

Stock Market

Stocks gain marginally after two-day fall

New Age, November 19, 2018

- Dhaka stocks gained marginally on Sunday after losing in the previous two sessions as a section of investors went for bargain hunting while many others remained cautious ahead of national polls. DSEX, the key index of Dhaka Stock Exchange, gained 0.21 %, or 11.43 points, to close at 5,256.06 points on Sunday after losing 14 points in the previous two sessions.
- DSE shareholders and state-run Investment Corporation of Bangladesh have been injecting funds in the market to support the market. The average share prices of textile, pharmaceuticals and non-bank financial institutions gained 1.72 %, 0.94 % and 0.76 % respectively. The average share prices of telecommunication, bank and energy dropped by 0.65 %, 0.52 % and 0.26 % respectively.
- The turnover on DSE inched up to BDT 556.54 crore on Sunday compared with that of BDT 555.75 crore in the previous trading session. Of the 336 companies and mutual funds traded on Sunday, 128 declined, 144 advanced and 43 remained unchanged. Shariah index DSES added 0.36 %, or 4.37 points, to finish at 1,212.48 points.
- DSE blue-chip index DS30, however, lost 0.16 %, or 3.06 points, to close at 1,853.04 points. United Power Generation Company led the turnover chart with its shares worth BDT 39.56 crore changing hands. Khulna Power Company, SK Trims, Saiham Cotton, IFAD Autos, Wata Chemicals, Shepherd Industries, Confidence Cement, Silva Pharmaceuticals and Fortune Shoes were the other turnover leaders. RD Food gained the most on the day with a 9.85-% increase in its share prices, while Monno Jute Stafflers was the worst loser, shedding 76.39 %.

<http://www.newagebd.net/article/56437/stocks-gain-marginally-after-two-day-fall>

Listed textile, garment firms' profits edge up

The Daily Star, November 19, 2018

- Most of the listed textile, knitting and garment companies saw their earnings per share (EPS) creep up in the first quarter of the current financial year (2018-19) thanks to higher export growth. Of the 53 listed companies, 30 saw their EPS -- an indicator of profitability -- rise between the months of July and September, while 17 saw theirs decline, according to data from the Dhaka Stock Exchange. One company's EPS stayed the same.
- The price of cotton had soared in the international market but the yarn price did not rise in the local market, said Md Abdullah Bokhari, chairman of Alhaj Textile. Cotton price varied from 77 to 90 cents in the July-September quarter, according to Business Insider. Just few months earlier, in November 2017, it was 70 cents.
- Alhaj Textile's EPS stood at BDT 0.13 in the negative in the first quarter, in contrast to BDT 0.21 a year earlier. Anlima Yarn, another textile company, saw its EPS sink to a negative territory: it stood at BDT 0.03 in the negative. Mozaffor Hossain Spinning Mills also saw a negative EPS of BDT 0.12, which was BDT 0.29 a year earlier.

<https://www.thedailystar.net/business/news/listed-textile-garment-firms-profits-edge-1662508>

Genex Infosys' IPO subscription opens

The Financial Express, November 18, 2018

- The share subscription for the initial public offering (IPO) of Genex Infosys kicked off on Sunday, officials said. Genex Infosys, an IT company, will raise a fund worth BDT 200 mn from the capital market under fixed price method.

- The company's IPO subscription by the eligible investors through electronic subscription system will be continued till 5:30pm of November 29 next. The capital market regulator – Bangladesh Securities and Exchange Commission (BSEC) – had approved the company's IPO proposal on September 04.
- As per the securities regulator's approval, Genex Infosys will offload 20 mn ordinary shares at an offer price of BDT 10 each under the fixed price method. A market lot is of 500 shares and an investor will be needed BDT 5,000 to apply for per lot of the company's IPO.
- The required amount (per lot) of foreign currency for NRBs and foreign applicants for IPO of the company are US\$ 60.17 or GBP 46.46 or EUR 52.74, according to Dhaka Stock Exchange (DSE). The company will utilise the fund to expand call centre business, repay bank loan partially, and bear the IPO expenses.
- The company's pre-IPO paid-up capital is BDT 616 mn and post-IPO paid-up capital will be BDT 816 mn. Its authorised capital is BDT 1.0 bn. As per financial statement for the year ended on June 30, 2017, the company's weighted average of EPS (earnings per share) is BDT 1.89, while the net asset value (NAV) per share BDT 13.96, without revaluation.
- Genex Infosys has a fully-owned (99.99 %) subsidiary company. Hence, the company's consolidated NAV and weighted EPS of Genex Infosys stood at BDT 13.97 without revaluation, and BDT 2.02 respectively as of June 30, 2017. Imperial Capital is working as the issue manager of the company's IPO.

