BASL DAILY NEWS BUZZ

October 17, 2018

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Stock Market

Stocks post marginal gain after plunge

New Age, October 17, 2018

- Dhaka stocks on Tuesday gained marginally after a sharp fall in the previous session as a section of investors went for bargain hunting share buying from power sector.DSEX, the key index of Dhaka Stock Exchange, gained 0.28%, or 15.47 points, to close at 5,399.88 points on Tuesday after losing 61.99 points in the previous session.
- Average share prices of energy, engineering, textile and pharmaceuticals advanced 0.76%, 0.75% and 0.35% respectively. The financial sectors posted mixed results as bank gained by 0.08% and non-bank financial institution dropped by 0.54% on the day. Among the prominent scrips, surge in share prices of Khulna Power Company, United Power Generation, Summit Power and Olympic Industries helped the market to gain on the day. The investors were assessing political risk factors surrounding the political developments before the next general elections due to be held by January 28, 2019.
- The turnover on DSE dropped further to BDT 492.52 crore on Tuesday compared with that of BDT 493.93 crore in the previous trading session. Beside loss of NBFIs, average share prices of cement and telecommunication dipped by 0.7% each. Of the 336 companies and mutual funds traded on Tuesday, 152 declined, 137 advanced, and 49 remained unchanged. DS30, the blue-chip index of DSE, added 0.17%, or 3.25 points, to close at 1,903.17 points. Shariah index DSES gained 0.48%, or 6.00 points, to finish at 1,254.18 points.
- Khulna Power Company led the turnover chart with its shares worth BDT 38.32 crore changing hands. Summit Power, United Power Generation Company, Active Fine Chemicals, VFS Thread Dyeing, Square Pharmaceuticals, Silva Pharmaceuticals, BBS Cables, Intech Limited and Simtex Industries were the other turnover leaders. Legacy Footwear gained the most on the day with a 9.96-per cent increase in its share prices, while Reliance Insurance was the worst loser, shedding 7.59%.

http://www.newagebd.net/article/53363/stocks-post-marginal-gain-after-plunge

Berger to splash out Tk 250cr on new plant

The Daily Star, October 17, 2018

- Berger Paints Bangladesh Ltd is going to invest Tk 250 crore to establish a new production unit at the Mirsarai Economic Zone in Chattogram. The Prime Minister's Office has already endorsed the application for 30 acres of land for the company at the economic zone.
- A land lease agreement is going to be signed between Bangladesh Economic Zones Authority (Beza) and the paint maker today. Rupali Chowdhury, managing director of Berger Paints Bangladesh, told The Daily Star that initially Berger Paints will invest Tk 250 crore to set up the unit. Under the new project, Berger will set up an emulsion plant, a resins plant, and a central raw material warehouse. The unit will mainly produce water- and solvent- based paints.
- Berger is the leading paint maker in Bangladesh. It has two production units in Dhaka and Chittagong each and has 11 home décor outlets in the country. It employs 1,000 people and has a countrywide distribution network of more than 3,000 dealers. Regarding the investment, Paban Chowdhury, executive chairman of the Beza, said multinational companies are feeling confident to invest in Bangladesh.

https://www.thedailystar.net/business/news/berger-splash-out-tk-250cr-new-plant-1647988

Mir Akhter holds IPO road show tomorrow

The Financial Express, October 17, 2018

- Mir Akhter Hossain Limited, a construction and engineering company, has moved to go public under the book building method. The company will raise a capital worth BDT 1.25 bn, said a release of IDLC Investments.
- As part of going public, the company will hold its IPO (initial public offering) road show in the capital tomorrow (Wednesday), according to IDLC Investments. It said the company will utilise the IPO proceeds to purchase equipments and repay bank loans. IDLC Investments is working as the issue manager of the company.
- Mir Akhter Hossain Limited has over fifty years of experience with a proven track record in the construction industry of Bangladesh. The company continues to hold a unique place in the country's engineering and construction sector with operations in projects like construction of roads, bridges, highways, railway tracks, airports, discharge channels, civil construction of power plants, functional buildings, factory buildings and complex infrastructural projects.

http://thefinancialexpress.com.bd/stock/mir-akhter-holds-ipo-road-show-tomorrow-1539666872

