

## Stock Market

### Stocks dip to 33-month low despite Kamal's meeting

New Age, September 18, 2019

- Dhaka stocks dropped on Tuesday, hitting the key index a nearly 33-month low as investors found no immediate solution to the current market turmoil in the finance minister's meeting in the previous day. DSEX, the prime index of Dhaka Stock Exchange, lost 0.61 %, or 30.74 points, to close at 4,928.98 points on Tuesday after gaining 27 points in the previous three sessions
- The index hit its lowest after December 24, 2016 when it was at 4,924.33 points. The DSE lost around BDT 51,000 crore of market capitalisation in last seven months and around BDT 17,000 crore in last 17 days. The average share prices of textile, pharmaceutical, non-bank financial institution and bank sectors dropped by 1.2 %, 0.9 %, 0.8 % and 0.2 % respectively.
- DS30, the blue-chip index of the DSE, dropped by 0.22 %, or 3.93 points, to close at 1,751.81 points. DSE Shariah index DSES shed 0.74 %, or 8.64 points, to close at 1,146.97 points. National Tubes led the turnover chart with its shares worth BDT 28.04 crore changing hands.
- Monno Jute Stafflers, Legacy Footwear, British American Tobacco, Square Pharmaceuticals, JMI Syringe, Stylecraft, Monno Ceramics, United Power Generation Company and Beacon Pharmaceuticals were the other turnover leaders. National Tubes gained the most on the day with an 8.32-per c

<http://www.newagebd.net/article/84860/stocks-dip-to-33-month-low-despite-kamals-meeting>

### Pre- and post-IPO earnings raise questions

The Daily Star, September 18, 2019

- Earnings of many companies drop even after three-four years of their listing in the bourses, whereas stock investors expect it will rise with the investment of the proceeds from the initial public offering. Once their earnings slide, their stock price follow suit, leaving a hole in the stock investors' portfolio.
- Between 2012 and 2016, 63 companies withdrew capital from the stock market to go for further investment and loan repayment -- with the promise that their earnings will rise. Of them, earnings of 45 companies fell, 17 rose in 2018. One has been merged with another listed company and so its data was not available.
- The data of companies that raised funds between 2017 and 2019 have not been considered for comparison as a company generally needs two to three years to make profit from an investment.
- Most of the companies come to the market and show higher earnings per share (EPS) until the sponsors keep their stake. Once they sell off their shares EPS starts to fall. The reality of their income situation comes to the fore once they get enlisted. What is more, some companies come to the market when the sponsors think the business is sinking.

#### PERFORMANCE OF FIRMS LISTED IN 2012-16

- 63 companies were listed
- 45 saw EPS fall
- 10 became junk
- 6 downgraded to B category

- After completion of listing, such companies' earnings go down slowly and move towards the junk stock's status. One such example is Tung Hai Knitting and C&A Textiles, both of which got listed in 2014 and 2015 respectively.
- Within four years of their listing, both the companies closed their factories and the Dhaka bourse could not find any official at their office addresses. So, the stocks' prices came crashing down to BDT 2.90 and 2.50 respectively while their face value was BDT 10. As a result, investors lost huge sums by investing in them.

<https://www.thedailystar.net/business/news/pre-and-post-ipo-earnings-raise-questions-1801120>

## **Banks relieved as loan-deposit ratio to stay unchanged**

The Daily Star, September 18, 2019

- The central bank yesterday backtracked from its decision to lower the loan-deposit ratio as it looks to alleviate the sector's ongoing liquidity crunch and facilitate lower interest rate on lending.
- In a notice yesterday, the Bangladesh Bank said conventional banks would be allowed to keep the ratio at 85 % and Shariah-based banks at 90 %, relieving them of the stress of bringing down the ratios by September 30.
- Private sector credit growth hit a six-year low of 11.26 % in July, according to data from the central bank. Earlier on January 30 last year, with a view to reining in aggressive lending, the BB had instructed conventional banks and Shariah-based banks to lower their loan-deposit ratios to 83.5 % and 89 % respectively by June that year.
- Private sector credit growth in January last year was 18.36 %. But the deadline was extended thrice, with the most recent cutoff date being September 30. As per latest central bank data, private banks' loan-deposit ratio stood at 84.42 %. The ratio of 10 banks was well above the ceiling of 85 %.

<https://www.thedailystar.net/business/news/banks-relieved-loan-deposit-ratio-stay-unchanged-1801576>

## **Special committee to heal stock ills**

The Daily Star, September 18, 2019

- The government is set to form a special committee to take definitive actions against listed companies that have shuttered and overvaluation of stock price, as part of efforts to win back investors' confidence. The Bangladesh Securities and Exchange Commission (BSEC) will form an audit-based committee that will work in tandem with the Financial Reporting Council (FRC).
- In the last one month, the stock market slid over 300 points and has been on the downturn in the last few months. The ministry though has traced some reasons behind the market slump from the meeting. One of the reasons is the scarcity of good companies in the market. New public companies will also be given the condition to get listed.

