

Stock Market

Stocks gain for 3rd week on Bangladesh Bank move, post-Eid hope

New Age, August 11, 2019

- Dhaka stocks gained in the past week, three weeks in a row, as investors, encouraged by the Bangladesh Bank' move to improve liquidity situation in the country's non-bank financial institutions, continued buying shares before Eid holidays.
- A nine-day closure at the Dhaka Stock Exchange and the Chittagong Stock Exchange began on August 9 due to Eid-ul-Azha and weekly holidays. DSEX, the key index of the DSE, gained 0.61 %, or 31.68 points, over the week to close at 5,201.42 points on August 8, the last trading session of the week.
- The DSEX gained 70.72 points in last three weeks. Eid-ul-Azha, one of the largest religious festivals of the Muslims, will be celebrated across the country tomorrow. Investors expected that the market scenario might improve further after the Eid vacation as companies of which financial year ended in June would declare dividends and earnings results.
- Besides, Bangladesh Bank on August 5 decided to enhance borrowing capacity of NBFIs from the call money market that encouraged some investors to buy financial scrips. Moreover, most of the banks declared profit growth for the January-June period compared with that for the same period in the previous year that drew investors' attention.
- Therefore, bank and NBFI sectors gained 1.3 % and 0.8 % respectively in last week. The share prices of controversial Coppertech Industries shot up abnormally on its debut trading day on August 5. The prices of the company's shares increased by 348 % to close at BDT 44.80 a share on August 5. But, the share prices of the company closed at BDT 39.10 a share on August 8.
- DS30, the blue-chip index of DSE, however, lost 0.04 %, 0.75 points, to close at 1,837.75 points. Shariah index DSES added 0.001 %, or 0.03 points, to finish at 1,192.22 points. Pragati Life Insurance gained the most in the week with a 26.48-% increase in its unit prices while SEML IBBL Shariah Fund Balanced Fund was the worst loser, shedding 25.86 %.

<http://www.newagebd.net/article/81284/stocks-gain-for-3rd-week-on-bangladesh-bank-move-post-eid-hope>

179 directors yet to comply with minimum shareholding rules

New Age, August 16, 2019

- Capital market regulator Bangladesh Securities and Exchange Commission has failed to enforce the 2-% minimum shareholding rules on listed companies' sponsor-directors even after almost eight years of the enactment of the rules as 179 directors of 59 companies are yet to comply with the rules.
- Currently, there are 318 companies enlisted on the Dhaka Stock Exchange. On May 21 this year, the BSEC further tightened the rules to improve the market situation. According to the companies' shareholding position till the end of April this year, 179 directors of 59 companies did not hold individually minimum 2 % shares.

- The BSEC on November 22, 2011 issued a notification that said, 'Each director other than independent director of any listed company shall hold minimum 2 two % shares of the paid-up capital, otherwise there shall be a casual vacancy of director.'
- A BSEC investigation in 2017 found that around 219 directors of 79 companies did not hold minimum 2 % shares. The commission had taken a move to take action against the errant directors, but it is yet to take any punitive action.
- Earlier in 2017, the High Court asked the BSEC to explain why it was not removing from the boards the company directors who were not holding the required %age of shares of the companies' paid-up capitals. The HC move had come following a writ petition filed by an investor.
- The market regulator on March 11, 2018 directed the two stock exchanges to ensure the listed firm's proper compliance with the notification. The bourses inquired why the companies failed to obey the BSEC notification. In reply, the companies showed excuses.

<http://www.newagebd.net/article/81518/179-directors-yet-to-comply-with-minimum-shareholding-rules>

Most NBFIs see EPS decline in H1

The Financial Express, August 16, 2019

- Most listed non-bank financial institutions (NBFIs) have witnessed their earnings per share (EPS) decline in the January-June period of this year, compared to the same period of the previous year. Market analysts attributed the fall in EPS to lack of new investments, increased provisioning against growing non-performing loans and losses from the capital market investments.
- There are 23 NBFIs listed on the stock exchanges in the country. All but one company -- People's Leasing & Financial Services (PLFS) -- have declared their H1 earnings. The PLFS did not declare earnings as the government decided to liquidate the company going downhill over last several years.
- According to unaudited financial statements, consolidated EPS of 11 companies fell (four of them saw higher losses), while 10 companies' consolidated EPS rose slightly and one company's EPS remained unchanged year on year in January-June 2019, according to the Dhaka Stock Exchange (DSE) data
- The consolidated EPS of BIFC, Delta Brac Housing Finance, Fareast Finance, First Finance, GSP Finance, ICB, IDLC Finance, International Leasing Finance, Midas Financing, Phoenix Finance and Premier Leasing declined in January-June period of 2019, compared to the same period a year ago.
- Of them, four companies -- BIFC, Fareast Finance, First Finance and Midas Financing -- posted higher losses during the period under review. The Bangladesh Industrial Finance Company's consolidated EPS stood at negative BDT 3.78 for January-June of 2019 as against negative BDT 3.57 for the same period a year ago.

