

Stock Market

DSEX dips below 5,300-mark on panic sale

The Financial Express, April 24, 2019

- Stocks witnessed sharp fall on Tuesday with falling turnover as worried investors sold shares, fearing further fall. The market opened on negative note and the downturn continued until end of the session. At the end of the session, DSEX, the prime index of the Dhaka Stock Exchange (DSE), settled at 5,260, losing 62.87 points or 1.18 % over the previous day.
- Two other indices also saw sharp decline. The DS30 index, comprising blue chips, plunged more than 20 points to finish at 1,878 and the DSE Shariah Index slumped nearly 16 points to close at 1,215. Turnover, another important indicator of the market, also fell below BDT 3.0 bn-mark and amounted to BDT 2.98 bn, which was 15 % lower than the previous day's BDT 3.51 bn.
- A total number of 93,333 trades were executed in the day's trading session with trading volume of 76.39 mn securities. The market capitalisation of the DSE also fell to BDT 3,918 bn on Tuesday, from BDT 3,963 bn in the previous day.
- Prices of 78 % traded issues declined as out of 342 issues traded, 267 declined, 34 advanced and 41 issues remained unchanged on the DSE trading floor. Fortune Shoes topped the turnover chart with 9.0 mn shares worth BDT 345 mn changing hands.
- The other turnover leaders were Monno Ceramic, Bangladesh Submarine Cable Company, United Power and Bangladesh Shipping Corporation. National Life Insurance was the day's best performer, posting a gain of 7.56 % while Monno Ceramic was the worst loser, losing 8.72 %.

<http://thefinancialexpress.com.bd/stock/dsex-dips-below-5300-mark-on-panic-sale-1556016038>

BSEC cancels United Power's share sale to foreign firm

The Daily Star, April 24, 2019

- The stockmarket regulator yesterday voided the share purchase deal between United Mymensingh Power Ltd (UMPL), a corporate director of United Power Generation, and a foreign company due to irregularities in the agreement process.
- The corporate director of United Power Generation, listed on the Dhaka and Chittagong stock exchanges, failed to submit any information on the owners of the foreign company, said the Bangladesh Securities and Exchange Commission (BSEC) in a press release yesterday.
- It also did not follow the securities rules and regulations when determining the valuation of the shares. The agreement was to sell 75.07 lakh shares worth BDT 476.60 each -- which is way higher than the stock's peak price of BDT 419 -- through call option, which is forbidden by the country's rules, the BSEC said.
- Call option is a financial contract to buy an agreed quantity of a financial instrument from a seller at a certain time for a certain price. The buyer can decide not to make the purchase but for this right it pays a fee when the contract is signed.

<https://www.thedailystar.net/business/news/bsec-cancels-united-powers-share-sale-foreign-firm-1733764>

BSEC says Kamal assures tax incentives for stocks

New Age, April 24, 2019

- Finance minister AHM Mustafa Kamal has assured Bangladesh Securities and Exchange Commission that he would consider addressing the issue of double taxation against investment in listed companies, BSEC said on Tuesday.
- The market regulator also placed a set of proposals seeking a number of tax incentives for the capital market in the upcoming budget. The minister assured the commission that he would consider the proposals.
- The commissions also submitted a proposal on strengthening state-run Investment Corporation of Bangladesh which usually supports the market. The minister assured that he would consider the matter as well.
- The market regulator at a commission meeting on Tuesday declined United Power Generation & Distribution Company Limited's appeal to consider a share purchase agreement between the company and a foreign company regarding sell-off shares of UPGDCL held by United Mymensingh Power Limited as the SPA was not signed in line with the securities laws.
- The SPA was signed on March 31, 2019 and the commission was informed about it on April 7. The commission said that UMPL failed to submit requisite information and documents such as paid up capital of the foreign company and ownership information.

<http://www.newagebd.net/article/70626/bsec-says-kamal-assures-tax-incentives-for-stocks>

GSK Bangladesh gets Masud Khan as chairman

The Daily Star, April 24, 2019

- Masud Khan has recently taken over as chairman of GSK Bangladesh. He is currently working as chief executive officer of Crown Cement Group Bangladesh, GSK Bangladesh said in a statement. Khan is also an independent director of Marico Bangladesh, Berger Paints Bangladesh and Viyellatex.
- Prior to joining Crown Cement Group, he worked at LafargeHolcim Bangladesh as chief financial officer for 18 years. He earlier worked at British American Tobacco in finance and related fields for 20 years. Khan attained his Bachelor of Commerce degree with honours from Saint Xaviers' College under the University of Kolkata.

<https://www.thedailystar.net/business/news/gsk-bangladesh-gets-masud-khan-chairman-1733731>

Economy

Banks focus more on loan restructuring than cash recovery

BIBM survey finds

The Daily Star, April 24, 2019

- Loan rescheduling and restructuring were the banks' most preferred mode for recovering loans last year, found a recent survey. All banks had resorted to restructuring to recover their bad loans last year, while

93.10 % employed rescheduling, found the survey styled 'Credit Operation of Banks' by the Bangladesh Institute of Bank Management (BIBM).

