

Stock Market

Stocks break 7-day losing streak on bargain hunting

New Age, July 17, 2019

- Dhaka stocks snapped a seven-day fall on Tuesday as some investors especially the institutional ones went for bargain hunting while the others maintained cautious approach amid financial sector volatility.
- DSEX, the key index of Dhaka Stock Exchange, advanced by 0.64 %, or 32.96 points, to close at 5,124.44 points on Tuesday after losing 289 points in the previous seven consecutive sessions.
- Market operators said the DSEX started rising on Tuesday as some institutional investors went for bargain hunting after the recent fall in share prices. The market lost 330 points in the previous 10 sessions due to People's Leasing and Financial Services (PLFS) liquidation move, penalty tax on listed companies, gas price hike and Grameenphone woes, dipping the DSEX to a 30-month low on Monday.
- Sea Pearl Beach Resort & Spa Limited made its debut on the DSE on Tuesday and received huge response from investors. The share prices of the company shot up by 267 % to end the session at BDT 36.40 each. The hotel issued its shares at BDT 10 each in the initial public offering. On Tuesday, the company's price earnings (PE) ratio became 51.51, which put the company in the danger zone in terms of PE ratio.
- Turnover on the bourse dropped to BDT 271.76 crore on Tuesday from BDT 306.06 crore in the previous session.

<http://www.newagebd.net/article/78695/stocks-break-7-day-losing-streak-on-bargain-hunting>

BSEC puts only 2-year lock-in on placement shares

New Age, July 17, 2019

- The Bangladesh Securities and Exchange Commission on Tuesday finalised public issue rules, putting a two-year lock-in on placement shares despite a demand for 3-year lock-in from most of the stakeholders.
- The commission also cancelled the option of declaring bonus dividend by mutual funds. The closed-end and open-end mutual funds can declare cash dividend only from now on. The stock market regulator made the decision at a commission meeting presided over by BSEC chairman M Khairul Hossain, a BSEC press release said.
- The BSEC brought a number of other changes to the public issue rules 2015. According to the new public issue rules, the shares held by a company's sponsor-directors and shareholders having 10 % and above of the company's shares will face a three-year lock-in period.
- But the shares held by placement shareholders and alternative investment funds will face a two-year lock-in period. The period would be counted from the first trading day of the issue on the stock exchanges.
- The BSEC backtracked on its previous position of putting a three-year lock-in on all the shares issued by a company before its initial public offering.

<http://www.newagebd.net/article/78692/bsec-puts-only-2-year-lock-in-on-placement-shares>

Bar on mutual funds to give stock dividend

The Daily Star, July 17, 2019

- The stockmarket regulator yesterday came up with the decision of barring the open-end and closed-end mutual funds from providing any return on unit (a form of stock dividend) to the unitholders. Mutual funds are investment funds that gather a fixed pool of money from a number of investors and re-invest them into stocks, bonds and other assets.
- The asset managers provide a dividend after the yearend and it could provide cash dividend or return on unit (like stock dividend) earlier. Bangladesh Securities and Exchange Commission took the decision in a meeting held in the commission building in Dhaka.
- The commission has also said the sponsors of the closed end mutual funds, which shall liquidate within a certain period, will have to hold their unit for at least one year from the fund formation date. The sponsors will have to have at least 10 % of their primary holding until its liquidation.

<https://www.thedailystar.net/business/news/bar-mutual-funds-give-stock-dividend-1772647>

Public issue rules amended: Quota facility for general investors raised by 10%

Dhaka Tribune, July 17, 2019

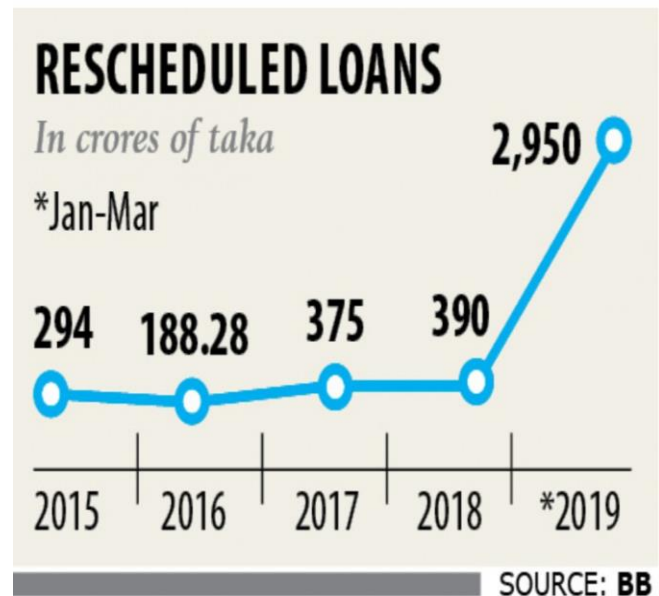
- The Bangladesh Securities and Exchange Commission (BSEC) has approved the final amendment to a number of rules tightening capital raising process through initial public offerings (IPO) and raising quota facility for the general investors by 10%.
- According to the final amendment to the public issue rules, 2015, a company will not be allowed to apply for public issue without using 80% of its previously issued capital. The issue of a company will be cancelled, if the total application is below 65% under the fixed price method.
- The size of the public issue under the fixed price method must be minimum BDT50 crore after IPO while the size of the public issue under the book building method must be at least BDT75 crore. The approval was given at a commission meeting presided over by BSEC Chairman M Khairul Hossain at its headquarters in the capital on Tuesday.
- The commission also increased the existing one-year lock-in provision to a two-year period for private placement shareholders, to be calculated from the first trading day of the issue.
- The IPO quota facility for the general investors has been raised to 50% from existing 40% under the fixed price method while under the book building method it has been raised to 40% from 30%.
- The quota facility for eligible investors has been cut to 50% from 60% under the book building method while it has been slashed to 30% from the current 40% under the fixed price method.
- The name and price quotation of any bidder in book building method must not be displayed and the bidder must buy the amount of shares at the prices he/she quotes for. Under the book building system, the investors will buy the shares at the recommended rates at auction. Besides, the quantity and price of shares will be as per what the bidders will offer for them.

