

Stock Market

ICB fund brings stocks back on positive trend: DSEX gains 110.33 points

Dhaka Tribune, October 16, 2019

- On the day, trading activities increased by 9.4% over the last session on Dhaka Stock Exchange (DSE). At the day's end, the turnover stood at BDT328.1 crore and the key index, DSEX, gained 110.34 points or 2.34% to settle at 4821.64 points
- The key index of the country's premier bourse returned to the green zone on Tuesday, gaining over 100 points after losing 226 points in the last six consecutive sessions.
- On the day, trading activities increased by 9.4% over the last session on Dhaka Stock Exchange (DSE). At the day's end, the turnover stood at BDT328.1 crore and the key index, DSEX, gained 110.34 points or 2.34% to settle at 4821.64 points.
- On Sunday, to prop up the market, ICB sought BDT2, 000 crore emergency fund from Bangladesh Bank and five state-run banks. DSEX index lost 1,239 points or 20.8% from its highest hit of 5,950 points since January 24 this year.
- On Tuesday, gainers took a strong lead over the losers as out of 352 issues traded, 311 advanced, 24 declined and 17 remained unchanged on DSE. At the end of the day, market-cap of the DSE also rose to BDT3,63,563 crore from BDT3,55,790 crore of the previous session.
- Top loser list was mostly dominated by 'Z category' stocks. The pharma sector continued to dominate the turnover board and grabbed 17.5% of the day's turnover. On the other hand, small stock investors on Tuesday staged demonstration at the continuous fall of the key indices at stock exchanges.
- On September 22 this year, the central bank announced in a circular that fresh liquidity support would be given to banks to raise their respective portfolios in the capital market up to the regulatory limit directly or through subsidiaries.

<https://www.dhakatribune.com/business/stock/2019/10/15/icb-fund-brings-stocks-back-on-positive-trend-dsex-gains-110-33-points>

Economy

IMF projects 7.8pc growth

The Financial Express, October 16, 2019

- The International Monetary Fund (IMF) has forecasted a 7.8 % economic growth for Bangladesh in 2019. The October 2019 version of the World Economic Outlook (WEO), released on Tuesday morning in Washington DC, unveiled the projection. The title of the outlook is 'Global Manufacturing Downturn, Rising Trade Barriers.'
- The IMF also projected that the gross domestic product (GDP) growth of Bangladesh will be slower, at the rate of 7.4 % and 7.3 % in 2020 and 2024 respectively. Bangladesh estimates annual GDP growth on the basis of its financial year (July-June). The Washington-based global monetary watchdog, however, projects the GDP growth on calendar year basis.

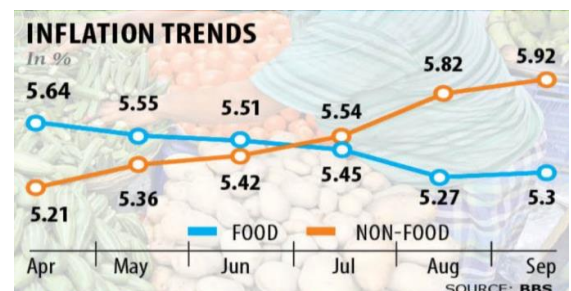
- Earlier, the IMF estimated the country's GDP growth at 7.6 % for the ongoing fiscal year (FY), 2019-20, in its latest staff report on Article IV Consultation Mission of Bangladesh. It was 8.0 % for FY 19.
- The world economy is projected to grow at 3.0 % in 2019 - a significant drop from 2017-18 for emerging markets and developing economies as well as advanced economies - before recovering to 3.4 % in 2020.
- By contrast, growth is expected to moderate into 2020 and beyond for a group of systemic economies comprising the United States, Euro area, China and Japan, which together account for close to half of the global GDP, according to the WEO.
- A media briefing was arranged to formally unveil the WEO on the eve of the IMF-World Bank annual meetings in 2019. Gita Gopinath, Economic Counsellor and Director of Research Department of the IMF, presented the highlights of its flagship report at its headquarters on Tuesday.

