BASL DAILY NEWS BUZZ

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Stock Market & Company

Stocks drop for 3rd week on panic sales

NewAge, December 22, 2019

- Dhaka stocks dropped for the third week in the past week as investors continued panic sales due to gloomy economic conditions amid a lack of government concern for investors' woes. DSEX, the key index of the Dhaka Stock Exchange, lost 1.28 per cent, or 57.61 points, over the past week to close at 4,456.84 points on Thursday, the last trading session of the week. The DSEX lost 274.5 points in the last three sessions of the past week.
- The market dropped in the first three sessions of the past week to hit a-three and half year low on December 18 as investors kept up jittery share sales to avoid further losses, market operators said. The investors gave way to despair in absence of government and regulatory measures to prevent the relentless plunge in the stock market, they said.
- The market has been in the doldrums for the last 11 months that has robbed the DSEX off 1,498 points and eroded Tk 78,200 crores in market capitalisation, with the drop intensifying in recent days.
- Finance minister AHM Mustafa Kamal on September 16 held a meeting with the capital market stakeholders after the DSEX hit a 32-month low. There have been no effective steps from the finance minister yet although the DSEX has continued to descend, hitting a 43-month low on Tuesday.
- The market gained during the last session of the week on Thursday after some institutional investors went for bargain hunting to put a cap on the plunge, they said. The investors were striving to cope with issues such as the persistent volatility of the market, the gloomy macroeconomic outlook and bleak prospects of the financial sector, he said.
- The daily average turnover on the DSE plunged to Tk 279.73 crore in the past week from Tk 314.79 crore in the week before. Ring Shine Textiles led the turnover chart for the third consecutive week with shares worth Tk 62.88 crore traded last week.

http://www.newagebd.net/article/94253/stocks-drop-for-3rd-week-on-panic-sales

3 reasons behind stock slide: BSEC chief

They are GP-regulator tussle, retreat of foreign investors, misreport on TIN requirement

The Daily Star, December 22, 2019

- The chief of Bangladesh Securities and Exchange Commission has blamed the recent plunge in stocks on the ongoing tussle between Grameenphone and the telecom regulator as well as a huge selloff by foreign investors.
- A piece of news in April that the revenue administration is making tax identification number (TIN) mandatory for opening beneficiary owners' accounts also played a part, BSEC Chairman M Khairul Hossain said.
- Besides, apprehension is doing the rounds in the market that the local currency may devalue, prompting foreign investors to go for massive selloffs, he added.
- But Finance Minister AHM Mustafa Kamal has ruled out the possibility of any currency devaluation, he said.

- In the first week of April, a news item was published, quoting the chairman of the National Board of Revenue (NBR), that stock investors would need TINs to open beneficiary owners' accounts. Hossain said the market started to fall after the comment. Later, the tax authority clarified that it did not make opening TINs mandatory for stock investors, allaying the fears of general investors.
- The benchmark index of the Dhaka Stock Exchange fell 261 points, or 4.73 percent, within six days, starting from the day when the report was published.
- The dispute between Grameenphone, the largest listed company in terms of capitalisation, and the telecom regulator began to impact the "structure of the market" because foreign investors pour funds largely looking at the fundamentals of companies, the BSEC chief said.
- Foreign investors sold off the shares of Grameenphone along with Olympic Industries, United Power Generation, British American Tobacco Bangladesh (BATB), and Square Pharmaceuticals, Hossain said.
- The fall of the five companies accounted for 80 percent of the market slide, he said, pointing out that the DSEX shed around 174 points in the last two months only because of the mobile operator and BATB. "When foreign investors sell, local investors follow suit, leading to a massive slide," Hossain said.

https://www.thedailystar.net/business/news/3-reasons-behind-stock-slide-bsec-chief-1843567

No bar to changing asset manager of two MFs, says BSEC lawyer

The Financial Express, December 22, 2019

- The securities regulator now can change the asset manager of two closed-end mutual funds (MFs) as the Supreme Court (SC) has stayed the status quo which barred the regulator from doing so, a jurist said.
- The Bangladesh Securities and Exchange Commission (BSEC) earlier felt the necessity of taking the opinion from their lawyer despite the SC's stay order on the status quo on changing the asset manager.
- "The verdict of the SC is above all. So, the BSEC need not take any legal opinion in this regard. Nevertheless, I will say in my opinion that the BSEC has no bar to taking any action in line with the securities rules," Advocate Probir Niogi said.
- An asset manager can be changed as per the Section 31 of the Securities and Exchange Commission (Mutual Fund) Rules, 2001, he added. According to the rules, the trustee can change the appointment of an asset manager following the demand of two-third (66.67 per cent) unit holders, subject to prior approval of the commission.
- Earlier on November 7, the High Court (HC) directed all parties concerned to maintain the status quo regarding the asset manager of the Green Delta Mutual Fund and the DBH 1st Mutual Fund until January 8, 2020.
- LR Global Bangladesh, the asset manager of the two MFs, sought the status quo as two-thirds of unit holders appealed to the trustee of the funds, Bangladesh General Insurance Company, to change their asset manager.

