

Stock Market & Company

DSEX sinks below 4,400 points

The Daily Star, December 24, 2019

- Dhaka stocks after some three and a half years again went below 4,400 points yesterday, triggering panic among investors. The Dhaka Stock Exchange's (DSE) benchmark index -- the DSEX -- dropped 36.51 points, or 0.82 percent, to close the day at 4,394.44.
- Market insiders said foreign investors were selling a lot of shares and it had the biggest impact on the market. Local investors are also in panic for which the index has been falling continuously.
- The top contributor to the index's fall was British American Tobacco Bangladesh (BATB), which alone ate away 3 points. Foreign investors mostly hold blue-chip stocks which fell on a greater extent in the past few months, said a stock broker.
- The stock broker said although the finance minister had assured that the local currency would not be devalued, foreign investors have continued selling their stakes apprehending a disruption in the country's macroeconomic stability.
- A merchant banker said most of the institutional investors were not investing money and had adopted a wait-and-see approach. So, the market is not getting any support, he said, adding that general investors would regain their confidence once the market starts to rise.
- Turnover, another important indicator of the market, also fell 2.8 percent to BDT 263.48 crore. Square Pharmaceuticals topped the turnover list with shares worth BDT 11.58 crore being traded, followed by Khulna Power Company, Golden Harvest, Grameenphone and Beacon Pharmaceuticals.

<https://www.thedailystar.net/business/news/dsex-sinks-below-4400-points-1844374>

Trustee bars LR Global from making transaction in 2 MFs

NewAge, December 24, 2019

- The trustee of DBH First Mutual Fund and Green Delta Mutual fund has asked the funds' asset manager LR Global Bangladesh not to make any transaction in the two funds.
- The trustee, Bangladesh General Insurance Company Limited, sent a letter to LR Global in this regards on Monday after the market regulator, Bangladesh Securities and Exchange Commission, approved IDLC Asset Management Company as the new asset manager of the two MFs.
- The trustee started the process to change the asset manager in accordance with the securities rules, BGIC officials said. The BGIC directed LR Global not to make any investment or any kind of transactions in the funds with immediate effect.
- It has also asked LR Global to submit all the bank account details, cheque books and list of unitholders within December 29.
- The BGIC asked the fund manager to keep all related documents ready as it will appoint an auditor to audit the financial accounts of the two funds after December 29.

<http://www.newagebd.net/article/94464/trustee-bars-lr-global-from-making-transaction-in-2-mfs>

'Telenor sent invitation letter for dialogue, not legal notice'

The telecommunications company claims

The Financial Express, December 24, 2019

- Clarifying the issue over a reported 'legal notice to the President', Norwegian multinational telecommunications company Telenor Group has said it sent an invitation letter for dialogue to the President of Bangladesh, not a legal notice. According to the treaty process, she said, such letters should be sent to Heads of State.
- Telenor made Bilateral Investment Treaty with the Government of Bangladesh and the Government of Singapore. The statement further said, "Bangladesh has around 30 bilateral investment treaties. The procedures adhered to by Telenor are agreed in the treaty and Telenor is following due process."
- Cathrine Stang Lund said, "It's Telenor Group's position that we believe the disputed audit should be solved through dialogue, and that an amicable and transparent solution should be reached between the authorities of Bangladesh and Grameenphone."
- "It remains our hope that this can be solved without international arbitration. It's an agreement establishing the terms and conditions for private investment by nationals and companies of one state in another state," the statement said.
- "The process itself is governed by the treaty, and includes a period of six months for discussions after initial invitation letter, before any further steps towards international arbitration can be taken," the statement added.

<https://thefinancialexpress.com.bd/national/telenor-sent-invitation-letter-for-dialogue-not-legal-notice-1577109872>

Economy and Industry

Foreign fund inflow dips

Dhaka Tribune, December 24, 2019

- The government in the current budget estimated BDT75,390 crore to be sourced from the head of foreign borrowing, up by 19.63% from the original target of last fiscal year
- Reduced flow of external resources poses a threat to achieving around 20% growth estimated for the current fiscal year, as disbursement of foreign funds during the first six months of 2019 caused a negative growth.
- The amount of foreign aids was USD3.31 bn in January-June against USD3.34 bn in the same period of the previous year, according to the latest data of the Economic Relations Division (ERD).
- "The flow of external aid declined by 27 mn in the first half of the current year," Syed Ashrafuzzaman, deputy Secretary, ERD under the finance ministry, told Dhaka Tribune.
- Of the total, JICA disbursed USD1.19 bn, World Bank USD1.97 bn, Asian Development Bank USD1.21 bn and Russia USD877 mn.
- In 2018-19 FY, target on the head of external borrowing was set at BDT60,585 crore to finance part of budget deficit. However, the target had to be revised downward to 53,883 crore in the last fiscal year.