Economy

Submarine Cable Company records lowest profit

It is spending revenue on repaying loans for second undersea cable

The Daily Star, October 17, 2018

- Bangladesh Submarine Cable Company Ltd's net profit sank 77% to BDT 7.33 crore in fiscal 2017-18 despite logging in record revenue thanks to repayment of a loan taken to launch the country's second undersea link. Last year, it borrowed $39 mn from the Islamic Development Bank to bear the cost of launching the country's second submarine cable, which connected Bangladesh with South East Asia and Western Europe via the Middle East.
- For the next ten years it has to pay BDT 33 crore in instalment to the Jeddah-based lender. Accordingly, BDT 33 crore was kept as provisioning from last fiscal year's earnings. The profit was the lowest yet for the country's lone submarine cable company, although revenue earnings surged 35.53% year-on-year to BDT 140.50 crore during the course of the fiscal year, according to the company's annual report.
- The record revenue came on the back of increased data use across the country. The previous highest revenue was recorded in fiscal 2012-13: BDT 124.83 crore. In fiscal 2017-18, the company declared 5% cash dividend, the lowest since its listing in 2012. A year earlier, it distributed 12% in cash dividend.

PERFORMANCE OF SUBMARINE CABLE COMPANY

FISCAL YEAR	EPS	Dividend
2013	6.69	15%
2014	2.42	10%
2015	0.86	10%
2016	1.00	10%
2017	1.93	12%
2018	0.44	5%

https://www.thedailystar.net/business/news/submarine-cable-company-records-lowest-profit-1647994

State banks' bad loan recovery falters

The Daily Star, October 17, 2018

- Five state-run banks made half-hearted efforts in the first half of the year in recovering their non-performing loans, which account for 47% of the total default loans in the sector. Between the months of January and June, Sonali, Janata, Agrani, Rupali and BASIC managed to retrieve 8.74% of their bad loan recovery target of BDT 7,593 crore for the year.

- At the end of June, total non-performing loan of the banking sector stood at BDT 89,340 crore. Default loans in state banks escalated in recent months thanks to disbursement of a large amount of loans to unscrupulous persons without their business profile being verified, said a Bangladesh Bank official.
- Of the five banks, Janata made the highest recovery in the first half of the year: 19.18% of its annual target of BDT 1,700 crore. It was followed by Agrani, which recovered 11.66% of its annual target of BDT 1,200 crore. Sonali realised only 3.23% of its annual recovery target of BDT 2,500 crore, BASIC 4.11% of BDT 1,193 crore, Rupali 6.16% of BDT 1,000 crore. Islam went on to blame the habitual defaulters who frequently file writ petitions with the High Court to get their default loans unclassified on the poor recovery.

RECOVERY OF NON-PERFORMING LOANS

	Recovered till June (in % of target)	Annual Recovery Target (in crores of taka)
Janata	19.18	1,700
Agrani	11.66	1,200
Sonali	3.23	2,500
BASIC	4.11	1,193
Rupali	6.16	1,000

https://www.thedailystar.net/business/news/state-banks-bad-loan-recovery-falters-1647997

Loss-making BJMC gets BDT 10cr more from block allocation

New Age, October 17, 2018

- Finance Division has disbursed BDT 10 crore to the state-owned jute mills corporation to clear arrears of workers of the jute and textiles mills in Jessore and Khulna. Division officials said the fund was disbursed to Bangladesh Jute Mills Corporation from the block allocation as no fund was earmarked for payment of workers' wages in the budget for the current fiscal year.
- The fund was disbursed as loan with three% interest rate for 20 years, taking the total government loan to BJMC to BDT 120 crore in the nine months. Earlier, BDT 100 crore was disbursed to BJMC from the same block allocation in July following intervention from prime minister Sheikh Hasina, said the officials.
- After assuming power in 2009, the Awami League-led government reopened five jute and three textile mills, which had been closed by previous governments. On June 15, 2017, textiles and jute minister Emaz Uddin Pramanik said in parliament that over 6,500 jobs were created following the reopening of the eight mills.
- The five jute mills are Daulatpur Jute Mills Ltd, Peoples Jute Mills Ltd (now Khalishpur Jute Mills Ltd), Qaumi Jute Mills Ltd (now Jatiya Jute Mills Ltd), Karnafuli Jute Mills Ltd, Forat Karnafuli Carpet Factory, while three textile factories are Darwani Textiles Mills Ltd, Rangamati Textile Mills Ltd and Magura Textile Mills Ltd. The workers' payment, however, still remains a headache for BJMC that incurred losses of BDT 489.31 crore in the last fiscal year and BDT 481.90 crore in 2016-2017. BJMC identified some reasons for the losses, including an excess number of labourers working in factories, fall in export of jute and jute goods, institutional incapacity and corruption.

http://www.newagebd.net/article/53360/loss-making-bjmc-gets-BDT-10cr-more-from-block-allocation

No survey by NBR's tax survey arm in 16 years

New Age, October 17, 2018

- Central Tax Survey Zone of the National Board of Revenue has remained inactive for the last 16 years due to its lack of authority in conducting survey and in issuing taxpayers' identification numbers. Instead of strengthening the dedicated zone, NBR empowered all income tax zones for conducting survey, they said.