https://thefinancialexpress.com.bd/stock/bangladesh/no-bar-to-changing-asset-manager-of-two-mfs-says-bsec-lawyer-1576820218

DSE market cap-GDP ratio hits 13-yr low
NewAge, December 22, 2019

- The ratio of the Dhaka Stock Exchange's market capitalisation to the country's gross domestic product has hit a 13-year low this month due to a sharp fall in share prices and lack of capital raising by issuing initial public offerings and right shares.
- The ratio of DSE market capitalisation to GDP came down to around 12 per cent on December 19 this year, hitting its lowest after 2006 when the figure was 6.73 per cent. The ratio was 17.21 per cent in 2018 and 21.62 per cent in the year before.
- The market capitalisation is calculated by multiplying the total number of a company's outstanding shares with the current market price of the shares. Market operators said that the market cap-GDP ratio declined due to a sharp fall in the indices, lack of new issues and rights offers in 2019.
- Only eight companies raised Tk 552 crore in 2019 while 13 companies and a mutual fund raised Tk 646 crore in the previous year. The current commission was heavily criticised for approving fundamentally weak companies that made it cautious over approving IPOs.
- The criticisms were ignited with the approval of Coppertech Industries which was mired in controversies including allegations of faking financial data and formation of artificial paid up capital. They said that the market has been falling in last 11 months that gradually lowered the investors' confidence and trust in the market.
- The key index, DSEX, started the year 2019 with 5,383.42 points and finished on Thursday at 4,456.83 points, losing 926 points over the period. The DSE market capitalisation plummeted by Tk 47,690 crore in 2019.
- Market operators said that the share prices of large capitalised companies including Grameenphone, Square Pharmaceuticals, British American Tobacco Company and Investment Corporation of Bangladesh plunged in this year that weighed heavily on the market capitalisation. The foreign investors withdrew around Tk 970 crore from the country's capital market in last 10 months.
- The ratio of DSE market capitalisation to GDP is also the lowest among the emerging Asian-Pacific countries. The ratio was at its peak at 50.67 per cent in 2010, and it slumped to 33.23 per cent within a year after the biggest market crash in the country's history in 2010-11.

http://www.newagebd.net/article/94156/dse-market-cap-gdp-ratio-hits-13-yr-low

GP's parent co sends legal notice to president over audit dispute
NewAge, December 22, 2019

- TELENOR Group, the parent company of Grameenphone, has sent a legal notice to president Abdul Hamid, seeking arbitration over a dispute concerning the Tk 12,579.95 crore in audit claim made by the Bangladesh Telecommunication Regulatory Commission to GP.
- Telenor in its notice mentioned that they would go to international court unless the audit issue was solved through arbitration, posts and telecommunications minister Mustafa Jabbar told reporters at the secretariat in Dhaka on Thursday.
- 'The legal notice was sent by a lawyer in Singapore on behalf of Telenor Group to our president for resolving the issue through arbitration,' Jabbar said. 'It is very much unfortunate that a company operating business

in Bangladesh presses us for arbitration by sending notice to the president,' he said, adding that such move was not acceptable.

- There can be different problems in operating business and the government's job is to facilitate them in resolving the issues, he said. 'We have talked with the lawyers about the legal notice and there is nothing to be worried about,' the telecom minister said, adding that the operator had already taken the issue to court and that was why the government had no scope for going for arbitration except following the legal process.
- A Telenor Group statement issued by its group communication Asia director Cathrine Stang Lund said, 'GP is not a party to this process.' 'For Telenor Group it is important to protect its assets in Bangladesh,' it said, adding, 'Telenor has sent a notice to seek resolution of a dispute and invited the government of Bangladesh to meet to discuss the matter and work towards a constructive solution.'
- 'The BIT (Bilateral Investment Treaty) process itself encourages dialogue, and Telenor still believes the best way forward is that the authorities and the operators agree on an amicable an transparent solution to the disputed audit,' the statement said.
- In reply to a question, Jabbar said that the government's top brass along with the foreign ministry was aware about the issue. He also informed that Robi had already approached him about withdrawing the cases it had lodged with courts and for solving the Tk 867.23 crore in audit claim to the mobile operator through discussion.

http://www.newagebd.net/article/94035/gps-parent-co-sends-legal-notice-to-president-over-audit-dispute