<http://thefinancialexpress.com.bd/stock/genex-infosys-ipo-subscription-opens-1542520041>

Shares sold to Chinese consortium

123 DSE shareholders receive cheques

The Financial Express, November 18, 2018

- Some 123 shareholders of Dhaka Stock Exchange (DSE) so far have received cheques against their shares sold to the Chinese consortium with a commitment of investing in the capital market. By investing their funds in the stock market, the shareholders will avail tax cut facility announced by the government.
- The shareholders who will invest their funds, received from Chinese consortium, will have to pay 5.0 % tax instead of 15 % on capital gains. Meanwhile, the Bangladesh Securities and Exchange Commission (BSEC) issued a directive on November 13 last explaining the mode of operation and procedure of investing the shareholders' funds in the capital market.
- Of 250 DSE shareholders, 200 so far have received cheques against their shares sold to Chinese consortium. Of 200 shareholders, 123 have received cheques paying 5.0 % tax instead of 15 % with a commitment of investing in the capital market.
- A total of 43 shareholders have received cheques without commitment of investing in the capital market. As a result, those shareholders received cheques paying 15 % tax on capital gains. A total of 34 shareholders have no requirement of investing their funds in the market as their costs of acquisition of respective 25 % stakes are higher than the funds received from Chinese consortium. Remaining 50 shareholders have not yet received cheques from the DSE authority.
- Meanwhile, the DSE has received a directive regarding the mode of operation and procedures of investing the shareholder's fund in the capital market. In September last, the DSE received BDT 9.62 bn from its Chinese strategic partner by selling the exchange's 25 % stake. The government has reduced the capital gain tax to 5.0 % from 15 % on the funds with a condition of investing it in the stock market.

<http://thefinancialexpress.com.bd/stock/123-dse-shareholders-receive-cheques-1542515575>

Bank Asia, Mastercard for faster processing of freelancers' cross-border digital payments

The Financial Express, November 18, 2018

- Bank Asia and Mastercard have announced their collaboration with Payoneer for faster processing of freelancers' cross-border digital payments through the SHADIN card. Payoneer is an online platform that facilitates cross-border payments for freelancers globally.
- Bangladeshi Freelancers are well accustomed to Payoneer to receive their freelance earnings in their Payoneer accounts from various marketplaces such as upwork.com, freelancer.com, etc. The integration will ease the traditionally cumbersome process of receiving (freelancers') earnings by a simple transfer through Payoneer into their Shadhin cards in the local currency as well as in a foreign currency.
- Bank Asia Limited in collaboration with Mastercard and Bangladesh Association of Software and Information Services (BASIS) had launched the SHADHIN Mastercard card earlier this year and is the first-of-its-kind payment system for the freelancer community of Bangladesh.
- Through this system, freelancers can legally receive their earnings online for services rendered, in a secure ecosystem, thereby creating a digitally empowered freelancer community in Bangladesh. They can also enjoy all the benefits of Mastercard and Bank Asia locally and internationally. Freelancers can link their SHADHIN Mastercard cards with their respective Payoneer accounts using the Bank Asia Smart App.
- These cards are Export Retention Quota (ERQ) enabled which enables freelancers to enjoy 70% of their freelance earnings for any kind of international payment related to their work in USD. In addition to that, if a freelancer wants to use his/her entire earnings in Bangladeshi Taka, s/he can do so using the SHADHIN card.

