

Stock Market

Stocks drop again as market turmoil drags on

New Age, October 22, 2019

- Dhaka stocks dropped again on Monday as the regulators failed to take proper decisions to revive the country's ailing stock market and the investors' confidence in the market. DSEX, the key index of the Dhaka Stock Exchange, lost 0.43 %, or 20.67 points, to end at 4,761.42 points on Monday after gaining 11.09 points in the previous session.
- The DSEX fell by 175 points in last 13 trading sessions with just two positive sessions. The DSEX plummeted by 1,190 points in the nine months' rout with BDT 62,700 crore wiped off the DSE market capitalization
- Turnover on the DSE increased to BDT 350.49 crore on Monday from BDT 312.63 crore in the previous session. The average share prices of textile, telecommunication and non-bank financial institution sectors dropped by 2.9 %, 1.2 % and 0.6 % respectively.
- Out of the 352 scrips traded on the day, 250 declined, 63 advanced, and 41 remained unchanged. Blue-chip index DS30 declined by 0.62 %, or 10.45 points, to close at 1,675.49 points. DSE Shariah index DSES shed 0.88 %, or 9.68 points, to end at 1,089.52 points.
- United Power Generation Company led the turnover chart with its shares worth BDT 12.81 crore changing hands on the day. National Tubes, Premier Bank, Wata Chemical, Square Pharmaceuticals, Monno Jute Staffers, Paramount Textile, Continental Insurance, Summit Power and Eastern Insurance were the other turnover leaders.
- UPGDCL gained the most on the day with a 7.20-% increase in its share prices while CVO Petrochemical Refinery performed the worst, losing 9.69 %.

<http://www.newagebd.net/article/88365/stocks-drop-again-as-market-turmoil-drags-on>

GP's profit rises amid challenges

The Daily Star, October 22, 2019

- Grameenphone's net profit rose 2.04 % year-on-year to BDT 2,532 crore in the first nine months of the year aided by a surge in revenue growth both in data and voice segments, the operator said yesterday. The net profit was, however, down 13.03 % to BDT 727 crore in the third quarter, because of the adverse impact of an undisclosed amount of one-off payment made to the government by the top carrier.
- Earnings per share were BDT 18.75 for January to September period, compared to BDT 18.38 year-on-year. It was BDT 5.38 in the third quarter against BDT 6.25 in the same period last year, according to data from the Dhaka Stock Exchange (DSE). Data revenue surged more than 50 % to BDT 1,763 crore in the third quarter.
- GP's subscriber base expanded by 6 % to 7.57 crore at the end of the quarter, as it acquired four lakh new subscribers and nine lakh internet users. The operator has been affected by the suspension of issuance of no objection certificates (NOCs) by the telecom regulator because of a fallout from the ongoing row they have long been embroiled in over an audit claim.

- The Bangladesh Telecommunication Regulatory Commission has repeatedly demanded BDT 12,479 crore from GP as per findings of the audit into the operator's book in 2016 that covered the period from its inception to December 2014.
- GP has called the audit disputed and has not paid anything, leading the regulator to suspend issuing the NOCs on July 22. The NOCs are needed to roll out new package or service or import network equipment. In the third quarter, the mobile phone operator invested BDT 218 crore, down 53 % year-on-year.
- The largest company on the DSE by market capitalisation, GP's shares were down 1.32 % to close at BDT 314.50 yesterday. GP's network covered 99.5 % of the population and 69 % of the population are under its 4G network.

<https://www.thedailystar.net/business/news/gps-profit-rises-amid-challenges-1817086>

City Bank's EPS jumps 17pc

The Daily Star, October 22, 2019

- City Bank posted consolidated earnings per share of BDT 2.58 in the first three quarters of 2019, up 16.74 % year-on-year. Addressing an event organised yesterday for disclosing its earnings, Md Mahbubur Rahman, chief financial officer, made a presentation on the financial performance of the bank.
- City Bank's consolidated profit after tax was BDT 262.2 crore for January to September period. It was BDT 225 crore during the same nine-month period a year ago, said the official of the listed first generation private commercial bank at its head office in Dhaka.
- Existing and potential investors, researchers and analysts joined the event through web platforms. The bank has attracted attention from investment communities across the globe in recent years. International Finance Corporation, the World Bank Group's private sector arm, holds a 5 % stake in City Bank.

<https://www.thedailystar.net/business/news/city-banks-eps-jumps-17pc-1817095>

Omera, JMI Hospital to go public

The Daily Star, October 22, 2019

- Omera Petroleum, a subsidiary of Mobil Jamuna Bangladesh, plans to raise BDT 238.43 crore from the stock market to expand its liquefied petroleum gas (LPG) business. The company is engaged in import, storage, bottling and distribution of LPG since 2015.
- Of the initial public offering (IPO) proceeds, it will purchase a modern seaworthy vessel with a capacity of 4,000 tonnes of liquid petroleum gas. Meanwhile, BDT 46.75 crore will be utilised for repayment of the company's bank loans.
- On the same day, JMI Hospital Requisite, a subsidiary of JMI Group, organised a road show at the Bangabandhu International Convention Centre to raise BDT 75 crore under the book-building method. Md. Abdur Razzaq, managing director of JMI Hospital Requisite, said the demand for medical devices in domestic and global markets are increasing rapidly.

