

Stock Market & Company

Stocks nosedive to three and a half-years low

Selloff by foreign investors, banks' portfolio adjustment cause the slide

The Daily Star, December 18, 2019

- Dhaka stocks suffered a huge fall yesterday as skittish foreign investors went for selloffs fearing currency devaluation amid policy uncertainty and year-end portfolio adjustments by banks, sending the key index to its three-and-a-half year low. The benchmark -- the DSEX -- dipped 78.66 points, or 1.74 percent, to close the day at 4,419.82. In the last two days, the market lost BDT 18,928 crore from its market capitalisation.
- Analysts say foreign investors are selling more shares than they purchase because of the fear that the local currency might be devalued, while some banks and non-banks sold shares to adjust their portfolios as 2019 is approaching its end. General and institutional investors are also not investing due to a lack of confidence in the market.
- "Forced sale execution is one of the main reasons for the recent fall," said Khairul Bashar Abu Taher Mohammed, chief executive officer of MTB Capital, a merchant bank.
- A stock broker, who deals with foreign investors, says foreign investors' confidence has also been spooked by policy changes. He said the tenure extension of closed-end mutual funds and the National Board of Revenue's sudden claim of BDT 12,579 crore from Grameenphone, the largest listed company in Bangladesh, have affected the confidence level of international investors.
- Turnover, another important indicator of the market, fell 8.12 percent to BDT 281.56 crore. Ring Shine Textiles topped the turnover list with its shares worth BDT 15.68 crore traded, followed by Beacon Pharmaceuticals, Square Pharmaceuticals, Standard Ceramics, and Brac Bank. Of the traded issues, 35 advanced, 278 dropped, and 40 remained unchanged.

<https://www.thedailystar.net/business/news/stocks-nosedive-three-and-half-years-low-1841749>

LAUNDERING OF \$20 MN

AB Bank sues former chair, 2 MDs, 12 others

NewAge, December 18, 2019

- AB Bank has filed a lawsuit with the Joint District Judge in Dhaka against 15 individuals including its former chairman and managing directors in connection with laundering of \$20 mn from the bank in 2014.
- According to a press release issued by AB Bank on Saturday, the case was filed on November 20, accusing its nine former officials including the former top brass, and six individuals of two other entities who collaborated in the plundering.
- The accused includes AB Bank's former chairman M Wahidul Haque and two managing directors — Shamim Ahmed Chaudhury and Moshiur Rahman Chowdhury. Besides, the bank's former head of financial institutions and treasury Abu Hena Mustafa and former chief financial officer Mahadev Sarker were among the other AB Bank officials sued.

- Apart from them, Khuram Abdullah, Abdus Samad Khan and Barri Shawon of Pinnacle Global Fund Pte Ltd (PGF), a Singapore-based fundraising and investment company, and Atlanta Entrepreneurs chief executive officer Md Saiful Haque were among the six outsiders sued by AB Bank.
- Wahidul, who had become a director of AB Bank in December, 2007 and assumed the post of the bank's chairman in July, 2008, is also facing another case filed by the Anti-Corruption Commission over the same money laundering incident. On January 25, 2018, police arrested Wahidul, Mustafa and Saiful, among others accused, in the case filed by the ACC but Wahidul and Mustafa secured bail on the same day.
- In 2017, the ACC initiated a move to dig into the matter after a Bangladesh Bank investigation revealed the money laundering issue. Prior to the central bank handing over the report to the ACC, different media outlets published reports, based on the BB investigation, on the plundering of \$20 mn from AB Bank.
- The BB report revealed that the board of directors of AB Bank in December, 2013 approved investment of \$20 mn in Singapore-based fundraising and investment company Pinnacle Global Fund Pte Ltd through the bank's offshore banking unit.

<http://www.newagebd.net/article/93880/ab-bank-sues-former-chair-2-mds-12-others>

Economy and Industry

Bike, AC, compressor makers get tax benefits till 2032

The Daily Star, December 18, 2019

- The National Board of Revenue (NBR) has extended the reduced tax benefit to the manufacturers of motorcycle, air conditioner and compressors to June 2032 although it doubled the rates. Manufacturers will have to pay 10 percent tax on their incomes for the years till 2032, up from 5 percent previously, according to a gazette notification issued by the NBR last week.
- For the firms that had been enjoying 5 percent tax prior to the latest move will be able to pay the same rate of tax until the expiry of the initial tenure. And, they will have to apply to the NBR to avail 10 percent tax benefit, down from 35 percent regular tax rate for companies, according to the NBR.
- The move comes at a time when seven local and foreign brands of bikes have set up manufacturing facilities and are making the two-wheeler to market locally.
- Reduced tariff rates for firms to import basic raw materials and semi-finished products of bikes and the value added tax (VAT) benefit for local manufacturing offered by the NBR encouraged enterprises to set up bike-making facilities in the country, which had met its domestic requirement by importing the two-wheelers in completely knocked down form until 2010.
- Similarly, a couple of local firms, including Walton, are making air conditioners and compressors to cater to a rising demand among the middle and upper middle income groups. The NBR offered the 5 percent tax privilege first in July 2009 to makers of freezers, refrigerators and motorcycles. It said manufacturers would enjoy the tax exemption for a period of 12 years beginning from the date of commercial production.

<https://www.thedailystar.net/business/news/bike-ac-compressor-makers-get-tax-benefits-till-2032-1841746>

International

Boeing says to halt 737 MAX production next month

The Daily Star, December 18, 2019

- Boeing said Monday it would temporarily suspend production of its globally grounded 737 MAX jets next month as safety regulators delay the aircraft's return to the skies after two crashes.
- The decision confirmed investor fears that the company's recovery from the crisis is dragging on longer and creating more uncertainty for Boeing than executives anticipated.
- Boeing's travails since March have weighed on the US economy, holding down American manufacturing output, trade and sales of durable goods while damaging the company's performance on Wall Street's benchmark Dow Jones Industrial Average.
- In a statement, the company said it would continue to pay its workers despite the temporary production stoppage, but the decision immediately raised questions for the future of parts suppliers that contribute to the jets' manufacture.
- "We have previously stated that we would continually evaluate our production plans should the MAX grounding continue longer than we expected," the company said in a statement.
- "As a result of this ongoing evaluation, we have decided to prioritize the delivery of stored aircraft and temporarily suspend production on the 737 program beginning next month." The company said it would focus on delivering 400 jets it has kept in storage.

<https://www.thedailystar.net/business/news/boeing-says-halt-737-max-production-next-month-1841728>

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