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Stock Market & Company

Institutional investors jack DSE turnover up

The Financial Express, November 18, 2021

- Stocks finished almost flat on Wednesday, with turnover crossing Tk 15 billion-mark on the Dhaka bourse, as investors were active on both sides of the trading fence. Following the previous day's steep rise, the market opened on a positive note and the key index rose 37 points within the first 15 minutes of trading. But, profit booking on banking stocks eroded most of the initial gains.
- Finally, DSEX, the prime index of the Dhaka Stock Exchange (DSE), went up 4.19 points or 0.05 per cent to settle at 7,060. The core index added more than 130 points in the past three consecutive sessions.
- However, two other indices edged lower. The DSE 30 Index, comprising blue chips, dropped 7.96 points to finish at 2,683. The DSE Shariah Index (DSES) also saw a fractional loss of 0.67 point to close at 1,484.
- Turnover, a crucial indicator of the market, crossed Tk 15 billion-mark again and amounted to Tk 15.07 billion, which was 1.08 per cent higher than the previous day's tally of Tk 14.91 billion.
- Top ten most-traded stocks grabbed over 41 per cent of the day's turnover. The investors mostly focused on the banking sector, capturing 24 per cent of the day's total turnover, followed by pharma 13 per cent and textile 10 per cent.



- The heavyweight banking sector suffered most, losing 0.70 per cent, followed by financial institutions with 0.60 per cent, power 0.30 per cent and telecom 0.30 per cent. On the other hand, the general insurance sector generated the highest return, gaining 5.20 per cent, followed by life insurance with 4.40 per cent and cement 0.40 per cent.
- IFIC Bank was the most traded stock with shares worth Tk 1.20 billion changing hands, closely followed by Beximco (Tk 1.15 billion), Delta Life Insurance (Tk 657 million), Orion Pharma (Tk 621 million) and NRB Commercial Bank (Tk 571 million). Express Insurance was the day's top gainer, rising 9.90 per cent while IFIL Islamic Mutual Fund-1 was the worst lower, losing 5.97 per cent.
- The Chittagong Stock Exchange (CSE) also edged higher with the CSE All Share Price Index - CASPI -gaining 3.75 points to settle at 20,642 and the Selective Categories Index - CSCX-- rising 2.97 points to close at 12,410.

<https://thefinancialexpress.com.bd/stock/institutional-investors-jack-dse-turnover-up-1637206233>

Sonali Bank's capital market exposure crosses limit, central bank seeks explanation

The Financial Express, November 18, 2021

- The central bank has asked the Sonali Bank to explain within three working days as to why their investment in the capital market has exceeded the permissible limit, officials said. The move came against the backdrop of the state-owned commercial bank's (SoCB) increased investment in the capital market through Investment Corporation of Bangladesh (ICB) recently.
- Sonali Bank Limited has invested Tk 5.0 billion in the ICB recently. "The bank's investment in the capital market crossed the permissible limit of 25 per cent of its total capital and went beyond 26 per cent," a senior official of Bangladesh Bank (BB) told the FE.
- According to the Banking Companies Act 1991 (Amended 2013), the total capital comprises of four components - paid up capital, balance in share premium account, statutory reserve and retained earnings, as stated in the latest audited financial statements.
- While calculating total investment in the capital market, different components including all types of shares, debentures, corporate bonds, mutual fund units and other capital market securities will be considered.

<https://thefinancialexpress.com.bd/stock/sonali-banks-capital-market-exposure-crosses-limit-central-bank-seeks-explanation>

Audit firm raises red flag for Jute Spinners

The Daily Star, November 16, 2021

- The audit firm of Jute Spinners has raised a red flag for the continuation of business by the company. Despite the warnings, shares of Jute Spinners edged up 0.74 per cent to Tk 123. The auditor said the Jute Spinners, a listed company at the Dhaka Stock Exchange, suffered a net loss of Tk 7.57 crore in the year ended on June 30 of 2021.
- With the losses, accumulated loss of the company stood at Tk 68.6 crore which is higher than its asset of Tk 28.9 crore, said the auditor in a filing at the Dhaka Stock Exchange (DSE). The auditor also showed cited Jute Spinners' inability to pay creditors on due dates, adverse financial ratios, discontinuance of dividends and inability to obtain finance for new product development.
- The production of the company has been discontinued since 2016-2017 and no revenue was generated from 2016-2017, it said. Therefore, no current tax was charged from 2017-2018 in the financial statements, it added.

