

## Stock Market

### Stocks rebound on regulators' intervention

New Age, July 24, 2019

- Dhaka stocks on Tuesday rebounded as some institutional investors moved to halt a continuous plunge in share prices amid the market regulator's intervention. DSEX, the key index of Dhaka Stock Exchange, soared by 2.24 %, or 111.31 points, to close at 5,077.75 points on Tuesday after losing 170 points in the previous three sessions.
- The BSEC sat with top 20 brokerage houses on Monday and discussed the current market situation. It directed them to find out reasons for the recent plunge. On Sunday, the commission had formed a committee to look into the role of market intermediaries in bearish market.
- The regulator also on Tuesday met with the merchant bankers to find out reasons for the recent fall. Out of the 353 scrips traded on Tuesday, 327 advanced, 15 declined and nine remained unchanged.
- Turnover on the bourse plunged to BDT 317.06 crore on Tuesday from BDT 464.18 crore in the previous session. The average share prices of all the sectors advanced on the day. The share prices of textile sector gained 4.76 %, non-bank financial institution sector 3.36 %, bank sector 1.51 % and energy sector 1.44 %.
- DS30, the blue-chip index of DSE, advanced by 2.17 %, or 38.47 points, to close at 1,814.62 points. DSE Shariah index DSES added 2.24 %, or 25.56 points, to close at 1,164.71 points. Fortune Shoes led the turnover chart with its shares worth BDT 13.32 crore changing hands.
- Aziz Pipes gained the most on the day with a 9.96-% increase in its share price while Progressive Life Insurance was the worst loser, shedding 9.73 %.

<http://www.newagebd.net/article/79427/stocks-rebound-on-regulators-intervention>

### NBFIs seek BB support to stop banks' deposit withdrawal spree

New Age, July 24, 2019

- Top executives of non-bank financial institutions on Tuesday sought Bangladesh Bank's intervention in containing the deposit withdrawal spree by banks from the country's NBFIs. They made the plea in the wake of public distrust in the NBFi sector following a regulatory move to liquidate crisis-hit People's Leasing and Financial Services (PLFS).
- The distrust has resulted in fund withdrawal by banks, institutes and individuals from the NBFIs. Apart from PLFS, a number of other NBFIs have been often failing to pay back depositors' money on time. At Tuesday's meeting, the central bank also instructed the NBFIs to explore long-term sources like bonds so that the financial institutions could get rid of bank dependency.

<http://www.newagebd.net/article/79428/nbfis-seek-bb-support-to-stop-banks-deposit-withdrawal-spreed>

## **Bangladesh Bank advises 19 banks to support stock market**

New Age, July 24, 2019

- Bangladesh Bank has advised 19 banks to support the struggling stock market as the banks have scope to increase their capital market exposure within the rules, said BB officials. A high official of BB told New Age on Tuesday that as per the central bank calculation 19 banks had scope to invest up to BDT 2,000 crore in the stock market within the regulatory framework.
- Before Tuesday, the core index of the Dhaka Stock Exchange, DSEX, lost 460 points or around 8 % in 15 days. DSEX, however, rebounded on Tuesday gaining 111 points as some of the banks became active following the BB advice.
- Banks have scope for increasing their investment in the capital market by 82.48 % within the regulatory framework, according to the Bangladesh Bank's financial stability report released in June this year which took account data till September, 2018.
- The BB data showed that banks' capital market exposure was 16.5 % and 27.4 % of prescribed capital on solo and consolidated basis respectively at the end of September, 2018. Allowable limit for the banks to invest in capital market was set at 25 % and 50 % of the prescribed capital on solo and consolidated basis respectively.

<http://www.newagebd.net/article/79429/bangladesh-bank-advises-19-banks-to-support-stock-market>

## **PLFS liquidator seeks asset list**

The Daily Star, July 24, 2019

- The liquidator of People's Leasing and Financial Services (PLFS) on Monday asked the existing management to provide him with affidavit information on the company's assets and liabilities by July 27. It means the management has three working days as July 26 and 27 comprise a weekend.
- The High Court gave Bangladesh Bank the go-ahead on July 14 to appoint a liquidator for the non-bank financial institution (NBFI). On June 27, the finance ministry first instructed the central bank to shutter the NBFI, a first for Bangladesh's financial sector, for its failure to improve its conditions.
- Previously two banks, the Bank of Credit and Commerce International alongside Oriental, were restructured, but not liquidated, for being on their last legs. Liquidation of the PLFS means closing its operations permanently and the BB, with the court's permission, will take steps to settle liabilities by selling off its assets.
- Some 15 banks and NBFIs have BDT 850 crore stuck in the PLFS. There are another 6,000 accounts of individuals in the company. Investors who have 68 % stakes in the PLFS are in uncertainty over whether and how they will get back their money, amounting to nearly BDT 200 crore based on the present market value.