AD publishes order asking GP to pay BTRC Tk 2,000cr

NewAge, December 22, 2019

- The Appellate Division on Wednesday published its written order that on November 24 verbally directed Grameenphone to pay the Bangladesh Telecommunication Regulatory Commission in three months Tk 2,000 crore out of the Tk 12,579.95 crore in audit claim.
- On November 24, the seven-member Appellate Division's full bench chaired by chief justice Syed Mahmud Hossain issued the verbal directive after disposing of an application filed by the BTRC seeking permission to appeal against the High Court's stay order on realisation of Tk 12,579.95 crore in audit claim by the BTRC.
- The order continues, 'In default of payment of the aforesaid money within the specified time the interim order of stay and injunction passed by the High Court Division shall stand vacated.'
- 'The deadline for the payment will be amounted from the date when GP will receive the certified copy of the Appellate Division's directive,' Mehedi Hassan Chowdhury, who was in the GP's lawyers' team, told New Age on Thursday. He said that GP would get 30 days to file a petition seeking to review the Appellate Division's directive.

http://www.newagebd.net/article/94061/ad-publishes-order-asking-gp-to-pay-btrc-tk-2000cr

Economy and Industry

Export growth may slow to 7.3pc next year

Bangladesh's growth in shipment still highest in Asia-Pacific, says UN report

The Daily Star, December 22, 2019

- Bangladesh's exports will grow 7.3 percent next year, down 1.8 percentage points from that in 2019, as the ongoing global trade tension continues to hurt business in Asia and the Pacific, a new United Nations report said.
- Still, the projected export growth of Bangladesh will be the highest among some select countries, according to the Trade in Goods Outlook 2019/2020 of the United Nations Economic and Social Commission for the Asia and Pacific (UNESCAP). The countries include Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Pakistan, the Philippines, South Korea, Singapore, Sri Lanka, Thailand, Turkey and Vietnam, according to the report released on Wednesday.
- At the end of 2019, Bangladesh's overseas sales will see a growth rate of 9.1 percent, also the highest among the countries. The report said Bangladesh will enjoy price benefit for exports next year. The price increase will double to 5.1 percent in 2020 compared to 2.6 percent in the outgoing year. The volume of exportable goods will go up by 2.1 percent next year from 6.3 percent in 2019, data showed.

UNESCAP OBSERVATIONS
Bangladesh's exports to grow 9.1pc in 2019
Shipment to slow 1.8 percentage points next year
Prices of exports to rise 5.1pc
Export volume to go up 2.1pc
Trade in Asia-Pacific shrank in 2019
Asia-Pacific exports fell 2.5pc
Tariff war to take $400b off global GDP

https://www.thedailystar.net/business/news/export-growth-may-slow-73pc-next-year-1842850

Trade experts stress taka devaluation, product diversification for RMG sector competiveness

NewAge, December 22, 2019

- Trade experts and businesses on Saturday stressed the devaluation of taka and diversification of products and market to remain competitive in the global readymade garment market.
- At a discussion on 'Importance of Product Diversification', they said that product concentration of the RMG sector in Bangladesh was extremely high and the government should incentivise the sector to explore the potentials of new products for sustainability.
- At the event, BGMEA data showed that 73 per cent of the country's total $34.13 billion readymade garment exports is concentrated on five items, prices of 83 per cent of exports range up to $15 per kg while 74.14 per cent of the exports are cotton based. It showed that about 83.34 per cent of the total RMG exports go to the European Union and North America.

- Devaluation of the local currency, attracting foreign direct investment and adaptation of new technology were important factors that could help to keep the country's RMG sector competitive in the global market, Policy Research Institute executive director Ahsan H Mansur said.
- Mansur said that Bangladesh was losing its competitive edge in the global arena as the exchange rate had remained high for a long time while the competitor countries had devalued their currencies to take advantage in the international market.
- PRI chairman Zaidi Sattar said that the government should immediately take steps to devalue the taka against the US dollar as the export earnings growth had been negative for the last few months. He said that 50 per cent of the incentives provided by the government to the garment sector are given to businesses against 'deemed export' or indirect export. 'The government should review the incentives as these are not bringing about the desired result,' he said.

http://www.newagebd.net/article/94251/trade-experts-stress-taka-devaluation-product-diversification-for-rmg-sector-competiveness

International

Trade deal Brexit's next battle

NewAge, December 22, 2019

- British prime minister Boris Johnson secured initial parliamentary backing for his Brexit withdrawal bill on Friday, putting Britain on course to leave on January 31 — but the saga will not end even with final confirmation from lawmakers.
- From as early as February 1, European Union and British officials will launch intense negotiations on the future trading relationship between the divorcing partners. The post-Brexit transition period, in which the UK will continue to follow EU rules, finishes at the end of 2020, and Johnson says that he will not seek an extension.
- But it will be 'extremely challenging' to reach a comprehensive accord in time, the president of the European Commission Ursula von der Leyen warned this week. EU negotiator Michel Barnier and his 'Taskforce UK' are working overtime in Brussels to prepare a negotiating mandate, hoping to control the timetable and sequencing of talks.
- Experts widely agree that it will take far longer to achieve a comprehensive trade deal worthy of a country destined to be one of the EU's closest partners. And, speaking to MEPs this week, Barnier said: 'Time is limited and it won't be possible to do everything, but we'll do everything we can. We can't do it all but we will give it our all.'

http://www.newagebd.net/article/94257/trade-deal-brexits-next-battle

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