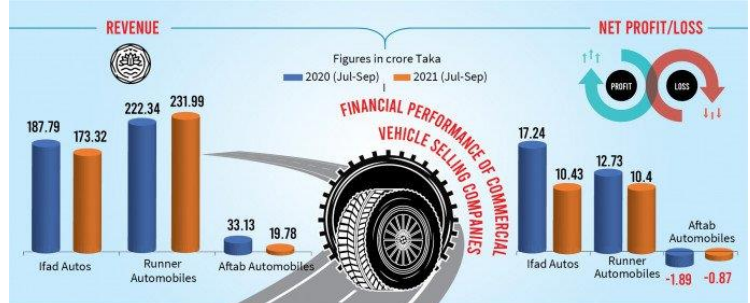
<https://www.thedailystar.net/business/economy/stock/news/audit-firm-raises-red-flag-jute-spinners-2231546>

Profits of commercial vehicle sellers slump in Q1

The Business Standard, November 17, 2021

- Three listed automobile companies – Ifad Autos, Runner Automobiles, and Aftab Automobiles – posted up to a 40% fall in profits in the quarter. The losses also hit their share prices badly. In the last one month, Ifad's share price dropped by 26%, Runner's share 24% and Aftab's share 22% at the Dhaka Stock Exchange (DSE).
- At the end of Wednesday's trading session at the DSE, Ifad's each share closed at Tk50.10, Runner at Tk52.80 and Aftab at Tk30.60. Aftab Automobiles, which assembles and sells Japanese Hino buses, saw its revenue drop by 40% to Tk19.78 crore and reported a loss of Tk0.87 crore in the first quarter of the current fiscal year.

- Officials at Aftab Automobiles said their business has been going through a lean time for a long time. And, bus sales basically dropped as they could not import chassis of any new Hino bus because they cannot open a letter of credit owing to their defaulting on bank loans.
- Ifad Autos, a sole distributor of Ashok Leyland vehicles, reported an 8% year-on-year quarterly fall in revenue to Tk173.32 crore and its net profit also decreased by 40% to Tk10.43 crore.
- On the other hand, two-wheeler sales of Runner Automobiles fell by 10% to Tk85.48 crore and it incurred a loss of Tk1.09 crore from motorcycle business.
- Runner Automobiles is the manufacturer of Runner, UM and Piaggio two wheelers, and also the sole distributor of KTM motorcycles and Bajaj three-wheelers.
- The company also sells Eicher commercial vehicles under its subsidiary Runner Motors, which helped the company post growth in consolidated revenue. In the first quarter of the current fiscal year, its truck sales rose by 15% to Tk146.50 crore.



<https://www.tbsnews.net/economy/stocks/profits-commercial-vehicle-sellers-slump-q1-331165>

LafargeHolcim resumes business in aggregates since HC stay order

The Business Standard, November 17, 2021

- LafargeHolcim Bangladesh Ltd has resumed its business of crushing and selling aggregates derived from imported lime stones coming from its Meghalaya mines. On Tuesday, the High Court issued a one-month stay order on the Ministry of Industries letter of 16 September that asked the cement maker to stop crushing aggregates.
- Prior to the ministry's order, a high powered government committee found the company was crushing aggregates at an unapproved facility in Chhatak, Sunamganj. The ministry launched its investigation based on complaints from local aggregates crushers and merchants arguing that LafargeHolcim is doing this business with an unfair advantage in taxes and duties.
- The listed cement company began crushing and selling aggregates in January and following that, its profits began to increase. Following the news regarding the closure of LafargeHolcim's most profitable aggregates business, it stopped rallying in the Dhaka Stock Exchange and saw a sharp market correction. In five weeks, its stock price dropped below Tk75 each from a six-year high of Tk107.

