

Stock Market

Stocks plunge for 4th week

New Age, September 22, 2019

- Dhaka stocks plunged for fourth week as frustrated investors continued to sell shares as the latest efforts of the government to revive the market went in vein. DSEX, the key index of the DSE, plunged 1.58 %, or 77.90 points, over the past week to close at 4,855.99 points on Thursday, the last trading session of the week.
- The core index lost 381 points in the last four weeks. Therefore, investors continued selling off shares fearing that the market could decline further. The continuous price erosion curb risk taking appetite of the investors and they could not see any immediate solution from the regulators.
- Average share prices of textile, pharmaceutical, cement and non-bank financial institution sectors dropped by 5.3 %, 4.5 %, 1.8 % and 0.8 % respectively. DS30, the blue-chip index of DSE, dropped by 1.2 % or 21.14 points, to close at 1,737.06 points.
- Shariah index DSES shed 2.90 %, or 33.58 points, to finish at 1,123.21 points. National Tubes led the turnover chart with its shares worth BDT 120.83 crore changing hands in the week. Monno Jute Stafflers, JMI Syringe, Square Pharmaceuticals, Legacy Footwear, Stylecraft Limited, Beacon Pharmaceuticals, Fortune Shoes, Monno Ceramic and British American Tobacco were the other turnover leaders.
- Provati Insurance gained the most in the week with a 32-% increase in its unit prices while Monno Ceramic was the worst loser, shedding 30.74 %.

<http://www.newagebd.net/article/85258/stocks-plunge-for-4th-week>

94 listed entities trading below issue prices

New Age, September 18, 2019

- Shares of around 94 companies and mutual funds have been trading below their issue prices in recent days due to continued price erosion amid investors' low confidence in the market. The share prices of more entities dropped to the level over the years as only nine mutual funds were at the situation on May 15, 2011 when M Khairul Hossain was appointed as the chairman of Bangladesh Securities and Exchange Commission.
- The 94 entities include 62 companies and 32 mutual funds. Besides the entities, the share prices of another 20 companies have been hovering at their face value in recent days. There are 316 companies and 37 mutual funds listed on the Dhaka Stock Exchange. Of the 94 entities, 48 entered the country's capital market through issuing initial public offerings during the tenure of current commission.
- Share prices of the 37 companies, IPOs of which were approved before 2011, plunged by more than 80 % during the current commission. In recent months, the media reported about a number of companies which altered their financial data with the aim of increasing the prices of their companies' shares.
- Besides, the BSEC allegedly favoured a quarter and remained mum over their wrong activities. The core index, DSEX plunged to a 33-month low on Thursday to finish at 4, 856 points with poor participation of investors.

<http://www.newagebd.net/article/85150/94-listed-entities-trading-below-issue-prices>

Company profile

Beacon Pharma sees steady growth

The Financial Express, September 22, 2019

- Beacon Pharmaceuticals, one of the leading pharmaceutical companies, has displayed a steady growth for last five years in its financial indicators, including net profits. The company's earnings per share (EPS), net asset value (NAV), and net profits rose gradually since 2014 to 2018.
- The company, however, is yet to disclose its financial statement for the year ended on June 30, 2019. The company reported its EPS of BDT 0.10 for 2014, BDT 0.15 for 2015, BDT 0.27 for 2016, BDT 0.45 for 2017 and BDT 0.55 for 2018.
- The company's net asset value (NAV) per share was BDT 12.41 in 2014, BDT 12.58 in 2015, BDT 13 in 2016, BDT 13.37 in 2017 and BDT 12.99 in 2018. The company also reported its EPS of BDT. 0.21 for January-March 2019 as against BDT. 0.14 for January-March 2018. The net operating cash flow per share (NOCFPS) was BDT. 0.79 for July 2018-March 2019 as against BDT. 1.97 for July 2017-March 2018.
- The company displayed a steady growth in return on assets (ROA) during 2014 to 2018. The ROA, which is displayed as a %age, is an indicator of a company's profitability relative to its total assets. This ratio gives an idea as to how efficient a company's management is at using its assets to generate earnings.
- The ROA of Beacon Pharmaceuticals was 0.52 % in 2014, 0.81 % in 2015, 1.22 % in 2016, 2.03 % in 2017, and 2.57 % in 2018. The company's return on equity (ROE) also rose gradually since 2014 to 2018. The ROE is considered a measure of how effectively management is using a company's assets to create profits.

Beacon Pharma's financial disclosure				
Year	Revenue (billion)	Net Profit (million)	EPS	ROA
2014	Tk 1.69	Tk 24.22	Tk 0.10	0.52%
2015	Tk 2.05	Tk 38.55	Tk 0.17	0.81%
2016	Tk 2.49	Tk 61.40	Tk 0.27	1.22%
2017	Tk 2.94	Tk 103.73	Tk 0.45	2.03%
2018	Tk 3.76	Tk 126.10	Tk 0.55	2.57%

Source: Annual Report of Beacon Pharmaceuticals

<http://thefinancialexpress.com.bd/stock/beacon-pharma-sees-steady-growth-1569129076>

Economy

Bangladesh Bank drafts specific law on currency counterfeiting

New Age, September 22, 2019

- The Bangladesh Bank has drafted a specific law to control and prevent production, circulation and transaction of counterfeit currencies in the country, rearranging punishment provisions specified for the offences in other laws.
- The BB draft has a provision of life-term imprisonment and fine up to BDT 1 crore for repeated violations of the law. The offenders now can easily get bail due to ambiguity in definitions. The new law will prevent weakness and ensure bringing the criminals under the book, BB officials said, adding that the offences under the draft law would be cognisable, non-bailable and non-compoundable.