### **REASONS BEHIND AILING STOCKS**

- Reluctance of well-performing companies to come to stock market
- Over-valuation of some stocks at the IPO time
- Lack of good governance in companies

- The last state-owned company to get listed on the stockmarket was Titas Gas Transmission and Distribution Company -- back in 2008. Then in January 2010, the government had selected 26 state-owned companies and instructed them to offload shares in the next six months.
- But that never happened, even though the finance minister then had proclaimed time and again that the state-run companies will offload their shares within a certain period.

<https://www.thedailystar.net/business/news/special-committee-heal-stock-ills-1801105>

## Economy

### **Saudi assures Bangladesh oil supply not to face disruption despite drone attacks**

New Age, September 18, 2019

- Crude oil supply to Bangladesh from Saudi Arabia will not be affected despite a disruption in oil production in the kingdom following drone attacks on an oilfield and a processing facility on Saturday, Bangladesh Petroleum Corporation officials said.
- BPC officials on Tuesday said that they had already had communications with Saudi Aramco, the country's state-owned oil company, and the company confirmed the BPC about supplying the allocated crude oil scheduled for September.
- According to the BPC, Bangladesh imports around 7 lakh tonnes or half of the total demand (12-13 lakh tonnes) for crude oil from Aramco. The remaining crude oil is imported from the United Arab Emirates' Abu Dhabi National Oil Company (ADNOC).
- Bangladesh's current annual demand for petroleum products including diesel, octane, furnace oil and aviation fuel is 58 lakh tonnes. Bangladesh imports a large volume of refined petroleum oils from different countries under government-to-government agreements while the remaining volume is procured through tender.

<http://www.newagebd.net/article/84857/saudi-assures-bangladesh-oil-supply-not-to-face-disruption-despite-drone-attacks>

### **ADP execution slightly rises in July-Aug**

New Age, September 18, 2019

- Implementation of the annual development programme inched up to 4.48 % in two months (July-August) of the current fiscal year 2019-2020 against 3.49 % in the same period of the FY 2018-2019.
- The government's ADP implementing agencies including ministries and divisions could spend BDT 9,626 crore in July-August of FY20, up BDT 3,308 crore on the same period of FY19, according to the Implementation Monitoring and Evaluation Division of the planning ministry.
- A total of 58 ADP implementing agencies executed 5.19 % of ADP in July-August of the FY 2017-2018. The total allocation for the ADP for FY20 is BDT 2, 15,114 crore including BDT 12,393 crore to be spent from the own fund of state-owned enterprises.

- Of the total outlay, BDT 1,30,921 crore or 60.86 % will come from the government fund while BDT 71,800 crore or 33.38 % will come from foreign sources.
- According to the IMED data, Election Commission Secretariat executed the highest — 22.03 % of the allocation for it from the government fund followed by Rural Development and Cooperatives Division with 16.26 % implementation in the period.
- Power Division and science and technology ministry spent 13.80 % and 13.08 % respectively of their allocations from the government fund in July-August, the data showed. Cabinet Division, Chittagong Hill Tracts affairs ministry, civil aviation and tourism ministry, foreign ministry and National Parliament Secretariat could spend no money in the months.

<http://www.newagebd.net/article/84859/adp-execution-slightly-rises-in-july-aug>

## International

### International panel to criticise US FAA's Boeing 737 MAX approval process

New Age, September 18, 2019

- A panel of international air-safety regulators is finishing a report, which is expected to criticise the initial US approval process for Boeing Co's 737 MAX jets, the Wall Street Journal reported, citing people briefed on the conclusions.
- As part of the panel's findings, the task force will call out the US Federal Aviation Administration (FAA) for what it says is a lack of clarity and transparency in the way the agency delegated authority to Boeing to evaluate certain flight-control features, the Journal reported on Monday.
- The panel is expected to call for greater data-sharing and transparency among different governments, WSJ reported, with the draft report recommending reviewing and updating FAA guidance and day-to-day certification procedures to ensure the agency's early involvement in new onboard systems.
- The multi-agency panel is called the Joint Authorities Technical Review (JATR) and includes air-safety regulators from Canada, China, Indonesia, the United Arab Emirates, the European Union, Brazil and the United States. It is expected to release the report in the next few weeks, the report said.
- Boeing's 737 MAX was grounded worldwide in March after two deadly crashes in Indonesia and Ethiopia within five months of each other. The FAA on Monday said its new chief, Stephen Dickson, plans to travel to Seattle this week to fly 'newly configured' Boeing 737 MAX software in a simulator.

<http://www.newagebd.net/article/84866/international-panel-to-criticise-us-faas-boeing-737-max-approval-process>

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