

Key News

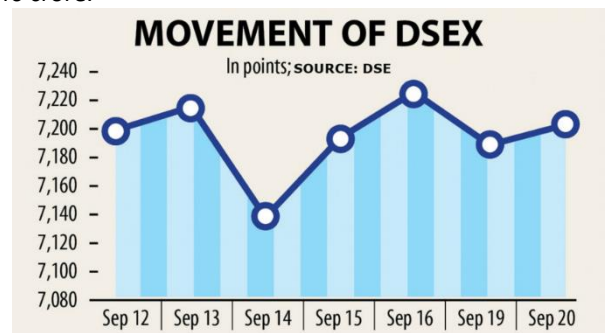
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Stock Market & Company

Stock turnover dips but index rebounds

The Daily Star, September 21, 2021

- The Dhaka bourse yesterday witnessed the lowest turnover in the past 18 days despite its index having bounced back. The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), edged up 14 points, or 0.19 per cent, to 7,205.
- Turnover, an important indicator of the market, decreased around 13 per cent to Tk 1,765 crore, which was Tk 2,033 crore on the preceding day. On August 29, turnover had dropped to Tk 1,846 crore.
- FAR Chemical Industries Limited topped the gainers' list, rising 10 per cent, followed by RN Spinning Mills Limited, Bangladesh National Insurance Company Limited, Eastern Insurance Company Limited and Khan Brothers PP Woven Bag Industries Limited.
- Bangladesh Monospool Paper Manufacturing Company Limited shed the most, falling 8.73 per cent, followed by Paper Processing & Packaging Limited, First Janata Bank Mutual Fund, EBL First Mutual Fund and Dominage Steel Building Systems Limited.
- Investors' activity was mostly centred on financial institutions, accounting for around 13.4 per cent of the turnover followed by textile and engineering sectors. At the DSE, 174 stocks rose, 163 declined and 37 remained unchanged.
- Stocks of Beximco Limited were traded the most, worth Tk 123 crore, followed by LafargeHolcim Bangladesh Limited, Rupali Insurance Company Limited, Beximco Pharmaceuticals Limited and Alif Industries Limited.
- Chittagong Stock Exchange (CSE) also rose yesterday. The CASPI, the general index of the port city bourse, edged up 47 points, or 0.22 per cent, to 21,030.



<https://www.thedailystar.net/business/economy/stock/news/stock-turnover-dips-index-rebounds-2180551>

7 new cos join billion-dollar market cap club

Newage, September 20, 2021

- According to Dhaka Stock Exchange data, the seven new companies are Walton Hi-Tech Industries, Robi Axiata Limited, Bangladesh Export Import Company, Investment Corporation of Bangladesh, Beximco Pharmaceuticals, LafargeHolcim Bangladesh and Berger Paints Bangladesh Limited.
- The other companies in the club are Grameenphone, British American Tobacco Bangladesh, Square Pharmaceuticals, United Power Generation & Distribution and Renata Limited.
- At the end of June 2020, the five companies had more than \$1-billion market capitalisation each. The market capitalisation of Grameenphone hit Tk 51,365 crore, Walton Tk 37,302.6 crore, BATBC Tk 34,992 crore, Robi Tk 22,104 crore, Square Pharmaceuticals Tk 21,443.3 crore, UPGDCL Tk 17,408.2 crore, Renata Tk 14,188 crore, BEXIMCO Tk 11,944.2 crore, ICB Tk 10,709 crore, Beximco Pharmaceuticals Tk 10,483.6 crore, LafargeHolcim Tk 9,232.9 crore and Berger Tk 8,585 crore on Monday.