- According to the Penal Code, the highest punishment is imprisonment for life. According to the Special Power Act, the offences are punishable with death penalty or with imprisonment for life or for a term up to 15 years.
- According to the draft law, the offences related to production and transaction of counterfeit currency, possessing such notes, transportation of fake currencies to and from the country and manufacturing, supply, maintenance and transaction of instruments used for counterfeiting currencies will come under the purview of the law.
- The draft law, however, said that no legal steps, including filling a case, would be taken against a person who possessed or bore fake currency for legal transactions without knowing the status of the currency.

<http://www.newagebd.net/article/85254/bangladesh-bank-drafts-specific-law-on-currency-counterfeiting>

Govt firm to buy NPLs by next year

The Daily Star, September 22, 2019

- The government plans to form an asset management company this fiscal year to buy distressed loans off banks as part of its efforts to clean up the financial sector. As per the roadmap, the government will draw up a special law to form a public asset management company (PAMC) in the lead up to the next budget for fiscal 2020-21.
- The development means banks will soon get respite from the legal complexities to recovering their default loans. The government has recently formed a five-member committee comprising of officials from both the central bank and the finance ministry to speed up the process for formation of PAMC.
- The Manila-based multilateral lender has extended similar support to a number of countries, which eventually helped them arrest their default loans. Prior to that the central bank formed a six-member committee in February with a view to tackling the rising default loans in the banking sector.
- The committee found the AMC formula after conducting an extensive analysis of seven Southeast Asian countries on how they had brought down their large amounts of default loans after facing a major recession -- widely known as the Asian financial crisis -- between 1997 and 1999.
- Each of the seven countries -- Vietnam, South Korea, Indonesia, Malaysia, Thailand, Taiwan and the Philippines -- successfully brought down their classified loans by way of setting up PAMC.
- For instance, default loans in Indonesia had gone as high as 50 % of its outstanding loans during the financial crisis, but it came down to less than 3 % in 2017. The total amount of default loans in the banking sector stood at BDT 112,425 crore at the end of June, up 20 % from six months earlier.

AT A GLANCE

Govt to formulate a special act to form the PAMC

The act will be framed within this fiscal year

The new entity may be empowered to purchase NPLs

A five-member committee is working on the issue

ADB has expressed interest in giving technical and financial support

Foreign and local companies may be allowed to purchase NPLs

<https://www.thedailystar.net/business/news/govt-firm-buy-npls-next-year-1803511>

50 small RMG units shut in six months

The factories were grappling with high production cost amid falling prices

The Daily Star, September 22, 2019

- About 50,000 workers have lost their jobs as 50 small and medium-sized garment factories have shuttered their operations in April mainly because of higher cost of production and lower prices offered by foreign buyers.
- The closure will take the number of SME apparel factories that went out of business in the last one year to more than 200 units, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).
- There are more than 1,000 SME units in the garment sector, each employing between 500 and 2,000 workers, according to industry insiders. The businessman also blamed the recent wage hike, lower work orders to the SME units and the recent free trade agreement between Vietnam and the European Union for the SME units' current woes.
- Many work orders are shifting to Vietnam, one of the competitors of Bangladesh, because of the free trade deal. Another important reason is that larger firms' sub-contracting work to SMEs has been restricted after the Rana Plaza building collapse in April 2013.
- Before the closure, Islam used to export \$20 mn worth of sweater items annually, selling each unit for \$4.5 to \$4.70. Every month, he used to pay BDT 3 crore in salary and another BDT 1 crore in other expenses.

KEY POINTS

- 50 small and medium factories closed since April
- More than 200 shut in the last one year
- About 50,000 workers lost jobs since April
- Bangladesh now has about 1,000 small and medium units
- Each small/medium factory employs 500-2,000 workers
- Small factories face restriction in subcontracting



<https://www.thedailystar.net/business/news/50-small-rmg-units-shut-six-months-1803517>

Govt firm to buy NPLs by next year

The Daily Star, September 22, 2019

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AT A GLANCE

- Govt to formulate a special act to form the PAMC
- The act will be framed within this fiscal year
- The new entity may be empowered to purchase NPLs
- A five-member committee is working on the issue
- ADB has expressed interest in giving technical and financial support
- Foreign and local companies may be allowed to purchase NPLs

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International

Trade deal hopes fade as China cancels US farm visits

New Age, September 22, 2019

- A US-China trade deal appeared elusive on Friday after Chinese officials unexpectedly cancelled a visit to farms in Montana and Nebraska as deputy trade negotiators wrapped up two days of negotiations in Washington.
- Chinese officials were expected to visit US farmers next week as a goodwill gesture, but cancelled to return to China sooner than originally scheduled, agriculture organisations from Montana and Nebraska said. The United States had removed tariffs overnight from over 400 Chinese products in response to requests from US companies.
- The Chinese Embassy and the US Department of Agriculture did not immediately respond to requests for comment. The US Trade Representative's office issued a brief statement characterizing the two days as 'productive' and that a principal-level trade meeting in Washington would take place in October as previously planned.
- Trade experts, executives and government officials in both countries say that even if the September and October talks produced an interim deal, the US-China trade war has hardened into a political and ideological battle that runs far deeper than tariffs and could take years to resolve.
- The Chinese delegation did not present any new proposals on core structural issues including intellectual property protections, forced technology transfers, industrial subsidies and other trade barriers, said a person briefed on the talks.
- Cancellation of the Chinese agriculture visits, which were seen as potentially leading to increased purchases of US soya beans and pork, caused Wall Street's main stock indexes to fall as early optimism about the talks faded.

<http://www.newagebd.net/article/85267/trade-deal-hopes-fade-as-china-cancels-us-farm-visits>

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