<http://thefinancialexpress.com.bd/stock/most-nbfis-see-eps-decline-in-h1-1565933057>

Berger Paints posts steady growth in revenue, profitability

The company's net profit climbs 16.84pc

The Financial Express, August 17, 2019

- Berger Paints Bangladesh Limited witnessed a consistent growth in revenue and profitability, registering a net profit growth of 16.84 % for the year ended on March 31, 2019. The multinational company posted a 7.58 % sales value growth during the period and increased its market share in 2018-2019.
- The company's consolidated revenue stood at BDT 17.73 bn for the year ended on March 31, 2019, up from BDT 16.48 bn in the previous year, according to its latest annual report. Its net profit grew by 16.84 % year on year to BDT 1.95 bn.
- To offset the overall raw materials price inflation, product price was increased by 4.67 %, and the total expense of 2018-19 was reduced to 28.63 % of net sales, compared to 30.50 % of previous year, according to the annual report.
- Berger Paints has launched WeatherCoat Antidirt Supreme, a new addition under Antidirt product range. Berger has added liquid printing ink to its portfolio. In October 2018, Bangladesh Economic Zone Authority (BEZA) has allotted 30 acres of land at Mirsarai and Feni Economic Zones to Berger Paints Bangladesh.
- The company's consolidated EPS was BDT 11.12 for April-June 2019 as against BDT 7.39 for April-June 2018. Its consolidated NOCFPS was BDT 20.03 for April-June 2019 as against BDT (3.38) for April-June 2018. The consolidated NAV per share was BDT 187.31 as on June 30, 2019 and BDT 176.18 as on March 31, 2019.

<http://thefinancialexpress.com.bd/stock/berger-paints-posts-steady-growth-in-revenue-profitability-1566017947>

MNCs rule the roost in distributing dividends

The Financial Express, August 18, 2019

- The listed multinational companies (MNCs) have continued their dominance in distributing dividends. The MNCs were the majority in the chart of top 20 listed companies which distributed dividends for the year ended on June 30 and December 31, 2018.
- Of top 20 companies, 10 were MNCs which disbursed dividends ranging between 75 % and 700 %. On the other hand, the local companies, which were in the chart of top 20 companies, distributed dividends ranging between 48 % and 140 %.
- The MNCs which disbursed significant amount of dividends are Reckitt Benckiser (Bangladesh), Marico Bangladesh, GlaxoSmithKline (GSK), British American Tobacco Bangladesh Company, Linde Bangladesh, Bata Shoe Company, Grameenphone, Berger Paints Bangladesh, Renata and Heidelberg Cement Bangladesh.
- Of these companies, Reckitt Benckiser (Bangladesh) disbursed 700 % cash dividend for the year ended on December 31, 2018. The company's EPS, however, declined to BDT. 70.22 for 2018 from BDT. 80.63 reported in the previous year.
- The amount of total cash dividend distributed by the Marico Bangladesh stood at 650 %, including 600 % interim dividend for the financial year 2018-2019. The company's EPS rose to BDT. 64.23 for the year ended on March 31, 2019 from BDT. 52.15 reported for the same period of the previous year.

<http://thefinancialexpress.com.bd/stock/mncs-rule-the-roost-in-distributing-dividends-1566101261>