<https://www.newagebd.net/article/149653/7-new-cos-join-billion-dollar-market-cap-club>

Mostafa Metal subscription begins on Sept 26

The Financial Express, September 21, 2021

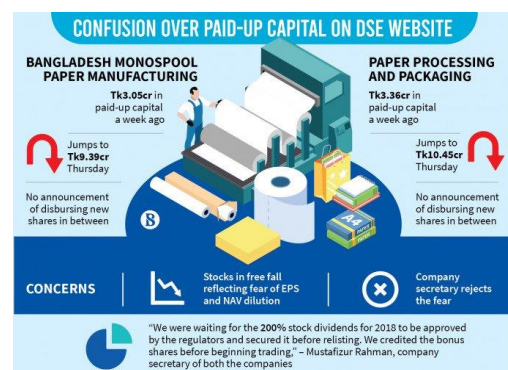
- Subscription for shares of Mostafa Metal Industries will be started from September 26 through Qualified Investor Offer (QIO). The company's subscription through electronic system of stock exchanges will continue till September 30, according to information of Dhaka Stock Exchange (DSE). The qualified investors (QIs) are eligible only to take part in the QIO of Mostafa Metal Industries.
- According to DSE information, individual investors will also be considered as QI who maintained a minimum investment of Tk 10 million at market price (the closing price of both exchanges, whichever is higher) in matured listed securities as on September 16, 2021.
- According to the BSEC's approval, the company will not be allowed to issue any bonus shares within three years from the date of debut trading. Under the fixed-price method, the offer price of the shares of Mostafa Metal Industries is Tk 10 each.

<https://thefinancialexpress.com.bd/stock/mostafa-metal-subscription-begins-on-sept-26-1632196744>

How Paper Processing and Monospool's paid-up capital tripled overnight

The Business Standard, September 20, 2021

- Magura Group's two paper companies – Paper Processing & Packaging Limited, and Bangladesh Monospool Paper Manufacturing – which returned to exchange trading from the over-the-counter (OTC) market of the Dhaka Stock Exchange in June are the talks of the street again.
- After 5-12 times stock price hikes in less than three months, regulatory moves to look into the matters, and later, the falling stock prices, nothing was more insane than the latest development regarding their number of shares and the paid-up capital.
- Last week, both companies' shares tripled overnight. Investors were saddened to learn it from the website of the Dhaka Stock Exchange (DSE).
- Earlier last week the DSE website was showing that Paper Processing's paid-up capital was Tk3.36 crore which jumped to Tk10.45 crore at the end of the week and there neither had been any explanation of it nor any announcement of a number of shares increased.
- A similar case was observed in Monospool too. Its paid-up capital increased to Tk9.39 crore from Tk3.05 crore and that sparked a free fall in the Paper Processing and Monospool shares since the first hour of the Sunday session as investors feared that the companies' earnings and asset per share might drop to one-third because of the abnormal rise in a number of shares.



<https://www.tbsnews.net/economy/stocks/how-paper-processing-and-monospools-paid-capital-tripled-overnight-305209>

BSEC warns six brokerage firms over non-compliance

The Business Standard, September 20, 2021

- The Bangladesh Securities and Exchange Commission (BSEC) has warned six more brokerage firms over their non-compliance with securities laws and regulations. Recently, the commission has issued a warning letter to the brokerage firms.
- The six brokerage firms are Salam & Company Limited, Gateway Equity Resources Limited, Meghna Life Securities and Investment Ltd, Eminent Securities Limited, Times Securities Limited, and GMF Securities Limited.
- Earlier in March, the regulator warned 19 brokerage firms over non-compliance issues. BSEC has so far warned 59 brokerage firms over their non-compliance with securities laws and regulations this year. The BSEC letter said compliance of all securities-related laws in the future, in connection with default and contravention, must be ensured.

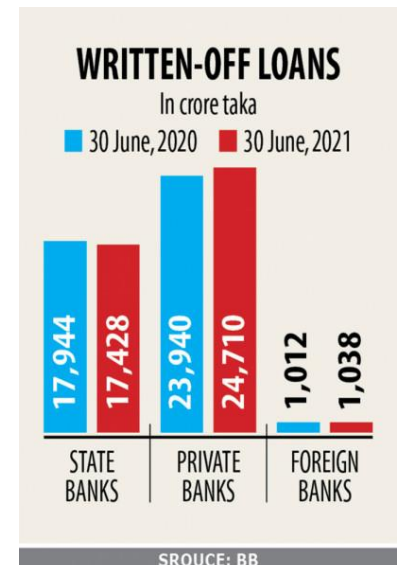
<https://www.tbsnews.net/economy/stocks/bsec-warns-six-brokerage-firms-over-non-compliance-305197>

