

Stock Market

Stocks plunge to 3.5-month low amid correction

The Daily Star, October 16, 2018

- The benchmark index of Dhaka Stock Exchange (DSE) plunged to a three-and-a-half months low yesterday mainly because of a huge fall in prices of top traded stocks amid a correction. The index, DSEX, declined 61.99 points or 1.13% before finishing the day at 5,384.41. It experienced a fall of 83.05 points on July 2.
- Three of the top traded stocks, Summit Power, Khulna Power Company and United Power Generation, accounted for almost 30% of the total turnover on an average in the last five days. Yesterday, price of each share fell 3.08% to BDT 129 for Khulna Power, 4.81% to BDT 45.50 for Summit Power and 1.92% to BDT 343 for United Power Generation.
- The plunge in the top movers' prices kept the investors' money stuck in the stocks, resulting in a fall of almost 80% of the stocks yesterday. Turnover, another important indicator of the market, dropped 15.65% to BDT 278.11 crore, the lowest since October 2, when the amount hit BDT 488.40 crore.
- Some 11.62 crore shares and mutual fund units changed hands on the DSE. Of the traded issues, 75 advanced, 227 declined and 37 closed unchanged on the premier bourse. Khulna Power dominated the turnover chart with 42.40 lakh shares worth BDT 54.59 crore changing hands, followed by Summit Power, United Power Generation, Shasha Denims and Dragon Sweater.
- Legacy Footwear was the day's best performer with a 9.98% gain while Meghna Cement was the worst loser, shedding 8.51%. Chittagong stocks also fell yesterday with the bourse's benchmark index, CSCX, declining 133.03 points or 1.30% to finish the day at 10,046.58. Losers beat gainers as 177 declined, 47 advanced and 14 finished unchanged on the stock market. The port city bourse traded 72.31 lakh shares and mutual fund units worth BDT 22.15 crore in turnover.

<https://www.thedailystar.net/business/news/stocks-plunge-35-month-low-amid-correction-1647583>

IDLC Finance's profit grows marginally

The Daily Star, October 16, 2018

- IDLC Finance's net profits grew just 1% to BDT 182.15 crore in the first nine months of the year thanks to interest rate volatility and bearish capital market. During the period, IDLC's earnings per share declined to BDT 4.83 from BDT 4.90 a year earlier, according to the quarterly statement, which was unveiled yesterday.
- The other financial health indicators such as return on equity and return on assets deteriorated to 18.76% and 2.35% respectively in the nine months from 22.90% and 2.75%. Loan portfolio grew 12.72% to BDT 7,959 crore in the nine months thanks to corporate portfolio.
- Non-performing loans dropped to 2.67% in September from 2.83% in June. At the Dhaka Stock Exchange yesterday, each IDLC share traded at BDT 62.90. IDLC will soon start venture financing to provide capital to young entrepreneurs, the first financial organisation to do so, according to Khan. It already got alternative investment licence from the Bangladesh Securities and Exchange Commission, the capital market regulator.

<https://www.thedailystar.net/business/news/idlc-finance-profit-grows-marginally-1647577>

IPDC Finance to issue BDT 1.0 bn bond

The Financial Express, October 15, 2018

- IPDC Finance Limited will raise a capital worth BDT 1.0 bn through issuing bonds. The Bangladesh Securities and Exchange Commission (BSEC) approved a proposal to raise the capital through issuing 'Fully Redeemable Subordinated Bond', according to a company disclosure on Sunday.
- The bond will be issued through private placement to other than existing shareholders of the company in cash consideration. It said the company shall also adhere to the conditions imposed by the securities regulator under Section-2CC of the Securities and Exchange Ordinance, 1969.
- IPDC Finance, presently an 'A' category company, was listed with the stock exchanges in 2006. The company's sponsor-directors hold 51.05% shares, the government 21.88%, institutions 13.51%, foreign shareholders 0.17% and general public 13.39% as on September 30, 2018.