Ring Shine Textile's subscription opens on August 25

The company to raise BDT 1.50b through IPO

The Financial Express, August 15, 2019

- The public subscription of Ring Shine Textiles Ltd is set to begin on August 25, aiming to raise a capital worth BDT 1.50 bn from the stock market. The textile company's initial public offering (IPO) subscription will remain open until September 9, officials said.
- The stockmarket regulator -- Bangladesh Securities and Exchange Commission (BSEC) approved the company's IPO proposal on March 12 to raise the said amount through IPO. As per the BSEC approval - under the fixed price method - Ring Shine Textiles will float 150 mn ordinary shares at an offer price of BDT 10 each to raise BDT 1.50 bn.
- A market lot consists of 500 shares and an investor needs BDT 5,000 to apply for each lot of the company's IPO shares. For non-resident Bangladeshis (NRBs) and foreign applicants, the required amount (per lot) for subscription is US\$ 59.71 or GBP 49.26 or EUR 53.81, according to the Dhaka Stock Exchange (DSE).
- The company will utilise the IPO proceeds for purchasing and installation of machinery for the existing factory unit (64.27 %), repayment of bank loans (33.33 %) and to meet the IPO expenses (2.40 %), within 18 months of receiving the IPO funds.
- According to the financial statement ended on June 30, 2018, the company's net asset value (NAV) per share (without revaluation) was BDT 23.17 and the earnings per share (EPS) stood at BDT 1.99. Currently, the company's authorised capital is BDT 4.40 bn and paid-up capital is BDT 2.85 bn. The paid-up capital of the company after raising the funds through IPO would be BDT 4.35 bn.

<http://thefinancialexpress.com.bd/stock/ring-shine-textiles-subscription-opens-on-august-25-1565847199>

Sojitz, Energypac want PPP to build seaport, industrial park

The Daily Star, August 18, 2019

- Japanese Sojitz Corporation and local Energypac want the Bangladesh government to get involved in their \$2-bn plan to build a seaport and energy industrial park in Chattogram under a public-private partnership (PPP).
- As per the initial feasibility study, the two firms will need to invest \$1.2 bn within 2024 to complete the first phase of the seaport and the investment will reach \$2 bn to build the full-fledged seaport.
- Sojitz and Energypac have already signed a memorandum of understanding with Bangladesh Economic Zones Authority (Beza) so that the two companies can get the land. A land lease agreement may be signed by December this year.
- Once the deal is inked, Sojitz and Energypac will carry out the final feasibility study and place financing proposal with the World Bank and the Japan International Cooperation Agency for funds.
- Sojitz's plan is to establish an infrastructure project to provide services for handling bulk materials through the port, where mother vessels will anchor. The Japanese company is also keen to develop businesses in various industries such as machinery, chemical, medical, renewable energy, coal, food and textiles.

<https://www.thedailystar.net/business/news/sojitz-energypac-want-ppp-build-seaport-industrial-park-1786645>

BSEC to follow new rules in dealing with pending IPOs

New Age, August 18, 2019

- The Bangladesh Securities and Exchange Commission will follow new public issue rules in dealing with the pending applications for initial public offerings of different companies. There are around 26 companies who had applied for IPOs under the existing public issue rules and have been waiting for IPO approval from the commission.
- The commission on April 29 had said in a press release that the IPO applications submitted before April 29 would be considered under the existing rules. On July 16, the BSEC finalised the new public issue rules after analysing opinions from stakeholders and general public.
- According to the finalised new public issue rules, the size of the public issue under the fixed price method must be minimum BDT 30 crore or 10 % of the company's paid-up capital, whichever is higher. Previously, it was BDT 15 crore.
- The size of the public issue under the book building method must be at least BDT 75 crore. Previously, it was BDT 50 crore. The other changes including bidding process, IPO quota facility and share lock-in system would also be applied to the pending issues.
- The IPO quota facility for the general investors has been raised to 50 % from 40 % under the fixed price method of IPO and it has been increased to 40 % from 30 % under the book building method.
- The quota facility for the eligible investors has been cut to 50 % from 60 % under the book building method while it has been reduced to 30 % from 40 % under the fixed price method. But the shares held by placement shareholders and alternative investment funds would face a two-year lock-in period. The period would be counted from the first trading day of the issue on the stock exchanges.
- According to the new rules, the eligible investors including financial institutions must have to invest a certain amount of fund at the secondary market to get the IPO quota facility reserved for them. The commission would set the amount in the consent letter of every IPO.

<http://www.newagebd.net/article/81718/bsec-to-follow-new-rules-in-dealing-with-pending-ipos>

Economy

Govt considers LNG buy from spot market

The Financial Express, August 18, 2019

- State-run Rupantarita Prakritik Gas Company Ltd has initiated master sales agreements (MSAs) with 17 global suppliers separately to source liquefied natural gas (LNG) from spot market.
- Spot market is a public market in which financial instruments or commodities are traded for immediate delivery. Spot market for the LNG was developed over the past several years with the gluts of LNG output alongside the growth of emerging markets for LNG (liquefied natural gas).
- However, state-run Petrobangla has been importing LNG under term deals within the range of around \$8.5 per Mmbtu to \$10 per Mmbtu over the past one year since April 24, 2018, when the first shipment reached Moheshkhali Island in the Bay of Bengal.