Economy & Industry

Loan write-offs pick up

The Daily Star, September 21, 2021

- Write-off loans rose slightly in the second quarter of 2021, although they remain at the lower level thanks to the eases of rules because of the coronavirus pandemic. Between April and June, loans amounting to Tk 126 crore were written off, according to data from the Bangladesh Bank. It was Tk 102 crore in the first quarter.
- This means it totalled Tk 228 crore in the first six months of 2021. Default loans amounting to Tk 970 crore were removed from the balance sheets in the entire 2020.
- Usually, loans are written off when they are entirely provisioned and have no realistic prospect of being recovered. So, these loans are shifted to off-balance sheet records, a move that reduces taxable income on the income statement. Since the facility was introduced in January 2003, a total of Tk 57,249 crore has been written off.
- Of the sum, Tk 43,543 crore has remained unrealised, while Tk 13,706 crore has been recouped. The trend of loans being written off usually slackens in the first nine months of a year before climbing in the final quarter.
- Banks have to keep 0.25 per cent to 5 per cent of the operating profit as unclassified loans, 20 per cent for default loans of substandard category, 50 per cent for the doubtful category, and 100 per cent for bad or loss category. It is 100 per cent for write-offs.
- Bad loans, including the write-off loans, totalled about Tk 138,787 crore till June. Although the loans are erased from the balance sheets, it does not mean banks forget them.



<https://www.thedailystar.net/business/economy/news/loan-write-offs-pick-2180561>

Bangladesh Bank unveils guideline on non-banking assets

The Business Standard, September 20, 2021

- From now onwards, non-banking assets need to be evaluated very carefully and the process should be completed through a committee comprising at least three experienced officers, says a Bangladesh Bank guideline on ownership of non-banking assets against bank loans issued on Monday.
- Besides the committee comprising bank officials, assets should be assessed through a value firm or professional body. Whichever is less of the two prices determined by the professional body and the committee should be taken as the market value of the asset. Once the market value is determined, it has to be approved by the CEO of the bank.
- In the past, the necessary legal process used to be done to ensure the physical possession by registering and mutating the property in the name of the bank as soon as the ownership of the mortgaged property was in favour of the bank, as per section 33 (7) of the Artha Rin Adalat Ain, 2003.

- The directives also read that in the case of inclusion as a non-banking asset, the reason for the abnormal decline in the value of the asset from the latest valuation already performed by the bank must be stated. If a non-banking asset is integrated as a bank, the borrower concerned will be barred from defaulting.
- However, before releasing a borrower from 'defaulter' status, approval of the Board of Directors has to be obtained with the certification – all the procedures mentioned in the policy have been duly followed – of the Head of Internal Control and Compliance of the bank concerned.

<https://www.tbsnews.net/economy/banking/bangladesh-bank-unveils-guideline-non-banking-assets-305236>

International

Fed to reveal new projections with investors on alert

The Daily Star, September 21, 2021

- US Federal Reserve officials will lay bare how soon and how often they think the economy will need interest rates rises over the next three years when they release new forecasts at their policy meeting on Wednesday, with investors on alert for a faster pace of tightening.
- The so-called "dot plot," released quarterly, charts policy makers projections, on an anonymous basis, for economic growth, employment and inflation, as well as the timing of interest rate rises.
- It will show whether most are sticking to recently expressed views that the Delta variant of the coronavirus, which has dented economic activity, will have a short-lived effect on the recovery despite the current turbulence and uncertainty it is causing. This week's set of dots also will include policymakers' forecasts for 2024 for the first time.
- Interest rates have been near zero since the beginning of the COVID-19 pandemic with the Fed vowing not to raise borrowing costs until the economy has fully healed. According to the Fed's new framework, that means a greater emphasis on achieving maximum employment along with its 2 per cent average inflation goal.
- Hotter-than expected inflation despite some recent moderation is testing policymakers' commitment to that new framework and could cause the median of the Fed's forecasts for a liftoff in interest rates to switch to 2022 from 2023 at the June meeting.
- For that to happen, only three policymakers would need to bring forward their projections, and a shift of just two would result in a dead-heat split inside the Fed over whether liftoff is in the cards for next year or later.

<https://www.thedailystar.net/business/global-economy/news/fed-reveal-new-projections-investors-alert-2180491>

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