<http://thefinancialexpress.com.bd/stock/ipdc-finance-to-issue-BDT-10-billion-bond-1539577800>

Listed firms barely explain earnings swing

The Daily Star, October 16, 2018

- Most listed companies do not explain if their quarterly earnings see any significant rise or fall in their periodical reports in a breach of rules, keeping investors in the dark until the annual reports come out. Many companies do not even give the explanation for the deviation in their annual reports.
- But according to the Listing Regulations-2015, in case of significant deviation in any parameter such as earnings or net asset value, between the quarterly periods, the issuer of listed securities shall provide reasons. Earnings of 123 companies out of 328 listed on Dhaka Stock Exchange (DSE) deviated more than 50% year-on-year in the first quarter this year, data from the premier bourse showed. But no company has come up with any explanation.
- Market analysts said some companies organise earnings call, a meeting to publish quarterly reports, to address reasons behind a deviation and inform investors about the situation of companies. "But the number of the companies is only 10-12," he said. KAM Majedur Rahman, managing director of the DSE, said, "It's a part of corporate governance too." Quarterly reports are published through the exchanges.

<https://www.thedailystar.net/business/news/listed-firms-barely-explain-earnings-swing-1647589>

Economy

Petrobangla seeks BDT 54b fiscal support to foot LNG import bill

The Financial Express, October 16, 2018

- State-run Petrobangla has sought fiscal support worth around BDT 54 bn to purchase LNG from global suppliers during the current fiscal year until June 2019 as gas price has not been hiked yet. Petrobangla and its subsidiary gas marketing and distribution companies submitted proposals early this year to the energy regulator to raise blended domestic gas price for all types of consumers except households.
- The Bangladesh Energy Regulatory Commission (BERC) also held public hearings over the tariff hike proposals in June. The commission also got necessary statutory regulatory orders (SROs) issued by the National Board of Revenue (NBR) waiving a total of 122% tax on the locally-produced natural gas at the consumers' end to keep the blended gas price rational. The NBR, however, slapped 15% value added tax (VAT) on imported LNG.

- The NBR action came with the issuance of three regulatory orders, dated October 03, 2018, with retrospective effect from September 18. It also waived 5.0% customs duty (CD) on LNG import and slapped 2.0% advance income tax (AIT).
- The country has started consuming re-gasified LNG commercially since August 18. Bangladesh received its first LNG cargo on April 24 as the US-based Excelerate Energy Bangladesh Ltd brought in its floating, storage and re-gasification unit (FSRU) carrying 136,000 cubic metres of lean LNG from Qatar's RasGas.
- In the latest proposals, gas distribution companies including Titas Gas Transmission and Distribution Company Ltd (TGTDCL) and Karnaphuli Gas Distribution Company Ltd (KGDCL) attempted to raise natural gas tariff to BDT 12.95 per cubic metre from the existing BDT 7.39. They wanted to raise tariff for gas-fired power plants to BDT 10 per cubic metre from the existing BDT 3.16, for fertiliser factories to BDT 12.80 per cubic metre from the existing BDT 2.17. The price of compressed natural gas (CNG) in the filling stations has been proposed to be hiked to BDT 48 per cubic metre from the existing BDT 40.

<http://thefinancialexpress.com.bd/trade/petrobangla-seeks-BDT-54b-fiscal-support-to-foot-lng-import-bill-1539661280>

Rescheduled loans jump in Q2

The Daily Star, October 16, 2018

- Banks went on a loan rescheduling spree once again in the second quarter of 2018 after holding back in the first quarter. Between the months of April and June, default loans amounting to BDT 5,879 crore were rescheduled, in contrast to BDT 1,458 crore three months earlier, according to data from the central bank.
- Of the total amount rescheduled by banks, two banks accounted for 42.69%: state-run Sonali rescheduled BDT 1,340 crore and Islami BDT 1,169 crore. Bangladesh Bank officials said the large scale rescheduling of non-performing loans would not bring any good to the chaotic banking sector as most of the default loans were regularised bypassing the central bank's instructions.
- For instance, Sonali rescheduled more than BDT 1,200 crore of classified loans of a controversial business group by taking only 1% down payment. As per bank instructions, banks would have to take down payment of 10% to 50% when rescheduling the toxic loans.
- The group sought the latest round of rescheduling as its owner will contest in the upcoming national election, said a Sonali official. A central bank inspection team has recently found that a first generation bank rescheduled more than BDT 4,000 crore last year by grossly violating banking rules.
- The central bank termed the non-performing and rescheduled loans as stressed assets of the lenders as such loans are highly risky for them. Last year, Islami Bank also rescheduled BDT 3,099 crore and it has also kept the same track this year. There is a requirement for banks to get no-objection certificate from the central bank when they want to reschedule default loans under extraordinary circumstances.