<https://www.tbsnews.net/economy/stocks/lafargeholcim-resumes-business-aggregates-hc-stay-order-331153>

Union Insurance subscription to open on 15 Dec

The Business Standard, November 17, 2021

- The subscription of the initial public offering (IPO) of Union Insurance will be opened on 15 December and continue until 22 December 2021. Earlier, the Bangladesh Securities and Exchange Commission (BSEC) allowed the company to raise Tk19.36 crore IPO by issuing 1.93 crore ordinary shares.
- The insurer will offer the shares to the public at a face value of Tk10 each, and invest the fund in fixed deposit receipts (FDR) and the capital market. It will use a part of the fund to purchase a floor space. Presently, the insurance company's paid-up capital is Tk29.04 crore.
- According to reports of the January-September period of 2020, the net profit of the company was Tk2.70 crore and its earnings per share stood at Tk0.93. During this period, its net premium stood at Tk43.11 crore and its net claim at Tk8.68 crore. At the same time, the net asset value per share was Tk16.02.

<https://www.tbsnews.net/economy/stocks/union-insurance-subscription-open-15-dec-331156>

DSE declares 4pc dividend despite profit surge

Newage, November 17, 2021

- The Dhaka Stock Exchange declared 4 per cent dividend for its shareholders despite a surge in its net profits by 312.55 per cent to Tk 113 crore in the last financial year 2020-21 compared with that of Tk 27.39 crore in the FY 2019-20. The bourse's board of directors on Wednesday approved the financial results and the dividend for the shareholders.
- The DSE also earned around Tk 30 crore from selling trading right entitlement certificates to companies. On May 19, the Bangladesh Securities and Exchange Commission approved 30 companies for the TREC of the DSE. Considering the DSE's 180,37,76,500 shares, its earnings per share advanced to Tk 0.63 in FY21 from Tk 0.15 in FY20.
- Turnover on the DSE totalled at Tk 2,54,697.04 crore in FY21 with a daily average turnover of Tk 2,122.4 crore, while the figures were Tk 78,024.37 crore and Tk 381.61 crore respectively in the previous fiscal year. The key index, DSEX, soared by 54 per cent to 6,150.48 points from that of 3,989.08 points on June 30, 2020.

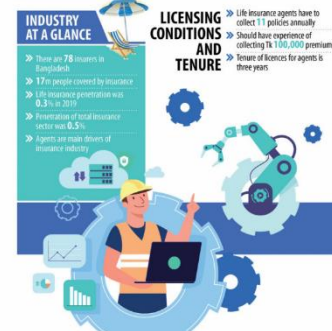
<https://www.newagebd.net/article/154941/dse-declares-4pc-dividend-despite-profit-surge>

Economy & Industry

Rules take effect to streamline hiring of insurance agents

The Daily Star, November 18, 2021

- Bangladesh's insurance industry has taken a major leap forward after the government enacted a rule to streamline the hiring and licensing of agents, who are the driving force of a sector grappling with irregularities.
- The financial institutions division of the finance ministry published the gazette of the Insurance Agent (recruitment, registration and licence) Regulations-2021 on November 14. It came into effect immediately.
- In order to become an agent, an applicant has to be at least 18-year-old and have a minimum educational qualification of the Secondary School Certificate or equivalent examination. However, the provision will not be applicable to those who were licensed as agents before the publication of the gazette.
- The agents have to have a proof of attending training for 72 hours, said the rule.
- In order to receive the licence to work as an agent, the applicant must submit certificates to show that they have opened at least 11 new policies every year, earned a commission of Tk 20,000 against the collection of new premiums, and the tax at source on the commission has been deducted by the insurer.
- In the case of a non-life insurance agent, the individual must submit certificates as a proof that they have raised a premium of at least Tk 1 lakh while working as a temporary agent, and the tax at source was deducted by the insurer. The tenure of the licence issued by the authority will be three years, said the rule.
- The rule orders agents to give accurate information about insurance plans to potential policy-holders and bans them from providing any exaggerated or false information to the clients. They have been asked to help clients to deposit the premiums through the banking system. Agents can't accept the premiums in cash, according to the rule.