<https://www.thedailystar.net/business/news/omera-jmi-hospital-go-public-1817098>

Reckitt Benckiser names Ahold's Jeff Carr as new CFO

The Daily Star, October 22, 2019

- Reckitt Benckiser Group Plc will bring back former finance executive Jeff Carr as the successor of Chief Financial Officer Adrian Hennah who is retiring next year, the maker of Durex condoms and Lysol disinfectant said on Monday.
- The appointment is Reckitt's second big management change this year after the British consumer goods maker picked PepsiCo executive Laxman Narasimhan as its new top boss, replacing long-time chief executive Rakesh Kapoor.
- Carr, finance chief at Dutch-American supermarket operator Ahold Delhaize since 2011, was with Reckitt for a decade between 1994 and 2004. He started his career at Anglo-Dutch firm Unilever and has held senior roles at firms including AB Foods and easyJet.
- Carr would take over in April from Hennah, who will stay on until October 2020, completing seven years as CFO at Reckitt. Reckitt said Carr, 58, will receive a salary of 680,000 pounds (\$882,776.00) and a pension allowance of 10 % of his salary, on top of other benefits.

<https://www.thedailystar.net/business/news/reckitt-benckiser-names-aholds-jeff-carr-new-cfo-1817068>

Economy

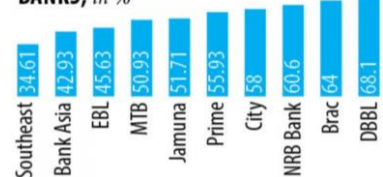
COST-TO-INCOME RATIO

Southeast, Bank Asia most efficient, profitable lenders

The Daily Star, October 22, 2019

- Southeast Bank is the most profitable and efficient lender in Bangladesh followed by Bank Asia while Dutch-Bangla Bank is the least, according to an analysis of different banks' cost-to-income ratio.
- Last year, Southeast's cost-to-income ratio was less than 35 %, meaning that it had to spend BDT 35 for BDT 100 operating revenues. Bank Asia had the next best ratio of 43 %, followed by Eastern Bank at 45.63 %.
- The cost-to-income ratio shows a bank's operating costs (administrative and fixed costs) in relation to its operating income. The higher ratio generally indicates lower efficiency, but a number of factors can affect the ratio, including a bank's business model, its size and the overall investment climate of a country, according to bankers.
- A general rule of thumb is that any figure above 50 % refers to inefficiency. But almost all the banks in Bangladesh fall in this category. Dutch-Bangla Bank's ratio was the highest at 68 %, followed by Brac Bank at 64 % (consolidated).

COST-TO-INCOME RATIO OF 10 PRIVATE BANKS, in %



AVERAGE COST-TO-INCOME RATIO in %



SOURCE: S&P GLOBAL MARKET INTELLIGENCE

<https://www.thedailystar.net/business/news/southeast-bank-asia-most-efficient-profitable-lenders-1817104>

Q1 exports drop in major markets, grow slightly in US

New Age, October 22, 2019

- Country's export earnings from most of the major markets including Germany, Spain, Netherlands, Australia and Canada declined in the first quarter (July-September) of the current fiscal year 2019-20 while the export achieved a minimal growth in the US, the largest market for Bangladesh.
- Exporters said that export earnings posted a negative growth in the major markets as the global economic distresses hit the consumption of readymade garment products. They said that consumption of RMG products decreased all over the world as US-China trade war, Brexit issue, contraction of the economies of Germany, Argentina and South Africa instilled recession fears in the global consumers.
- Country's export to Germany, the second largest destination for Bangladesh, fell by 6.63 % to \$1.48 bn in July-September of FY20 from \$1.58 bn in the same period of last fiscal year, according to the Export promotion Bureau data.
- Readymade garment export to Germany in the first quarter of FY20 fell by 7.37 % to \$1.32 bn from \$1.50 bn in the same period of FY19. Export to the US in July-September of FY20 stood at \$1.66 bn with a 0.07-% growth. RMG export to the US in the first quarter of FY20 grew by only 0.46 % to \$1.49 bn from \$1.48 bn in the same period of FY19.
- Country's overall export to the UK, the third largest destination for Bangladesh, in July-September of FY20, however, grew by 5.19 % to \$1.07 bn from \$1.02 bn in the same period of FY19. RMG exports to the UK in the first quarter of FY20 increased by 5.76 % to \$991.23 mn from \$937.27 mn in the same period of FY19.