BANKS THAT RESCHEDULED HIGHEST LOANS

Apr-Jun; in crore taka

BANK'S NAME	RESCHEDULED AMOUNT
SONALI	1,340
ISLAMI	1,169
PUBALI	618
JANATA	384
MERCANTILE	320
TRUST	306
BASIC	178
KRISHI	177

SOURCE: BB

<https://www.thedailystar.net/business/news/rescheduled-loans-jump-q2-1647598>

Bangladesh Bank relaxes terms on holding foreign loan collaterals

The Financial Express, October 16, 2018

- The commercial banks are now allowed to hold collaterals on behalf of the on-resident lenders against external loans, availed by the state entities, without prior approval from Bangladesh Bank (BB). "We've relaxed regulations allowing the authorised dealers (AD) banks to hold collaterals against external loans without prior approval from the central bank to facilitate transactions," a BB senior official told the FE.
- The central bank issued a circular in this connection on Monday, and asked the officials concerned of all AD banks to properly follow the instructions on holding collaterals on behalf of the non-resident lenders. BB also issued another notification, allowing the banks to repay interest, service charges and instalments against overseas borrowing without prior approval from the central bank.

<http://thefinancialexpress.com.bd/economy/bangladesh/bangladesh-bank-relaxes-terms-on-holding-foreign-loan-collaterals-1539663144>

India plans Rs 4,500cr upgrade of border posts for trade with B'desh, others

New Age, October 16, 2018

- India has taken a plan to improve border trade infrastructure involving Rs 4,500 crore for boosting bilateral trade and improving border connectivity with neighbouring countries including Bangladesh. The improvement in infrastructure on its border will also help India to compete with China which is increasing presence in the neighbourhood, according to a report of the Economic Times Magazine of India.
- India has already transformed seven land customs stations, out of 109 LCSs, into ICPs. Of which, two — Petrapole (Benapole) and Agartala (Akhaurya)—are along with Bangladesh borders. Dawki (Tamabil) is also being upgraded into ICP. India's trade through land borders was \$13 bn, 1.7% of the country's total trade worth \$ 769 bn, in 2017-18. Of the land border trade, exports constituted \$11.3 bn, accounting for 3.7% of total exports worth \$ 303 bn in the period.
- India's total export to Bangladesh was \$ 8.6 bn against import worth \$ 685 mn in the year. Of which, 50% of export and 75% of import took place through land border. To improve trade with neighbours, the government wants to develop the land-border infrastructure, said the report. This can also help land-locked countries such as Nepal and Bhutan get access to seaports. Both multinational and Indian companies like Marks & Spencer, VIP Industries, Reliance Retail, Raymond Apparel, Aditya Birla Fashion and Retail, and Puma Sports are importing goods through the ICP from Bangladesh.



Source: Economic Times

<http://www.newagebd.net/article/53293/india-plans-rs-4500cr-upgrade-of-border-posts-for-trade-with-bdesh-others>

BTRC rejects Robi plea to review BDT 50cr fine

New Age, October 16, 2018

- Bangladesh Telecommunication Regulatory Commission has rejected a plea of mobile operator Robi Axiata Limited to review a commission decision to fine the company BDT 50 crore. The decision to reject the plea was made in a recent

meeting presided over by BTRC acting chairman Md Jahurul Haque as the regulator found that there was no scope of reviewing the decision under the telecom act, said a senior officer of the commission.

- The Section 64 of the act allows the commission to impose up to BDT 100 crore over any entity or person for any violation of its direction to refrain from any activities. On the other hand, the mobile phone operator Robi filed application with the telecom regulator that lies under section 65 of the telecom act as there have no scope for arbitration under the Section 65 of the act.
- Afterwards, BTRC would take legal action against the operator if Robi refrain from paying the fine within the timeframe that would be mentioned in the notice. On September this year, BTRC fined Robi BDT 50 crore as the operator continued receiving 'unauthorised' fibre optic transmission service from Bangla Phone Limited ignoring an warning of the regulatory commission.
- The telecom regulator revoked Internet Service Provider licence of Bangla Phone for running Nationwide Telecommunication Transmission Network service without having a valid licence. Robi Axiata Limited in a statement in September denied that it had leased any fibre optic transmission service from any operator except the government-owned Bangladesh Telecommunication Company Limited.