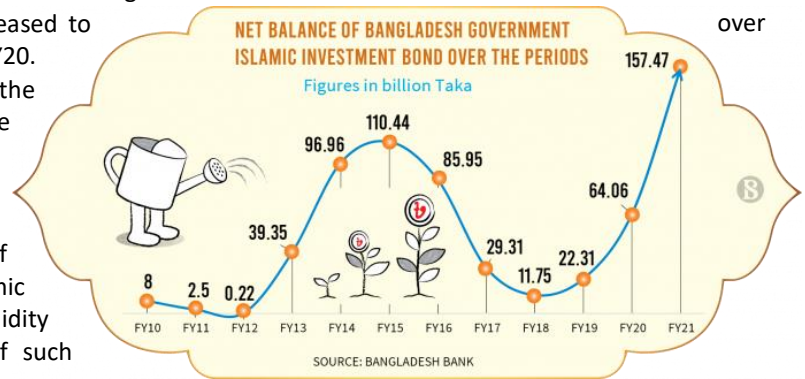


<https://www.thedailystar.net/business/economy/news/rules-take-effect-streamline-hiring-insurance-agents-2232796>

Islamic investment bond's net balance hits all-time high of Tk157bn

The Business Standard, November 18, 2021

- The net balance of Bangladesh Government Islamic Investment Bond hit an all-time high of Tk157 billion in the last fiscal year, thanks to the introduction of Sukuk and its huge response from investors. The balance swelled by 145.31% year-on-year from Tk64 billion in FY20, according to data from the Bangladesh Bank.
- Similarly, sales of Islamic investment bonds increased to Tk170 billion in FY21, which was Tk132 billion in FY20.
- The investment bond, introduced in 2004, was the only approved Shariah-compliant security before the issuance of Sukuk to maintain the Statutory Liquidity Ratio (SLR) by Islamic banks.
- But the government cannot borrow from the Islamic investment bond owing to the absence of Shariah-compliant projects. Given this, only Islamic banks can borrow from this fund in case of liquidity shortage, which is mobilised through selling of such bonds based on mudarabah principle.
- On behalf of the government, the Bangladesh Bank issued its maiden sovereign investment Sukuk on 28 December in 2020 to raise Tk80.00 billion for the implementation of a safe water supply project across the nation. Sukuk issuance was oversubscribed by nearly four times in the first auction and by eight times in the second auction.



<https://www.tbsnews.net/economy/islamic-investment-bonds-net-balance-hits-all-time-high-tk157bn-331195>

International

Asian markets down as US data strengthens call for Fed action

The Daily Star, November 18, 2021

- Asian markets turned lower Wednesday as a recent rally ran out of steam and investors struggled to match a strong lead from Wall Street as inflation concerns continue to drag on sentiment, though the dollar extended a rally against the yen.
- New York's three main indexes rose again after data showed a forecast-busting rise in retail sales as well as solid earnings from shopping giants Walmart and Home Depot. The news reinforced optimism about the recovery in the world's top economy and showed consumers were brushing off the effects of surging inflation, for now.
- However, it also provided more support to calls for the Federal Reserve to act sooner to prevent overheating and make sure prices do not run out of control. Top Fed official James Bullard said the bank should take a "more hawkish" shift and that the tapering of its vast bond-buying programme -- which has helped support an extended global equity rally -- "could move faster".
- Expectations for tighter US monetary policy have pushed the dollar to touch a four-year high of 114.97 yen, with the Japanese unit also weighed by a pledge by the country's central bank to maintain its ultra-loose measures for some time.
- Pressure built on the Bank of England to act and the pound jumped against the dollar and euro after data Wednesday showed United Kingdom inflation hit a 10-year high last month. Hong Kong retreated for the first time after a six-day run-up, while Tokyo, Sydney, Seoul, Singapore, Mumbai, Manila and Wellington were also in negative territory.
- However, Shanghai and Taipei reversed early losses while there were mild gains in Bangkok and Jakarta. Analysts remain guardedly upbeat about the outlook for equities.
- Oil prices extended losses as investors wait to see if President Joe Biden heeds calls to tap the United States' giant reserves to meet surging demand. And a report in Hong Kong's South China Morning Post said the president had asked Chinese counterpart Xi Jinping in their virtual summit to join him in releasing extra crude into the market.

<https://www.thedailystar.net/business/economy/stock/news/asian-markets-down-us-data-strengthens-call-fed-action-2232641>

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