

Stock Market

Stocks drop for 2nd day as banking scrips continue to fall

New Age, July 16, 2018

- Dhaka stocks declined for the second day on Sunday as investors kept selling shares, especially bank scrips ahead of their June-end financial disclosures. DSEX, the key index of Dhaka Stock Exchange, dropped 0.41 %, or 22.15 points, to close at 5,336.74 points after losing 20.33 points in the previous trading session. After a brief upward trend in the beginning of the day, the market began to dip sharply as investors kept selling shares, especially large capitalised scrips including banks and Grameenphone, market operators said.
- Market operators said investors were also sceptical about the implementation of the reduced interest rates by banks and its effectiveness in stabilising the financial market. The bank owners' organisation, Bangladesh Association of Banks, on June 20 decided to bring down interest rate to single digit from July 1, but very few banks implemented the rate so far. The financial sector led the downfall on Sunday with non-bank financial institution and bank sectors falling by 1.5 % and 1.3 % respectively.
- The share price of SK Trims Industries on its debut on Sunday shot up by 325 % due mainly to investors' irrational hype around newly listed companies. Each share of SK Trims that was issued at BDT 10 closed at BDT 40.9 at the DSE. The average share prices of miscellaneous, engineering and energy sectors dropped by 1.2 %, 0.9 % and 0.8 % respectively. Turnover on the bourse, however, increased to BDT 955.39 crore compared with that of BDT 852.97 crore in the previous trading session. Of the 339 companies and mutual funds traded, 207 declined, 109 advanced and 23 remained unchanged. DS30, the blue-chip index of the bourse, also shed 0.60 %, or 11.61 points, to close at 1,895.16 points.

<http://www.newagebd.net/article/46124/stocks-drop-for-2nd-day-as-banking-scrips-continue-to-fall>

Stocks begin week on negative note

The Financial Express, July 16, 2018

- Stocks extended losses for the second straight session on Sunday as investors continued on selling shares. However, daily trade turnover exceeded BDT 9.0 bn-mark and stood at BDT 9.55 bn on the country's premier bourse once again against BDT 8.52 bn in the previous day. Market insiders said the investors were on selling spree, especially financial institution, telecommunication and banking sector stocks. The market started on positive note and the key index of the prime bourse rose more than 20 points within first 25 minutes of trading. Rest of the session went down steadily.
- At the end of the session DSEX, the prime index of the Dhaka Stock Exchange (DSE), went down by 22.15 points or 0.41 % to settle at 5,336. The non-bank financial institutions sector saw the highest correction of 1.50 %, followed by telecom with 1.40 % and banking 1.30 %. Two other indices also ended lower with the DS30 index, comprising blue chips, losing 11.62 points to settle at 1,895 and the DSE Shariah Index lost 1.51 points to close at 1,265.
- Of the total 339 issues traded on the DSE trading floor, 207 declined, 109 advanced and 23 issues remained unchanged. BBS Cables topped the DSE turnover leaders with 4.72 mn shares worth BDT 449 mn changing hands. The other turnover leaders were United Power, SK Trims & Industries, Doreen Power and Singer Bangladesh. Legacy Footwear was the day's best performer, posting a gain of 9.98 % while Modern Dyeing was the worst loser, losing 8.47 %.

<https://thefinancialexpress.com.bd/stock/stocks-begin-week-on-negative-note-1531662434>

Economy

Secondary trading slips by 62pc in FY '18

The Financial Express, July 16, 2018

- Secondary trading of treasury bills and treasury bonds has dropped sharply during the last fiscal year, reflecting the lower demand for the government securities. Latest statistics with the central bank showed that the total value of secondary trading of T-bills and T-bonds stood at BDT 153.30 bn during FY18, down from BDT 400.51 bn a year earlier.
- Outright transaction means direct trading of the issued securities while repo transaction means trading of already traded T-bills and T-bonds. T-bills are short-term government securities while T-bonds are long-term in nature. Currently, there are three types of T-bills in terms of maturity. These are: 91 days, 182 days and 364 days. T-bonds are matured in two years, five years, 10 years, 15 years and 20 years.
- Bangladesh Bank statistics also showed that the total value of secondary trading of bills and bonds was BDT 675.31 bn in FY16. This means the secondary trading of the government securities has been declining for the last two years mainly due to the negative issuance of the government securities. Primary issuance of T-bills and T-bonds stood at BDT 706.12 bn in FY17, which was BDT 861.18 bn in FY16.
- Central bank statistics showed that primary issuance of T-bills and T-bonds stood at BDT 227.0 bn in the first four months (July-October) of FY18. In case of secondary transaction, there are two automated mechanisms: over-the-counter (OTC) and trader-worker-station (TWS). The central bank said that OTC trading dropped to BDT 325.28 bn in FY17 from BDT 675.13 bn in FY16.

