

Stock Market

Dhaka stocks keep falling in 10-day relentless sell-offs

New Age, May 15, 2018

- Dhaka stocks dropped on Tuesday, extending the losing streak to the 10th session, amid poor turnover as investors took cautious step on the trading floor while some others went for bargain hunting. DSEX, the key index of Dhaka Stock Exchange, lost 0.15 %, or 8.68 points, to close at 5,548.89 points.
- The key index lost 264 points in last 10 trading sessions.
- The market went through a unsteady session with a couple of ups and downs that settled in the negative territory at the end of the session as investors were nervous over the market amid a relentless fall in share prices, market operators said.
- They said that investors were active on both sides of the trading fence.
- A section of investors went for bargain hunting share purchasing at comparatively lower prices while some kept selling shares to avoid any further loss, they said.
- They said the recent slide in the share prices eroded the investors' risk-taking appetite. Investors became shaky amid the poor earnings disclosures by most of the large capitalised scrips including banks.
- A number of banks recently declared poor earnings.

<http://www.newagebd.net/article/41288/dhaka-stocks-keep-falling-in-10-day-relentless-sell-offs>

Economy

Credit-deposit mismatch worsens liquidity crisis

The Daily Star, May 15, 2018

- Mismatch between deposit and credit growth is causing the ongoing liquidity crisis to linger on, found a survey of the Bangladesh Institute of Bank Management (BIBM).
- Excess liquidity in the market also came down for this mismatch, revealed a report, "Treasury Operations of Banks 2017", containing the survey.
- Professor Nehal Ahmed of BIBM presented the findings at a programme at the institute yesterday. Data shows that private sector credit growth was 18.1 % in December last year while deposit growth was hovering around 10 to 11 %. In 2015, credit growth was 12.7 % against the deposit growth of 12.6 %.
- The deposit growth rate was stable in 2015 and 2016 but declined in 2017. The growth rate was 13.1 % in 2016 and 10.6 % in 2017.
- "This reduction of deposit growth might be the outcome of the increased investment in savings instruments," the survey stated.
- Sliding deposit growth is an important signal for banks' treasury departments, as the situation may tighten further in the coming days, the report said. The survey observed that the advance-deposit ratio surged to 76 % at December's end last year, up from 71 % two years ago.

<https://www.thedailystar.net/business/lafargeholcim-replaces-17-km-conveyor-belt-1576528>

A new ray of hope for SMEs

The Daily Star, May 16, 2018

- The Chinese consortium will work to create an SME-based board in the Dhaka Stock Exchange so that small entrepreneurs get the opportunity to raise fund from the capital market.
- “It will help to boost the SMEs as well as the capital market,” said Wang Jianjun, president and chief executive officer of Shenzhen Stock Exchange (SZSE).
- The consortium of SZSE and Shanghai Stock Exchange will emphasise innovation and product diversification so that investors can get a variety of options to put their money in.
- Liu Fuzhong, a director of SZSE, hoped that SME-based board will foster the sector in Bangladesh like it did in China.
- “The SME sector in China has bloomed,” he said, adding that the sector is now creating employment opportunities.
- Only 20 % of the Chinese SMEs take loans from banks. The rest turn to the capital market to raise funds, he added.

<https://www.thedailystar.net/business/new-ray-hope-smes-1577026>

Current account deficit records steep rise on higher imports

The Financial Express, May 16, 2018

- The country's current account deficit widened, reaching a record high in the first nine months of the current fiscal year (FY) as imports grew faster than exports.
- Central bank statistics, released on Tuesday, showed that the current account deficit hit \$7.08 Bn in July-March period of the fiscal 2018.
- The amount of deficit is the highest in the country's history, which was only \$1.37 Bn in the same period of the past fiscal year.
- The increasing gap in both the merchandise and service trades of the country is pushing the current account deficit higher.
- The Bangladesh Bank data showed that the country's merchandise trade gap with the rest of the world exceeded \$13 Bn in the first nine months of the current fiscal year.
- The deficit in merchandise trade stood at \$13.20 Bn in July-March period of FY18, which was \$7.04 Bn in the same period of the past fiscal year.
- Trade deficit registered an 87.5 % growth in the nine months to March.
- The Bangladesh Bank said that exports have recorded around 7.0 % growth in the first nine months of the current fiscal year, while imports surged by 24.50 % in the same period.
- The considerable jump in imports over the moderate increase in exports has driven up the trade gap.