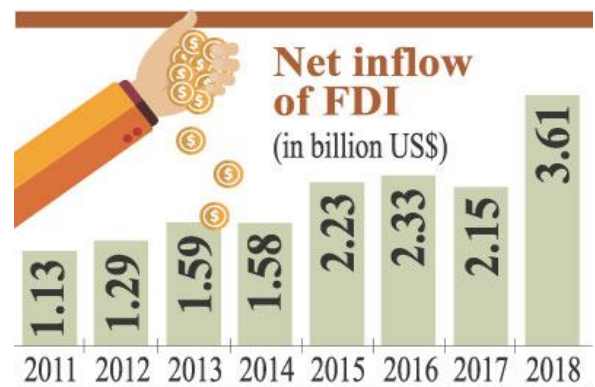
- The disclosure casts suspicion on banks' recent proclamations of intensified recovery efforts to bring down the sector's non-performing loans. After grazing BDT 1 lakh crore in the third quarter of 2018, the banking sector's total NPLs stood at BDT 93,370 crore at the year's end, which is 10.30 % of the total outstanding loans, according to data from the Bangladesh Bank.
- Arbitration is getting popular in recovering loans, with 62.50 % taking up the tool last year, up from 41.38 % in the previous year, according to the survey. Lending to a single client by multiple banks has become an acute problem to the sector's credit management.
- Some 90.63 % of the banks faced the problem in the last year, up from 86.21 % a year earlier. The survey identified interest waiver and urban concentration as the other problems. Some 72 % of the banks faced the problem of interest waiver last year, while 62.50 % perceived urban concentration as a hurdle for credit operation.

<https://www.thedailystar.net/business/news/banks-focus-more-loan-restructuring-cash-recovery-1733758>

2018 net FDI inflow at \$3.61b

The Financial Express, April 24, 2019

- The net inflow of foreign direct investment (FDI) in Bangladesh stood at \$3.61 bn on a final count, according to the latest statistics of the central bank. Annual net FDI inflow jumped by 67 % last year as net FDI was \$2.15 bn. In 2017, FDI dropped by 7.73 % from \$2.33 bn.
- The Bangladesh Bank data put gross inflow of foreign investment at \$4.54 bn in the 2018 calendar year. Disinvestment, loan repayments and losses have been deducted as per the International Monetary Fund (IMF) guideline from gross FDI to determine net FDI.
- The statistics further showed that more than one-third of net FDI in 2018 was sourced by reinvesting earnings of existing multinational entities in Bangladesh. The amount was \$1.31 bn. The net amount of fresh investment or equity reached \$1.12 bn last year while net investment through intra-company loans stood at \$1.18 bn.



Source: Bangladesh Bank

<http://thefinancialexpress.com.bd/economy/bangladesh/2018-net-fdi-inflow-at-361b-1556077108>

Lending loans to single borrower by multiple banks rising

The Financial Express, April 24, 2019

- The tendency of lending loans to a single borrower by multiple banks has marked a rise which is a negative indicator for the banking sector, according to a study. The Bangladesh Institute of Bank Management (BIBM) study said the tendency rose by 4.0 % in 2018 compared to that in 2017.
- The report was prepared based on information of 32 banks in the country and Bangladesh Bank (BB) publications as secondary source. It was presented at the annual review workshop titled 'Credit Operations of Banks' at BIBM Auditorium in the city on Tuesday.

<http://thefinancialexpress.com.bd/economy/bangladesh/lending-loans-to-single-borrower-by-multiple-banks-rising-1556034810>

International

Sri Lanka may need more IMF help as blasts threaten tourism

New Age, April 24, 2019

- Sri Lanka faces a likely collapse in tourism following Easter Sunday bomb attacks on churches and hotels, which would deal a severe blow to the island's economy and financial markets, and potentially force it to seek further IMF assistance.
- The International Monetary Fund extended last month a \$1.5 bn loan for an extra year into 2020, a key step in keeping foreign investors involved in what so far this year has been a top-performing frontier debt market.
- But with growth, and therefore state revenues, now likely to slow significantly, the budget targets agreed with the IMF may have to be reviewed, and the government is expected to resist pressure for any spending cuts before elections expected later this year.
- Tourism is Sri Lanka's third-largest and fastest growing source of foreign currency, after remittances and garment exports, accounting for almost \$4.4 bn or 4.9 % of gross domestic product (GDP) in 2018. A fall in tourism receipts is bound to weaken the rupee over time. The central bank, whose coffers are too light to defend the currency through interventions, is likely to have to raise interest rates.
- This, in turn, would choke lending, hurting consumers and the investment plans of local businesses, while also making it more costly for the government to seek funding from foreign investors via bond markets. After falling 16 % against the US dollar last year to record lows, the rupee had gained 4.6 % this year as of last week.

<http://www.newagebd.net/article/70632/sri-lanka-may-need-more-imf-help-as-blasts-threaten-tourism>

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