eating up their profits. The company would take the NPLs off the banks' hands in exchange for special bonds that would have certain maturity, thus enabling lenders to provision for the bad loans, according to a report prepared by the committee.
- The committee also called for the creation of a secondary market for NPL, where people would be allowed to sell and purchase default loans. A vibrant secondary bond market is essential to facilitate the asset management companies as it will help them float bonds to raise their equity. The companies will use the equity to purchase default loans.

<https://www.thedailystar.net/business/news/move-rid-banks-npl-burden-1730224>

Govt has no net bank borrowing in 9 months as NSC sales soar

New Age, April 16, 2019

- The government had no net borrowing from the banking sector in nine months (July-March) of the current fiscal year (2018-2019) as high sales of pricy national savings certificates helped the government meet deficit financing, Bangladesh Bank officials said.
- Instead, the government paid back BDT 1,255.83 crore to banks in the nine months of the current fiscal year. Despite the poor state of tax-revenue collection, the government's net borrowing from the banking sector dropped to BDT 87,001 crore as of April 7 this year from BDT 88,257.67 crore as of June 30, 2018.
- Return rates offered by the NSCs are between 11.04 % and 11.76 %, while the government can take fund from the banks at less than 8 % interest. The pace of revenue collection in July-February of FY19 was poor considering the government's budget projection.
- Income tax, value-added tax and customs wings of National Board of Revenue in the first eight months of FY19 managed to collect BDT 1,33,460 crore, which is only 45 % of the annual target. Besides, non-NBR tax revenue collection target was set at BDT 9,727 crore, non-tax revenue at BDT 33,352 crore and foreign grants at BDT 4,051 crore.
- In the budget, the government projected that BDT 54,067 crore of the BDT 1,25,293 crore deficit would come from external sources and the rest BDT 71,226 crore would come from internal sources. As per the budget, BDT 42,030.0 crore has to be borrowed from the banking sector and the rest BDT 29,197 crore would be collected from national savings scheme sales and non-banking sources.

<http://www.newagebd.net/article/69996/govt-has-no-net-bank-borrowing-in-9-months-as-nsc-sales-soar>

JS body for implementing single-digit bank interest rate

New Age, April 16, 2019

- The parliamentary standing committee on Public Undertakings on Monday suggested Bangladesh Bank and scheduled banks to take effective steps to implement the single digit interest rate in the banks. The meeting held discussion on measures taken by Bangladesh Bank and other state-owned banks to reopen closed and inoperative mills and realise classified loans.

- The parliamentary watchdog was informed that so far 279 garment industries and 411 non textile institutions were identified as sick industries.
- According to available information, The Finance Ministry has declared a special flexible loan payment package, including subsidiary in interest, for 426 industries (non-textile). Under the package, most of the loans have been settled.

<http://www.newagebd.net/article/70000/js-body-for-implementing-single-digit-bank-interest-rate>

Bangladesh, Bhutan welcome trilateral cooperation on hydroelectric power

Deal on movement of goods between Bangladesh and Bhutan to be finalised soon

The Financial Express, April 15, 2019

- Bangladesh and Bhutan think the proposed trilateral cooperation with India in hydroelectric power can further 'strengthen regional cooperation, encourage the use of renewable energy and mitigate climate change challenges'.
- Prime Minister Sheikh Hasina and her Bhutanese counterpart Minister Dr Lotay Tshering welcomed the ongoing discussions among Bangladesh, Bhutan and India on the proposed trilateral cooperation in hydroelectric power, reports UNB.
- The visit witnessed the signing of a number of bilateral documents, including SOP (Standard Operating Procedure) for the operationalisation of the MoU on Use of Inland Waterways for Transportation of Bilateral Trade and Transit Cargoes between Bangladesh and the government of Bhutan.
- The two Prime Ministers noted the expanding bilateral trade and acknowledged its importance in further cementing the friendship between the two countries. They agreed to allow duty-free access to additional 16 items proposed by Bhutan and 10 items proposed by Bangladesh for which both sides shall expedite the process.

<http://thefinancialexpress.com.bd/national/bangladesh-bhutan-welcome-trilateral-cooperation-on-hydroelectric-power-1555327199>

International

US waters down demand China ax subsidies in push for trade deal

New Age, April 16, 2019

- US negotiators have tempered demands that China curb industrial subsidies as a condition for a trade deal after strong resistance from Beijing, according to two sources briefed on discussions, marking a retreat on a core US objective for the trade talks.
- The world's two biggest economies are nine months into a trade war that has cost bns of dollars, roiled financial markets and upended supply chains.
- US president Donald Trump's administration has slapped tariffs on \$250 bn worth of imports of Chinese goods to press demands for an end to policies - including industrial subsidies - that Washington says hurt US companies competing with Chinese firms. China responded with its own tit-for-tat tariffs on US goods.
- The issue of industrial subsidies is thorny because they are intertwined with the Chinese government's industrial policy. Beijing grants subsidies and tax breaks to state-owned firms and to sectors seen as strategic for long-term development.

<http://www.newagebd.net/article/70003/us-waters-down-demand-china-ax-subsidies-in-push-for-trade-deal>

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