<http://www.newagebd.net/article/53288/btrc-rejects-robi-plea-to-review-BDT-50cr-fine>

1,200 factories shuttered in four years

The Daily Star, October 16, 2018

- Some 1,200 garment factories have been closed down over the last four years because of their lack of compliance and falling behind in the competitive landscape, BGMEA said. In 2014, the global market size for apparel was \$483 bn; in 2017, the figure declined to \$454 bn.
- Between 2014 and 2018, the prices of Bangladeshi garment items declined in the US market by 11.72% while the cost of production increased 29.54%, the BGMEA chief said. Similarly, the prices of locally made garment items declined in the EU markets. But at the same time, each of the garment owners has spent BDT 3-5 crore for fixing the electrical and structural loopholes as per the recommendations of the Accord and Alliance experts.
- The cost of production will go up further after the implementation of the recommended minimum wage of BDT 8,000 from December this year, Rahman said. At present, the garments sector's minimum wage is BDT 5,300. The wage comprises nearly 5% of the total production cost of garment items, according to industry insiders.
- For instance, the National Garment Workers Federation at a recent press conference said only 3 to 5% of the total workers in the garment sector are in the seventh grade. The BGMEA leader also praised the statement of the Clean Clothes Campaign, the International Labour Rights Forum and the Maquila Solidarity Network, which urged 25 international retailers to hike the prices of garment items sourced from Bangladesh.

<https://www.thedailystar.net/business/news/1200-factories-shuttered-four-years-1647592>

International

Saudi currency at weakest in two years on Khashoggi case

New Age, October 16, 2018

- Saudi Arabia's currency fell to its lowest level in two years and its international bond prices slipped on Monday over fears that foreign investment inflows could shrink as Riyadh faces pressure over the disappearance of journalist Jamal Khashoggi.

- Trade in the forward currency market, used by banks to hedge investments, suggested some institutions were protecting themselves against the risk of capital outflows or US sanctions on Riyadh after the disappearance of Khashoggi, a prominent critic of Saudi authorities, in Istanbul.
- But the market moves were smaller than some bouts of instability in the last several years, indicating investors were not as panicked by the Khashoggi case as they were by a plunge of oil prices that began in 2014. Oil prices moved only slightly on Monday as analysts said they doubted Saudi Arabia, the world's biggest exporter of crude, would risk international isolation and damage its own finances by cutting back exports at a time when it is pushing through reforms designed to create jobs and diversify its economy.
- But Krisjanis Krustins, director in the Middle East and Africa team at credit ratings agency Fitch, said the affair could hurt some parts of the reform programme. The riyal was quoted at 3.7524 to the US dollar in the spot market early on Monday, its weakest rate since September 2016, Refinitiv data showed.
- The central bank maintains a peg of 3.75 riyals to the dollar, and usually the currency fluctuates in a range of about 3.7498-3.7503. In November 2015, when oil prices were plunging, the riyal dropped as low as 3.7598. In the forwards market, the dollar rose on Monday as high as 100 points against the riyal, a nine-month high, from 54 points on Friday. In 2016, it briefly rose above 1,000 points.
- Yields on Saudi Arabia's US dollar bonds climbed, mostly at the long end of the curve; its notes maturing in 2046 were 15 basis points wider. Krustins and other analysts noted that foreign investment flows into Saudi Arabia were already very low because of a weak private sector and uncertainty over regulation; this could limit the impact of any reduction of flows.

<http://www.newagebd.net/article/53285/saudi-currency-at-weakest-in-two-years-on-khashoggi-case>

Japan unveils sales tax hike

The Daily Star, October 16, 2018

- Japan on Monday announced a much anticipated sales tax hike in 2019 to address the nation's huge public debt, despite warnings it could hobble growth in the world's third-biggest economy. The point-of-sale tax will rise from eight% to 10% from October next year as ageing and heavily indebted Japan battles to finance snowballing social security bills -- especially medical fees.
- The tax rise was originally planned for October 2015 but was pushed back twice due to fears it could derail the fragile economy. The last such move -- in April 2014 -- was blamed for tipping Japan into a brief recession. This time, Prime Minister Shinzo Abe believes he can avoid a sharp decline in consumer spending by introducing measures to cushion the blow.
- The government also plans subsidies to offset the impact of the sales tax hike on some durable goods such as houses and environmentally friendly cars. And the proceeds from the tax hike will go in part to fund free nursery places to ease the impact on families and encourage Japanese to have more babies, as the population continues to shrink at a fast pace.

<https://www.thedailystar.net/business/news/japan-unveils-sales-tax-hike-1647562>

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