- Tax officials and other stakeholders on Tuesday at a programme on survey, tax net expansion and taxpayers' motivation, suggested that the NBR should activate the zone and spread its activities across the country. Central Tax Survey Zone arranged the programme in association with the Dhaka South City Corporation at Mayor Hanif Auditorium of Nagar Bhaban in Dhaka.
- At the programme, CTSZ joint commissioner Mohidul Islam said the zone in the first eight years spotted 10 lakh potential taxpayers through surveys and sent the details of those taxpayers to other terrestrial tax zones for bringing them under the tax net.
- Under the system, the zone could retrieve taxpayers' data from other government agencies like Bangladesh Road Transport Authority and registration office. Currently, some 32 lakh people have e-TINs while some 20 lakh taxpayers file tax returns.

http://www.newagebd.net/article/53359/no-survey-by-nbrs-tax-survey-arm-in-16-years

International

Annual US budget deficit hits six-year high of $779b

The Daily Star, October 17, 2018

- The US budget deficit hit a six-year high of $779 bn in the most recent fiscal year, the Treasury announced Monday, underscoring the cost of last year's sweeping tax cuts. In the 2018 fiscal year, which ended September 30, the United States took in $3.3 trillion but spent $4.1 trillion. That sent the deficit up 17% or $113 bn, to its highest level since 2012, according to the Treasury report.
- The deficit also grew as a share of the economy, rising to 3.9% of GDP, up from 3.5% in the 2017 fiscal year, the report showed. But with GDP expanding by 4.2% in the second quarter of the year, the White House is banking on faster growth to pay for December's tax cuts.
- Government outlays rose $127 bn, with the biggest increase from the Treasury Department, largely due to debt servicing costs. Total government borrowing increased by $1 trillion in the latest fiscal year to $15.75 trillion, including $779 bn to finance the deficit. Interest expense on government debt increased 14% or $65 bn due to the higher debt level as well as rising interest rates, a Treasury official told reporters.

https://www.thedailystar.net/business/global-business/news/annual-us-budget-deficit-hits-six-year-high-779b-1647796

Rising oil price turns up heat on vulnerable emerging economies

New Age, October 17, 2018

- A rise in oil prices to four-year highs is heaping pressure on big emerging-market crude consumers such as Turkey, India, Indonesia and South Africa that are already grappling with current account deficits, weak currencies and rising inflation. Meanwhile Brent crude prices have risen above $80 per barrel, thanks largely to coordinated production cuts by some of the world's biggest oil exporters, as well as impending US sanctions on crude exporter Iran that could wipe yet more supply off the market.
- Some analysts now think benchmark prices could return to $100 per barrel for the first time since 2014. But for a number of importers such as India, Turkey or Indonesia - who all have seen their currencies tumble to record lows this year - oil is already more expensive now at $85 a barrel than it was back in 2008 when the price hit a record $147 a barrel.

- Trouble is especially on the cards for those economies hit by the triple-whammy of a sharp currency drop, heavy reliance on dollar-denominated energy imports and external funding flows. While China, India, Thailand, Turkey, South Africa and Indonesia top the list of biggest emerging market oil importers, Thailand enjoys a solid current account surplus and China only edged into a rare deficit in the first half of the year.
- For many countries, the pressure is two-fold: rising crude imports with rising prices. China, India, Indonesia, Thailand, Turkey and South Africa imported 18% more crude oil in July 2018, the last month for which complete data is available, than they did in January 2017.
- Consumer spending power across many of these countries is also bound to suffer as - unlike in 2008 - many consumers do not have the same cushion of fuel subsidies and central banks have to ramp up rates to tackle inflation pressures and steady their currencies. All three major oil market forecasters - the International Energy Agency, the US Energy Information Administration and OPEC - cut their estimates for oil demand growth this year and next in the past days. All three cited the financial pain visited upon emerging markets as the key catalyst.

http://www.newagebd.net/article/53358/rising-oil-price-turns-up-heat-on-vulnerable-emerging-economies

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