<https://thefinancialexpress.com.bd/economy/bangladesh/secondary-trading-slips-by-62pc-in-fy-18-1531628982>

BB urges commercial banks to remain alert over import-export mismatch

The Financial Express, July 16, 2018

- Bangladesh Bank (BB) governor Fazle Kabir on Saturday called the public and private commercial banks to remain alert over the growing mismatch in the growth of import and export. He indicated that such trend would create scope of money laundering and thus damage financial institutions and economy as a whole.
- The central bank governor issued the warning while speaking as chief guest at a conference on Anti Money Laundering and Combating Financing of Terrorism at a city hotel. He said the import grew by 25 % over the last six months while the export rose by hardly 6.0 %.
- 'If the import of industrial raw materials rises then the export will have to increase in a similar way,' he said. The BB governor urged the banks to remain cautious to the matter, which could have negative impact on the country's financial system.

<https://thefinancialexpress.com.bd/economy/bangladesh/bb-urges-commercial-banks-to-remain-alert-over-import-export-mismatch-1531552247>

EBL to invest BDT 293cr to open branches in India

New Age, July 16, 2018

- The board of director of Eastern Bank Limited has decided to open its wing in India, which would require around BDT 293 crore in investment for the bank, according to an EBL statement published on the Dhaka Stock Exchange web site on Sunday. EBL said that its board decided and accorded approval of USD25 mn required as regulatory capital and allocated additional USD10 mn on need basis for establishing full-fledged branches in India.

- Besides the approval, EBL also authorised its management to apply to Bangladesh Bank for obtaining necessary permission in this regard and also to liaise with PWC Private Limited (India) for obtaining necessary permission from the Reserve Bank of India.
- Earlier, in June, 2017, EBL had informed the DSE that its board decided to appoint PricewaterhouseCoopers, Kolkata for ground support of getting the required approval for licence from the Reserve Bank of India to open and set up EBL branches at Kolkata, West Bengal and at Guwahati, Assam in India

<http://www.newagebd.net/article/46125/eb1-to-invest-BDT-293cr-to-open-branches-in-india>

State banks' loss-making branches shrink

- State-run banks saw a significant decline in the number of loss-making branches last year as Bangladesh Bank's plan to reinvigorate the institutions is at long last bearing fruit. At the end of December last year, the total number of loss-making branches of Sonali, Janata, Agrani, Rupali and BASIC banks stood at 335, down from 474 a year earlier, according to data from the BB. Save for Janata, all state banks have managed to reduce the number of loss-making branches last year by way of expanding their business activities, said Mohammad Shams-Ul Islam, Agrani's managing director and chief executive officer.
- Sonali, Bangladesh's largest bank, cut down its loss-making branches by 52 last year to 181. Its loan-deposit ratio crept up to 35.78 % last year from 33.22 % a year earlier. During the course of 2017, Agrani's loss-making branches shrunk to 43 from 78. Its loan-deposit ratio rose to 54 % last year from 48 %. Rupali brought down the number of loss-making branches to 33 from 87, with its loan-deposit ratio crawling up 1.52 % to 62 % last year. Scam-hit BASIC Bank too cut down its loss-making branches in 2017 to 21 from 28.

<https://www.thedailystar.net/business/banking/state-banks-loss-making-branches-shrink-1605472>

International

Asian shares fall as China data points to slowing growth

- Asian shares were lower on Monday after data from China showed the world's second-largest economy slowed slightly in the second quarter, and as investors remain cautious over the impact of the heated Sino-US trade war. Official data released Monday showed China's economy grew 6.7 % in the second quarter of 2018, in line with market expectations, and cooling a bit from the 6.8 % growth registered in each of the previous three quarters. More worryingly perhaps, the data also showed slower-than-expected growth in China's industrial output.
- MSCI's broadest index of Asia-Pacific shares outside Japan .MIAPJ0000PUS was down 0.4 %. The Shanghai Composite Index .SSEC lost 0.5 %, and the blue-chip CSI300 index .SSEC was 0.4 % lower. Hong Kong's Hang Seng index .HSI was off 0.3 %. Australian shares were down 0.4 %, and Seoul's Kospi .KS11 lost less than 0.1 %.
- The soft China data undermined a boost to sentiment from Friday's gains on Wall Street, which were underpinned by strong profits from industrial and energy firms and helped offset investor concerns over the U.S.-China trade war. On Friday, the Dow Jones Industrial Average .DJI rose 0.38 % to 25,019.41 and the Nasdaq Composite .IXIC added 0.03 %, to 7,825.98. The S&P 500 .SPX touched a five month high before ending up 0.11 % to 2,801.31.

<https://thefinancialexpress.com.bd/stock/asian-shares-fall-as-china-data-points-to-slowing-growth-1531713597>

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