<https://thefinancialexpress.com.bd/economy/current-account-deficit-records-steep-rise-on-higher-imports-1526442709>

Taka weakens against dollar, substantially

The Financial Express, May 16, 2018

- The Bangladesh Taka (BDT) has fallen considerably against the US dollar as the demand for the greenback grew to meet import payment requirements.
- The local currency weakened by 50 poisha in a single day in the inter-bank foreign exchange (forex) market on Tuesday, according to traders.
- The US dollar was quoted at BDT 83.60 each in the inter-bank forex market on the day against BDT 83.10 of the previous working day, they said.
- "Such depreciation may help bring dynamism to the inter-bank market, which was almost non-functional in the last 10 months," a senior official of the Bangladesh Bank (BB) told the FE.
- There were limited transactions in the inter-market spot market in recent months.
- "India, Pakistan and Sri Lanka have recently depreciated their currencies against the US dollar significantly to foster competitiveness on the global market,"
- The exchange rate of the US dollar rose to maximum BDT 83.70 for sale of Bill for Collection (BC) selling for importers on the day from maximum BDT 83.65 of the previous working day. The BDT may get weakened against the US dollar for remitters and exporters in the coming days after such weakening, the treasury official said.
- The banks quoted US dollar at maximum BDT 82.70 for those who use telegraphic transfer (TT) for their funds.

<https://thefinancialexpress.com.bd/economy/bangladesh/taka-weakens-against-dollar-substantially-1526442953>

International

Asian shares fall as North Korea suspends talks, U.S. yields climb

Reuters, May 15, 2018

- Asian stock markets dipped on Wednesday after Pyongyang abruptly called off talks with Seoul, throwing a U.S.-North Korean summit into doubt, while surging bond yields revived worries about faster U.S. interest rate hikes that could curb global demand.
- MSCI's broadest index of Asia-Pacific shares outside Japan .MIAPJ0000PUS was down 0.2 % as Pyongyang's move appeared to mark a break in months of warming ties between North and South Korea and with Washington.
- A cancellation of the June 12 summit in Singapore could see tensions on the Korean peninsula flare again even as investors worry about China-U.S. trade tensions and the sustainability of global economic growth.
- "This will weigh on the Korean reconstruction beneficiaries that have had a strong run on peace and even reunification hopes recently," JPMorgan analysts wrote in a note.

<https://www.reuters.com/article/us-global-markets/asian-shares-fall-as-north-korea-suspends-talks-u-s-yields-climb-idUSKCN1IH046>

Stocks Retreat as Treasuries Plunge, Dollar Gains: Markets Wrap

Reuters, May 14, 2018

- U.S. stocks halted a four-day rally with the steepest slide in almost two weeks, while 10-year Treasury yields pushed to levels last seen in 2011 as investors weigh the prospect for higher Federal Reserve rates.
- The S&P 500 Index slumped as health-care and tech shares retreated. The Treasury selloff sent note yields to 3.07 %. Higher rates sap demand for equities that have been on a tear for two weeks.
- Upbeat retail sales data fueled bets the Fed may raise rates three more times this year, pushing Bloomberg's dollar index to its 2018 high. Emerging-market equities dropped the most since March. Gold fell below \$1,300 an ounce for the first time since December.
- Investors grappled with trade, growth, and geopolitical worries as a risk aversion spread across assets.

<https://www.bloomberg.com/news/articles/2018-05-14/asia-futures-mixed-as-u-s-treasury-yield-tops-3-markets-wrap>

Oil prices have come full circle since OPEC refused to cut output 3½ years ago

CNBC, May 15, 2018

- Oil prices have come full circle from a historic implosion 3½ years ago sparked by OPEC's decision on Thanksgiving Day to take a hands-off approach to a global supply glut.
- Brent crude, the international benchmark for oil prices, ended Monday's session at \$78.23 barrel, the highest closing level since Nov. 25, 2014. On Tuesday, the contract took aim at \$80 a barrel, striking a new 3½-year intraday high at \$79.47.
- At those levels, Brent was trading solidly above levels last seen prior to Nov. 27, 2014, the day OPEC refused to tackle oversupply in the oil market by agreeing to cap its production.

<https://www.cnn.com/2018/05/15/oil-prices-have-rebounded-since-opec-refused-to-cut-output-in-2014.html>

Bitcoin Mining Equipment Maker Canaan Files for \$1 Bn IPO

Bloomberg, May 16, 2018

- Canaan Inc., the world's second-biggest maker of bitcoin mining hardware, submitted a listing application to the Hong Kong stock exchange.
- Morgan Stanley, Deutsche Bank AG, Credit Suisse Group AG and CMB International Capital Ltd. are joint sponsors of the proposed offering, according to a preliminary prospectus posted late Tuesday.
- Bloomberg News reported earlier Tuesday that Canaan had filed for an IPO that could raise about \$1 Bn. The filing didn't say how much Canaan will seek.
- Canaan aims to start trading as soon as July, a person with knowledge of the matter said, asking not to be identified because the information is private.
- The company, based in the eastern Chinese city of Hangzhou, had revenue of 1.3 Bn yuan (\$205 Mn) last year.

<https://www.bloomberg.com/news/articles/2018-05-16/bitcoin-mining-equipment-maker-canaan-files-for-1-bn-ipo>

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