<http://thefinancialexpress.com.bd/trade/bank-asia-mastercard-for-faster-processing-of-freelancers-cross-border-digital-payments-1542526876>

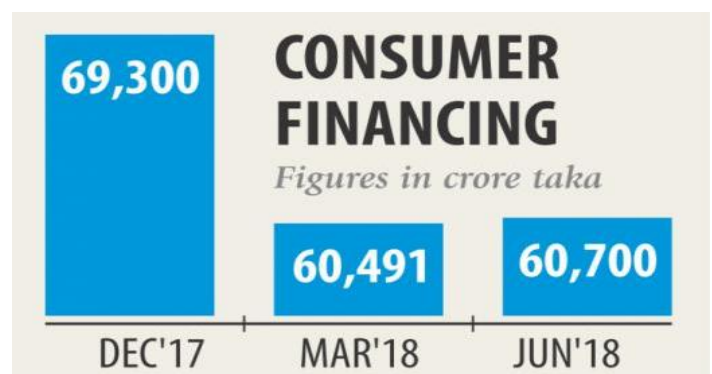
Economy

Sharp fall in consumer loans

Bankers blame high interest rates

The Daily Star, November 19, 2018

- Consumer borrowing growth has seen a sharp fall in June thanks to the tightening of the belts by the lenders when a cash crunch hit the sector in January this year. Consumer loan outstanding slid by 12.41 % in six months to BDT 60,700 crore in June this year.
- However, the outstanding grew 24.48 % in the previous six months to BDT 69,300 crore in December last year. Experts have attributed the decline in the loan growth to a rise in interest rates. The interest rate on industrial loan was revised down to single digit after the relaxation of the cash reserve ratio in April, but consumer loan rate remained almost unchanged.
- After the relaxation, BDT 20,600 crore came into the banking system in June but most of the liquidity went to state banks. The share of consumer loan in total loan also fell to 7.17 % in June from 8.74 % in December last year, according to Bangladesh Bank data.



- Consumer loan consist mainly four types of products -- home loan, auto loan, personal loan and credit card loan. Of the products, interest rate on credit card is above 20 % when personal loan is being given at above 13 %. Both auto and house loans are being offered at 10 to 12 %, according to banks.
- At present, most banks offer industrial loans at 9 to 9.5 %, down from 11 to 12 % at the beginning of 2018. Both Rupali and Sonali—two state banks—offer funds to consumers at 13 % and industrial loans at 9 % now.
- Despite having huge excess liquidity, state banks did not cut interest rate on consumer loans as they have less focus on this segment, said a senior executive of Rupali Bank. The high interest rate will discourage the consumers and ultimately leave a negative impact on economy, said Md Arfan Ali, president and managing director of Bank Asia.

<https://www.thedailystar.net/business/news/sharp-fall-consumer-loans-1662523>

Higher return fuels sales of savings tools

The Daily Star, November 19, 2018

- Sales of savings instruments continued its uptrend in the first quarter of the fiscal year thanks to their higher yield in comparison to banks' deposit products. Between the months of July and September, net sales of the government savings tools stood at BDT 13,412 crore, up 5.65 % from a year earlier, according to data from the Directorate of National Savings.
- The interest rate of the national savings instrument ranges from 11.04 % to 11.76 %. Many private banks have been in trouble because of inadequate deposits, said M Kamal Hossain, managing director of Southeast Bank.
- In fiscal 2017-18, the government borrowed only BDT 5,666 crore from the banking sector by way of treasury bills and bonds against the annual target of BDT 28,203 crore. The rate of interest on bank borrowings is between 3.10 % and 7.97 %.
- The government backtracked several times from its stance to cut the interest rate of the savings tools because of mounting pressure from different corners. Net sales of savings certificates stood at BDT 46,758 crore last fiscal year against the target of BDT 44,000 crore.



<https://www.thedailystar.net/business/news/higher-return-fuels-sales-savings-tools-1662517>

Services exports rise over 50pc

The Daily Star, November 19, 2018

- Earnings from services export rose 55.52 % to \$1.4 bn between July and September because of higher performance of the transport sector, according to data from the Export Promotion Bureau (EPB) yesterday. The earnings are 12.76 % higher than the target of \$1.25 bn.
- Receipts from the transport service sector totalled \$190.18 mn in the current fiscal year's first quarter. Of the amount, \$95.96 mn came from sea transportation, \$92.02 mn air transportation, \$0.06 mn railway and \$1.79 mn road transportation.