<https://www.thedailystar.net/business/news/plfs-liquidator-seeks-asset-list-1776193>

## Economy

### Bad loans put Janata in trouble

*Provisioning shortfall reaches a staggering BDT 8,256cr, bad loans BDT 21,410cr*

The Daily Star, July 24, 2019

- State-run Janata Bank's provisioning shortfall has hit a whopping BDT 8,256 crore, the highest-ever deficit for any bank in the country, putting depositors' money at risk. And this happened because of a few big errant clients, including AnonTex and Crescent Group, who took hundreds of crores of taka as loans from the bank, but did not pay back, said bank sources.
- Banks are run mostly by people's money, and when a loan is disbursed, a bank has to set aside a certain amount, as prescribed by the central bank, from its profits to compensate a probable loss. This is called provisioning, which safeguards the depositors' money.
- As per Bangladesh Bank regulations, a bank has to keep 0.50 % to 5 % of the total loan amount as provisioning for regular loans, 20 % for substandard loans (three monthly instalment failure), 50 % for doubtful loans (nine monthly instalment failure) and 100 % for bad loans (irrecoverable).
- According to BB data, Janata last time faced provisioning shortfall of BDT 82 crore in March 2012. Since then, it was doing well and never failed to maintain the required provisioning till March this year. Sources in Janata Bank said a surge in nonperforming loans (NPLs) is the main reason behind the sudden rise in its provisioning shortfall.
- As of March this year, NPLs at Janata stood at BDT 21,410 crore, which was 44 % of its total outstanding loans. The amount was BDT 5,818 crore at the end of 2017, show data. The CAR, a measurement of the ratio of capital to the risk weighted assets, is an indicator of whether a bank has enough capital to absorb a particular level of risk.

### THREE BIG BAD LOANS

AnonTex Group: Tk 5,282cr

Crescent Group: Tk 3,152cr

Ranka Shoel Composite Textile;

Ranka Denim: Tk 670cr

<https://www.thedailystar.net/frontpage/news/bad-loans-put-janata-trouble-1776106>

### 80pc of US brands, retailers want to expand sourcing from Bangladesh

New Age, July 24, 2019

- Eighty % of fashion brands and retailers of United States having business with Bangladesh have expressed their interest in expanding sourcing from the country in the next two years as the companies were actively seeking China's alternatives, according to the US Fashion Industry Benchmarking Study for 2019.
- The study, released on Monday, also revealed that nearly 17 % of the respondents expected to increase sourcing from Bangladesh strongly. The sixth fashion industry benchmarking study of United States Fashion Industry Association, however, identified that Bangladesh had slipped to the 6th position from the 5th as an apparel sourcing destination for the US fashion companies deeming the weakness of the country in the areas of speed to market and compliance.

- Bangladesh's growth potential was restrained by the narrow categories of products it could make and cotton trousers and cotton shirts had stably accounted for nearly 60 % of total US apparel imports from Bangladesh in the past ten years.
- The report showed that the average prices of US apparel imports from Bangladesh increased by 25.6 % in 2019 (January-May) year on year. Although the US buyers have been shifted their sourcing from China, study finds that China does not have a near competitor in terms of the variety of product it can make.