- The imported LNG is re-gasified at FSRUs (floating, storage, re-gasification units) before it is added to the national grid for use by end users. Officials said the 17 interested LNG suppliers have been selected following a competitive bidding.
- They will provide fuel to the country's LNG-receiving terminals from the spot market following instructions time to time, based on demand, said the officials referring to some features of the initials. The RPGCL would initially make proposal to the selected firms specifying the quantity of spot LNG for supplying to the LNG terminals.
- The RPGCL will procure spot LNG based on market prices, terminal availability, increased re-gasification capacity and downstream demand. Currently, two FSRUs, owned by US-based Excelerate Energy and local Summit Group, are currently re-gasifying around 580 mmcf of LNG.

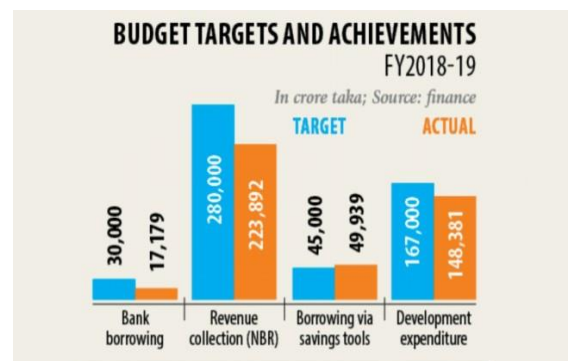
<http://thefinancialexpress.com.bd/trade/govt-considers-lng-buy-from-spot-market-1566100642>

Govt's borrowing from banks almost half of its plan

It borrows more through savings certificates

The Daily Star, August 18, 2019

- The government's bank borrowing last fiscal year was almost half of what it had planned to, thanks to its lower development expenditure and higher sales of national savings certificates, much to the relief of the cash-strapped banking sector.
- In fiscal 2018-19, BDT 17,179 crore was borrowed from the banking sector although the target set at the beginning of the year was BDT 30,895 crore, according to data from the Bangladesh Bank.
- The difference was made up by extensive sales of savings certificates: BDT 49,939 crore against the target of BDT 26,197 crore. Furthermore, the need to borrow from banks was not pressing as implementation of the development budget lagged.
- The lower expenditure on all fronts also cushioned the blow of the National Board of Revenue missing its collection target of BDT 280,000 crore by a staggering BDT 56,108 crore.



<https://www.thedailystar.net/business/banking/news/govts-borrowing-banks-almost-half-its-plan-1786588>

BDT 51.5b project taken for Pyra Port

It'll build one of the biggest terminals by 2022

The Financial Express, August 18, 2019

- The government is going to build one of the biggest multipurpose terminals of the country at the Pyra Seaport with the financial support of India, officials said on Friday. They also said the Pyra Port Authority (PPA) has taken up a project at a cost of BDT 51.50 bn, where BDT 44.02 bn will come from the Indian Line of Credit (LoC).

- According to the PPA officials, the terminal will be mainly used for handling general cargo, sand and aggregate, and grains. The terminal's three berths with a length of 550 metres will be used for handling general cargo, two berths with a length of 400 metres for handling sand and aggregate, and one berth with a length of 250 metres for handling grains.
- According to the project proposal, the PPA will complete construction of a 1,200 metre X 22 metre jetty with necessary facilities, 10-kilometre (km) slop protection work, installation of 10-km 33-kv electricity line, setting up 10-km optical-fibre cables, building a water treatment plant, fixing a 2.4-km gantry crane, and some other works.

<http://thefinancialexpress.com.bd/trade/BDT-515b-project-taken-for-payra-port-1566101795>

Korea keen to invest in 10 PPP projects

The Financial Express, August 18, 2019

- Korea has shown interest to invest in 10 public-private partnership (PPP) projects in the aviation, rail and power sectors under government-to-government arrangements. However, Bangladesh sought investment in 14 projects in the rail, road, power and textile sectors at the first Bangladesh-Korea joint platform meeting held in Seoul last month.
- Sources said public and private delegates placed their proposals during the meeting. Under the Bangladesh-Korea joint platform, the delegates held one-to-one meetings on the projects proposed by different agencies such as Bangladesh Railway, Roads and Highways Department, Power Grid Company Bangladesh Limited, Narayanganj City Corporation and Bangladesh Textile Mills Corporation.
- The meeting was a follow-up to the memorandum of understanding signed between the PPP Authority and the Korean government in April in Dhaka. The PPP Authority and Korea Overseas Infrastructure and Urban Development Corporation (KIND) hosted the meeting.