- Telecommunication and information services also performed well, with their exports growing by 66.44 % year-on-year to \$149.18 mn. Export from other services also grew by 139.20 % year-on-year to \$247.05 mn. Export of government goods and services grew by 194.71 % year-on-year to \$561.71 mn.

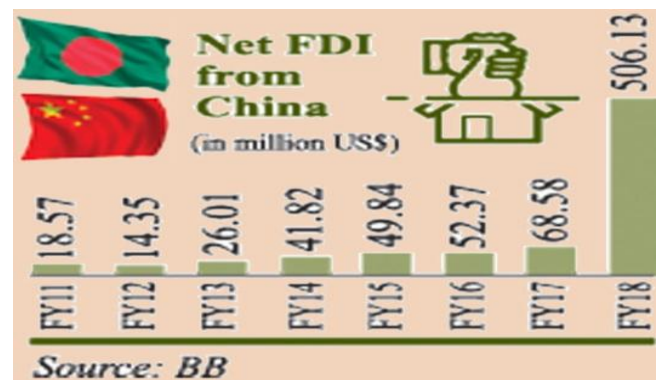
<https://www.thedailystar.net/business/news/services-exports-rise-over-50pc-1662502>

China top FDI source in FY '18

Bilateral trade gap exceeds \$11b, exports decline 27pc

The Financial Express, November 18, 2018

- The net inflow of FDI from the world's second-largest economy reached US\$ 506.13 mn in fiscal year 2017-18. The amount was around one-fifth of the total foreign capital flow into Bangladesh during the FY 2017-18.
- Bangladesh received net FDI worth \$ 2,580.44 million in the past fiscal year, posting a growth of 5.12 % over the previous fiscal year. A large chunk of the Chinese FDI came to the power sector, which received a record \$ 407.31 mn in the last quarter of the last fiscal year.
- This means the Chinese FDI in Bangladesh was six times the figure received during FY17 when the net flow amounted to \$ 68.58 mn. The stock of Chinese FDI also stood at \$ 1,193.22 mn by the end of FY18 while the gross inflow was \$ 534.58 mn. The net inflow is derived by deducting disinvestment from the gross investment.
- Chinese FDI in South Asia has been increasing at a faster rate in recent times. Bangladesh Bank statistics, however, doesn't support the data unveiled thorough the China investment tracker, which is considered the only comprehensive data set covering China's global investment and construction activities.
- Bangladesh Bank actually estimates gross as well net inflow while the global investment tracker covers both proposed and actual investment. The United Kingdom became the second-largest source of FDI with \$ 372.72 mn during the past fiscal year, followed by Hong Kong (\$ 190.73 mn), the United States of America (\$ 170.57 mn), and Singapore (\$ 158.48 mn).
- In FY18, the net FDI from India to Bangladesh stood at \$ 125.28 mn, registering a 31.30 % growth over the previous year. Meanwhile another set of statistics, released by Bangladesh Bank last week, showed that annual import from China jumped by 14 % in FY 18 and stood at \$ 1,1706 mn (\$11.70 bn).



<http://thefinancialexpress.com.bd/economy/china-top-fdi-source-in-fy-18-1542512640>

International

44pc of German firms see growing trade strains with US

The Daily Star, November 19, 2018

- Forty-four % of German firms expect a further escalation of trade tensions between Europe and the United States, which is likely to continue to dampen new investments, the RND newspaper chain reported, citing a survey by the IW economic institute.

- Thirty-four % do not see trade ties growing more strained, RND reported. It said 41 % of firms surveyed considered it unlikely that the United States and the European Union (EU) would reach agreement on a transatlantic trade agreement.
- U.S. President Donald Trump and European Commission President Jean-Claude Juncker struck an agreement in July that should shield European firms from U.S. auto tariffs while the two sides continue to work on trade issues. But the EU's trade commissioner, Cecilia Malmstrom, last week said any U.S.-EU trade deal would be limited in scope, covering industrial goods, but not agriculture.

<https://www.thedailystar.net/business/news/44pc-german-firms-see-growing-trade-strains-us-1662499>

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