<http://thefinancialexpress.com.bd/economy/bangladesh/imf-projects-78pc-growth-1571198800>

Inflation hits 9-month high

The Daily Star, October 16, 2019

- Inflation edged up five basis points to 5.54 % in September, the highest in nine months, driven mainly by spiralling prices of food and non-food items. The last month's rate was higher than 5.49 % recorded in August this year and 5.43 % in September last year, according to data from state-run Bangladesh Bureau of Statistics (BBS).
- Food and non-food inflation drove up the overall inflation in the month. Food inflation rose by three basis points to 5.30 % from 5.27 % a month ago, while non-food surged 10 basis points to 5.92 % from 5.82 %.
- Retail prices of onion soared 25 % overnight to BDT 55-70 per kg in the markets of Dhaka city on September 14, according to data of the Trading Corporation of Bangladesh. The prices went on to rise to BDT 90-95 a kg on the last day of September. In the non-food sub-sector, the cost of health treatment and the price of educational items rose last month, according to BBS data.
- The data showed urban inflation went up to 5.41 % from 5.34 %, driven largely by the increase in the non-food inflation, which rose 17 basis points in a month to 5.42 % in September. General inflation in urban areas rose to 5.80 %, up five basis points from August. Both food and non-food inflation went up in urban areas.
- The government has targeted a 5.5 % inflation rate in the current fiscal year. It was able to contain it at 5.48 % last fiscal year, comfortably below the target of 5.6 %.



<https://www.thedailystar.net/business/news/inflation-hits-9-month-high-1814359>

FDI jumps 50.71pc to \$3.89b in FY'19

The Financial Express, October 16, 2019

- The net inflow of foreign direct investment (FDI) in Bangladesh increased by 50.71 % in the last fiscal year (FY'19), according to the latest statistics released by the central bank on Tuesday. It showed that net FDI stood at \$3.89 bn in FY'19 from \$2.58 bn in FY'18.
- Robust inflow of FDI helped ease some pressure on the country's balance of payments (BoP) in the past fiscal year. Nevertheless, the inflow of FDI was still well below the projection made in the Seventh Five-Year Plan (7th FYP).
- The 7th FYP projected that net inflow of FDI would be \$7.44 bn in FY'19. The gap between the projected and actual value of FDI stood at \$3.55 bn in the past fiscal year. The Bangladesh Bank data also put the gross inflow of FDI at \$4.94 bn in the year under review. At the same time, the value of disinvestment was recorded at \$1.05 bn.
- Disinvestment along with repayments of loans and losses had been deducted as per the International Monetary Fund (IMF) guidelines from gross FDI to determine net FDI. After a significant drop in equity capital in FY'18, it increased sharply in the past fiscal year. It reached \$1.19 bn from \$0.61 bn.
- Equity capital is one of the three core components of FDI and considered as fresh injection of foreign capital in the country. Reinvested earnings of existing multinational entities (MNEs) stood at \$1.36 bn in the last fiscal year from \$1.25 bn in FY'18. It is the amount of profit retained for reinvestment.
- The Bangladesh Bank data also revealed that intra-company loan almost doubled to \$1.33 bn in the past fiscal year which was \$0.71 bn in FY'18. Intra-company debt transactions usually refer to short or long-term borrowing and lending of funds between direct investors (parent enterprises) and affiliate enterprises.

<http://thefinancialexpress.com.bd/economy/bangladesh/imf-projects-78pc-growth-1571198800>

International

EU mission in city to review GSP eligibility

The Financial Express, October 16, 2019

- A high-powered trade mission from the European Union (EU) is visiting Dhaka to oversee labour rights situation in Bangladesh and review the country's eligibility to retain the trade benefits under its EBA regime, sources said.
- As part of their three-day visit, the delegation held meetings on Monday and Tuesday with the rights groups and industry leaders, including Bangladesh Employers Federation (BEF), Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association.
- The delegation sits with the government high-ups today (Wednesday). During the meetings in last two days, the delegation wanted to know about the developments on full alignment of the labour law to the Export Processing Zones (EPZs) and labour rules comply with ILO conventions 87 and 98 related to right to organize and collective bargaining, meeting sources said.

- It also wanted to know about the developments on the protection against acts of anti-union discrimination, registration of trade unions and shortcomings in legal alignment with ILO conventions. BKMEA first vice president Mohammad Hatem said the delegation stressed on ensuring labour rights in line with ILO conventions and ratify the ILO convention related to child labour to get GSP plus benefit.
- Bangladesh's exports under the EBA to the EU countries saw over 12 % growth in 2017. EU is the single largest destination of Bangladesh made exportable goods. About 62 % or US\$ 21.13 bn out of total \$34.13 bn readymade garment products from Bangladesh were shipped to EU in the just-concluded fiscal year (2018-19), according to the BGMEA data.

<http://thefinancialexpress.com.bd/trade/eu-mission-in-city-to-review-gsp-eligibility-1571201464>

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