<https://www.dhakatribune.com/business/2019/12/23/foreign-fund-inflow-dips>

Advance income tax cut for import of cement raw materials

The Daily Star, December 24, 2019

- The tax administrator has made the advance income tax (AIT) on the imports of cement raw materials non-adjustable and cut it by two percentage points to 3 percent for the sake of the local manufacturers.
- Until last fiscal year, cement manufacturers paid 5 percent AIT for raw material imports and the amount was adjustable based on the final tally of their income. They pay the AIT—which is calculated on the income but paid in advance instead of at the end of the year—during the import of raw materials.
- Cement-makers imported raw materials such as clinker, fly ash, iron slag, lime stone, and gypsum worth USD1.35 bn last year. Of the imports, clinker accounted for USD900 mn, Ikram Ahmed Khan, managing director of Shun Shing Group, Hong Kong, told The Daily Star recently.
- According to the BCMA, the industry sold 26.2 mn tonnes of cement from January to October in 2019, up 15.69 percent year-on-year. Overproduction has created an unhealthy competition in the sector, which is another troubling issue for the manufacturers, according to Kabir, also the vice-chairman of Crown Cement.
- There are 37 active cement factories in Bangladesh who have so far invested over BDT 30,000 crore, he said. The factories' combined production capacity is 58 mn tonnes a year against a demand of 33 mn tonnes.
- The sector's annual sales are worth around USD3 bn, or BDT 25,500 crore. Of the consumption, individuals use 25 percent, realtors and developers 30 percent, and the public sector 45 percent, BCMA data showed.

<https://www.thedailystar.net/business/news/advance-income-tax-cut-import-cement-raw-materials-1844383>

International

Oil prices fall as Russia touts easing Opec+ output

The Daily Star, December 23, 2019

- Oil fell on Monday after Russia said an Opec-led pact may consider easing output cuts next year but prices held near recent three-month highs on hopes for a trade deal between the United States and China.
- Brent crude LCOc1 was down 19 cents, or 0.29%, at USD65.95 per barrel by 1010 GMT in thin trading ahead of the Christmas holiday. West Texas Intermediate CLc1 was down 29 cents, or 0.48%, at USD60.15 a barrel.
- The Organization of the Petroleum Exporting Countries and other top producing nations led by Russia agreed this month to extend and deepen output cuts in the first quarter of 2020. However, Russian Energy Minister Alexander Novak said on Monday that the group known as Opec+ may consider easing the output restrictions at their meeting in March.
- Non-Opec global supply is expected to rise next year due to higher output from countries including the United States, Brazil, Norway and Guyana, which became an oil producer last week.
- Another source of more oil could emerge in the coming months after Kuwait indicated that a long-standing dispute over the "Neutral Zone" on its border with Saudi Arabia will resolve by the end of 2019.
- Production at two large oil fields in the Neutral Zone was halted more than three years ago, cutting output by some 500,000 barrels per day.

- Oil prices have risen since the United States and China agreed a so-called phase one trade deal earlier this month following months of tit-for-tat negotiations that unsettled markets.
- Under a deal due to be signed in January, the United States is expected to agree to reduce some tariffs in return for a big increase in purchases US agricultural products by Chinese importers.

<https://www.thedailystar.net/business/news/oil-prices-fall-russia-touts-easing-opec-output-1844362>

China to lower import tariffs from January

Newage, December 23, 2019

- Beijing will lower import tariffs on more than 850 products including frozen pork from next month, the finance ministry said on Monday, as authorities battle a severe shortage of the meat staple.
- China's pig industry has been hammered by African swine fever, which has led to the culling of more than a mn animals, according to official statistics, and caused the price of pork to double.
- Monday's announcement said that tariffs on frozen pork would drop from 12 per cent to eight per cent from January 1.
- The move does not appear to be linked to the bruising trade war between China and the US, which has seen Washington and Beijing exchanging levies on goods worth hundreds of bns of dollars, dragging on global growth.
- However, Donald Trump retweeted two press reports on the tariff reduction on Monday, without any additional comment, and the list includes many items that Chinese companies purchase from the US such as pork and tech goods.
- And analysts said that the move was an indication of China's desire to show it is opening up after this month's mini deal with the US to reduce some levies and work towards a wider pact.

<http://www.newagebd.net/article/94467/china-to-lower-import-tariffs-from-january>

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