<http://www.newagebd.net/article/88360/q1-exports-drop-in-major-markets-grow-slightly-in-us>

BD, EU start post-2020 agenda discussion

The Financial Express, October 22, 2019

- Bangladesh and the European Union (EU) have launched the discussions on "key priorities" for the post-2020 cooperation agenda though the joint commission meeting held on Monday in Dhaka. It also looked into the account the Bangladesh government's incoming 8th 5-year plan from 2021, reports bdnews24.com.
- According to a joint statement, both sides agreed on the importance of a regular sectoral policy dialogue to accompany long-term reforms and to reinforce the EU-Bangladesh partnership for development cooperation in particular in the areas of Climate Change, Social Protection, Human Capital and Good governance.
- They agreed to continue working jointly towards the implementation of the Sustainable Development Goals (SDG) and within a wider framework, which should include other key international partners and the private sector.
- The joint commission was preceded by the meeting of subgroups: Human Right and Good Governance on Oct 17, Trade and Economic Cooperation, and Development Cooperation on Oct 20. Both sides discussed a whole range of issues from Rohingya crisis to strengthening economic cooperation.

<http://thefinancialexpress.com.bd/national/bd-eu-start-post-2020-agenda-discussion-1571671139>

Source tax on exports cut to 0.25pc for all sectors

New Age, October 21, 2019

- The government on Monday slashed the source tax on export proceeds for all sectors, including readymade garment, to 0.25 % from 1 % following exporters' demand for the cut to make the country's exports competitive in the international market.
- Income tax wing of the National Board of Revenue issued a statutory regulatory order in this connection, making the new tax rate effective from the day (October 21). The reduced tax rate will remain effective up to June 30, 2020, according to the SRO
- Officials of the revenue board said that they reduced the tax rate as per decision of the government's high ups and pressure from the export-oriented trade bodies, particularly the Bangladesh Garment Manufacturers and Exporters Association.
- In three months (July-September) of the current fiscal year 2019-20, source tax on export earnings at 1 % stood at BDT 517 crore from the sector. Country's exporters excluding except jute and jute goods exporters also enjoyed the tax benefit on export earnings at the same rate of 0.25 % in last fiscal year 2018-2019 though the standard rate of the tax is 1 % in the Income Tax Ordinance-1984.

<http://www.newagebd.net/article/88358/source-tax-on-exports-cut-to-025pc-for-all-sectors>

FDI increases by 50.73 % in FY 2018-19

The Daily Star, October 22, 2019

- The Foreign Direct Investment (FDI) reached \$3.89 bn during the 2018-19 fiscal, which is 50.73 % higher than that of the previous fiscal.
- It was revealed in an annual report on activities of the ministries and divisions during the 2018-19 fiscal, which was placed before the cabinet's weekly meeting held at PMO here this morning with Prime Minister Sheikh Hasina in the chair.
- As many as \$ 333.32 mn FDI came to BEPZA during the FY 2018-19 while employment for 19,548 Bangladeshis had been generated in the EPZs under the jurisdiction of BEPZA.
- Bangladeshi expatriates sent remittance of \$16.42 bn whereas 6,59,129 Bangladeshi labourers got jobs abroad during the same period, according to the report. The meeting was apprised that a total of 318 projects were approved in 23 ECNEC meetings while BDT 1,66,653 crore were spent against 1,978 projects of the Annual Development Programme (ADP) which was 94.36 % of the allocation.
- As many as works of 317 projects out of 345 have been completed during the 2018-19 fiscal, the report said. The meeting was apprised of the participation of Bangladesh delegation, led by the planning minister, in the high-level political forum on sustainable development at the UN headquarters from July 9-18 last.

<https://www.thedailystar.net/business/fdi-increases-5073-%-fy-2018-19-1816762>

International

China unexpectedly keeps benchmark lending rate unchanged

The Daily Star, October 22, 2019

- China on Monday unexpectedly kept unchanged its new benchmark lending rate, suggesting Beijing is keen to avoid overly loosening monetary policy for fear it may push up already-high debt levels across the economy.
- The one-year Loan Prime Rate LPR remained at 4.20 %, steady from the previous monthly fixing. The five-year LPR was fixed at 4.85 %, unchanged from September. A Reuters poll last week had forecast the rate would be cut again following reductions in August and last month.
- Frances Cheung, head of Asia macro strategy at Westpac in Singapore, said Monday's decision does not point to an end to the downward adjustment in the LPR. "That said, the outcome is likely to reinforce the somewhat risk-on sentiment today," Cheung said.
- Investors in China's financial markets took the rate decision in stride. Benchmark 10-year treasury futures for December delivery CFTZ9, the most-traded contract, were barely moved after the data release. A separate Reuters poll of 83 analysts showed that the central bank is expected to slash the one-year LPR to 4.00 % by the end of 2019, down by 20 basis point from its current level.
- The decision to keep the LPR steady came just days after China reported its third-quarter gross domestic product (GDP) growth cooling to near 30-year low. Economists and China observers say a recent bath of weak data showing a further loss of momentum in the world's second-biggest economy underlined the need for further monetary policy support.

<https://www.thedailystar.net/business/news/china-unexpectedly-keeps-benchmark-lending-rate-unchanged-1817083>

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