<http://thefinancialexpress.com.bd/economy/bangladesh/korea-keen-to-invest-in-10-ppp-projects-1566102072>

Remittance inflow reaches \$716m in nine days before Eid

The Financial Express, August 18, 2019

- Expatriate Bangladeshis have sent home an increased amount of money home before the Eid-ul-Azha, taking the figure in the first nine days of August to \$716.2 mn. Bankers also believe the government announcement on 2.0 % incentives for remittance inflow has encouraged the Bangladeshis living abroad.
- The 2019-20 financial year started with the remittance inflow in an upbeat mood as the country received \$1.6 bn in July, the second highest for a month and 21.2 % more than the same month last year. The expatriates set the highest monthly record of remittance in May by sending over \$1.75 bn ahead of the Eid-ul-Fitr.
- In 2018-19, Bangladesh received record \$16.42 bn in remittance with a 9.6 % growth. With the newly received remittance, the foreign currency reserves of Bangladesh reached \$32.4 bn on Wednesday. The reserves dropped below \$32 bn recently after payments for import to the Asian Clearing Union.

<http://thefinancialexpress.com.bd/economy/bangladesh/remittance-inflow-reaches-716m-in-nine-days-before-eid-1565884788>

BB plans uniform method to calculate cost of funds

The Daily Star, August 18, 2019

- The central bank is set to come up with a new formula for calculating the cost of funds for banks with a view to bringing down the interest rate on lending, much to the trepidation of bankers.
- The cost of funds is the interest rate paid by lenders for the funds they use in their business. The move comes as banks now calculate their cost of fund following different methods, raising questions of transparency.
- In a bid to bring uniformity the Bangladesh Bank has now decided to come up with a blanket formula that all banks must use to calculate their cost of funds. The spread between the cost of funds and the interest rate charged to borrowers represents one of the main sources of profit for many financial institutions.
- The cost of funds is one of the most important input costs for a lender since a lower cost will end up generating better returns when the funds are used for short-term and long-term loans to borrowers. A portion of provisioning against default loans will not be calculated to determine the default loans.
- Lenders will also be allowed to include a maximum of 70 % of their administrative expenses -- such as salary payment to their employees -- when they will calculate their total cost. Besides, expenditures related to the corporate social responsibility and performance and incentive bonus payment for their employees will not be included with the total cost.

AT A GLANCE

The new method will show low cost of fund

Lower cost of fund will bring down the lending rate

Banks to deduct a portion of provisioning for default loans, CSR and incentive bonus from total cost

A maximum of 70pc of banks' administrative cost will be calculated to set the cost of fund

The central bank tries to lower the lending rate to a single digit by implementing the formula, say bankers

The method may have a negative impact on banks if lending rate is set artificially

<https://www.thedailystar.net/business/banking/news/bb-plans-uniform-method-calculate-cost-funds-1786630>

International

Dollar recovers as strong US data soothes market nerves

The Daily Star, August 18, 2019

- The dollar recovered from early weakness against the safe-haven yen as better-than-expected US retail sales data on Thursday eased fears that the US economy could be headed for a recession.
- The Japanese yen, which tends to benefit during geopolitical or financial stress as Japan is the world's biggest creditor nation, has strengthened about 0.3 % against the dollar this week as investors reached for safety.
- The yen started the day strong against the dollar as investors fretted over this week's economic data from China and Germany that revealed the extent of the damage the China-US trade dispute is causing to the world economy.
- The Japanese currency advanced sharply against the greenback on Wednesday after the first inversion in the US Treasury yield curve in 12 years sparked heightened fears of an imminent end to the longest economic expansion in US history. However, the yen retreated against the greenback on Thursday after data

showed US retail sales surged in July, helping assuage financial markets' fears that the US economy was heading into recession.

- US retail sales rose in July as consumers bought a range of goods even as they cut back on motor vehicle purchases, which could help ease financial markets' fears that the economy was heading into recession. The dollar was up 0.27 % against the yen.
- The dollar index, which tracks the greenback versus the euro, yen, sterling and three other currencies, was up 0.18 % at 98.166, close to a two-week high.

<https://www.thedailystar.net/business/global-business/news/dollar-recovers-strong-us-data-soothes-market-nerves-1786540>

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