<https://www.dhakatribune.com/business/2019/07/16/public-issue-rules-amended-quota-facility-for-general-investors-raised-by-10>

Record loan rescheduling at Social Islami Bank

The Daily Star, July 17, 2019

- Social Islami Bank rescheduled a record amount of loans in the first quarter of 2019 and yet failed to arrest its default loans from spiralling, in a worrying development for the bank that saw a hostile takeover from a controversial business group last year.
- Between the months of January and March, SIBL rescheduled BDT 2,950 crore, which is exponentially more than what it had been rescheduling in a year.
- For instance, it rescheduled BDT 390.31 crore in 2018, BDT 375 crore in 2017 and BDT 188.28 crore in 2016, according to data from the central bank.
- And yet, SIBL's default loans are racing ahead: in the first three months of the year its default loans soared 11.70 % to BDT 1,559 crore.
- The bank also failed to keep the required provisioning against its loans -- an indication that its financial health is wobbly. At the end of March, SIBL's provisioning shortfall was BDT 275 crore.
- The lender took 28 special approvals so far this year from the central bank to reschedule their default loans but those do not amount to BDT 2,950 crore, said a central bank official with strong knowledge on the matter.



<https://www.thedailystar.net/business/news/record-loan-rescheduling-social-islami-bank-1772653>

GP, Robi to get back bandwidth

The Daily Star, July 17, 2019

- The telecom regulator is set to lift the partial block on the bandwidth capacity of Grameenphone and Robi after the government stepped in to give relief to the crores of internet users of the two operators.
- On June 4, the telecom regulator slashed Grameenphone's bandwidth by 30 % and Robi's by 15 % for non-payment of dues detected in audits -- enough to slow down the internet speed and raise the call drop frequency of the two operators.
- According to the BTRC's audit claim, Grameenphone has BDT 12,579.95 crore pending and Robi BDT 867.24 crore and they had issued demand notes to the respective operators several times but they fell on deaf ears.
- Officials who attended the meeting said now the telecom division will withdraw their previous decision of bandwidth capping and come up with a new course of action.
- Senior officials of the two operators, who are the top two in the country, said the capping of bandwidth severely affected their internet service. Some parts of the country were cut off from internet use and in some cases the speed became slow.

<https://www.thedailystar.net/business/grameenphone-gp-robi-get-back-internet-bandwidth-1772662>

New vice chairman for UCB

The Daily Star, July 17, 2019

- Bazal Ahmed has recently been elected as vice chairman of United Commercial Bank.
- The election took place at the bank's 439th board meeting, according to a statement.
- He is also a member of the bank's executive committee.
- Ahmed is the managing director of Taj Accessories (Pvt.) Ltd and Saikat Textile and the proprietor of Taj Trading.

<https://www.thedailystar.net/business/news/new-vice-chairman-ucb-1772638>



Economy

Import growth 6.0pc in July-May of FY '19

The Financial Express, July 17, 2019

- Country's imports grew by nearly 6.0 % in the first 11 months of fiscal year (FY) 2018-19, riding on higher construction material imports, officials said.
- The actual import in terms of the settlement of letters of credit (LCs) rose to USD50.57 bn during the July-May period from USD47.79 bn in the same period of FY '18, according to the central bank's latest data.
- Meanwhile, the import of intermediate goods like coal, hard coke, clinker and scrap vessel jumped by more than 35 % to USD5.23 bn during the period under review from USD3.86 bn in the same period of FY '18.
- Building materials imported as intermediate goods for implementing projects, particularly mega schemes, pushed up import payments in 11 months of last fiscal, according to the BB official.
- Higher imports of petroleum products like liquefied natural gas also raised overall import spending during the same period. Imports of petroleum products increased by 16.08 % to USD3.44 bn in 11 months of FY '19 from USD2.97 bn in the same period of FY '18.
- Talking to the FE, another BB official said the rising trend in fuel oil imports may continue for the diversified use of gasoline products, particularly for power generation. On the other hand, import of capital machinery or industrial equipment fell by 9.63 % to USD4.35 bn during the period of FY'19 from USD4.81 bn.

<http://thefinancialexpress.com.bd/economy/bangladesh/import-growth-60pc-in-july-may-of-fy-19-1563336744>

International

UK pay growth strongest since 2008, but jobs boom slows

The Daily Star, July 17, 2019

- British wages, excluding bonuses, rose at their fastest pace in nearly 11 years, official data showed on Tuesday, but there were potential signs of future weakness in jobs growth, the economy's silver lining since the Brexit referendum.
- Core earnings rose by an annual 3.6 % in the three months to May, the biggest increase since mid-2008 and stronger than the median forecast of 3.5 % in a Reuters poll of economists.
- Including bonuses, pay growth beat all forecasts in the poll, rising to 3.4 %, the Office for National Statistics said, with a change in the timing of public health workers' pay rises accounting for a small part of the increase.

- Many economists say the strength of Britain's labour market is at least in part due to employers hiring workers who they can later lay off if needed, rather than making longer-term investment commitments ahead of Brexit.
- Unemployment held at its joint lowest rate since the three months to January 1975, forcing many employers to offer higher pay to their workers whose spending has helped the economy.

<https://www.thedailystar.net/business/news/uk-pay-growth-strongest-2008-jobs-boom-slows-1772551>

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