<http://www.newagebd.net/article/79433/80pc-of-us-brands-retailers-want-to-expand-sourcing-from-bangladesh>

## Local firm to set up \$200m plant to make electric vehicle

*Bangladesh Auto Industries will tie up with firms from US, China, India and Italy*

The Daily Star, July 24, 2019

- Local automobile company Bangladesh Auto Industries Ltd (BAIL) is all set to make electric vehicles from next year with an initial investment of \$200 mn. BAIL will manufacture two-wheelers, three-wheelers, sedan, hatchback and sport utility vehicle (SUV) and has plans to produce pick-ups, mini-trucks and multipurpose vehicles.
- Of the planned \$200 mn investment, 80 % will be sourced locally, while the rest will enter the country as a foreign direct investment. Leading local telecom service provider Mango Teleservices Ltd holds a majority share in BAIL established in November 2017.
- An electric vehicle (EV) uses chemical energy stored in efficient and environment-friendly rechargeable lithium ion battery packs instead of fossil fuel to propel it. Globally, the electric car's share in the total automobile industry is on the rise.
- At the end of 2018, it stood at 4.6 %, almost double from what it was in 2017, according to the Centre of Automotive Management (CAM), a research and consultancy institute based in Germany. China is leading the countries in electric car use, followed by the US, Norway, Japan and the UK. By 2025, electric cars will account for one-fourth of all new registrations, according to CAM.

### KEY POINTS

Investment may reach \$1b in the next five years

The plant will be set up in Mirsarai economic zone of Chattogram

Operation may begin in June next year

The plant will make sedan, hatchback and SUV

Prices may range between Tk 8 lakh and Tk 25 lakh

<https://www.thedailystar.net/business/news/local-firm-set-200m-plant-make-electric-vehicle-1776208>

## Satellite, submarine cable business may open to private sector

The Daily Star, July 24, 2019

- The government is set to open up the satellite and undersea submarine cable business to the private sector as it looks to expand the capacity in preparation for a Digital Bangladesh.

- At present, two separate state-run companies -- Bangladesh Submarine Cable Company Limited (BSCCL) and Bangladesh Communication Satellite Company Limited -- run the undersea cable and cosmos communication business.
- Bangabandhu-1, the country's first communication satellite, was launched in May last year at a cost of BDT 2,765.66 crore, allowing Bangladesh to enter the elite space club of 57 nations which have sent satellites into the orbit.
- Of the 31 TV channels in Bangladesh, 10 – state-run BTV World, Sangsad Bangladesh Television and BTV Chattogram and private channels Somoy TV, DBC News, Independent TV, NTV, Ekattor TV, Bijoy TV and Boishakhi TV -- are airing programmes using the satellite.
- BSCCL has two undersea cable connections -- SEA-ME-WE 4 and SEA-ME-WE 5 -- and is in the process of acquiring another in preparation of the spike in bandwidth consumption soon. Bangladesh's current consumption is about 1.2 terabytes per second (TBPS), of which 670 gigabits per second are supplied by BSCCL and the rest is imported from India.

<https://www.thedailystar.net/business/news/satellite-submarine-cable-business-may-open-private-sector-1776205>

## International

### Singapore's June core inflation hits over two-year low

The Financial Express, July 24, 2019

- The core inflation of Singapore hit a more than two-year low in June as electricity and gas prices declined, firming bets among economists that its central bank will ease monetary policy in October. This was the lowest since March 2017 when core inflation rate grew at the same pace, reports Reuters.
- Core inflation is the Monetary Authority of Singapore's (MAS) preferred price gauge in setting monetary policy. The central bank's core inflation measure excludes changes in the prices of cars and accommodation, which are influenced more by government policies.
- All-items consumer price index came in lower than expected as prices of services and retail inflation slowed. Singapore's headline inflation rose 0.6 % in June from a year earlier, lower than May's 0.9 % rise. The median forecast in a Reuters poll was for all-items CPI to rise 0.7 %.
- Singapore's economy grew at its slowest annual pace in a decade in the second quarter, preliminary data showed on July 12, raising bets that a technical recession and monetary policy easing could be just around the corner.
- In a Reuters poll done after the release of the second-quarter data, seven of 11 economists said they expected the MAS to loosen its exchange-rate monetary policy in its next policy statement, due in October, with the other four forecasting no change.

<http://thefinancialexpress.com.bd/economy/global/singapores-june-core-inflation-hits-over-two-year-low-1563866574>

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Bank Asia Securities Limited (BASL) is one of the leading full-service brokerage companies in Bangladesh. The company was formed in 2009 and running its operation as a majority owned subsidiary of Bank Asia Limited. BASL offers full-fledged standard brokerage services for retail, institutional and foreign clients with a dedicated team of skilled professionals. The company is currently providing the brokerage services under the membership of Dhaka Stock Exchange Limited (DSE).

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