

Stock Market

Stocks slide ahead of MPS announcement

New Age, July 25, 2018

- Dhaka stocks slid on Tuesday after slight gains in the previous four sessions as investors went for profit-taking share sales ahead of the announcement of monetary policy statement by the central bank. DSEX, the key index of Dhaka Stock Exchange, shed 0.23 per cent, or 12.68 points, to close at 5,335.38 points on Tuesday after gaining 22 points in the previous four trading sessions. Despite an upbeat opening, the market slowed soon after and finished at the negative territory as investors went for profit-taking share sales ahead of the Bangladesh Bank's monetary policy announcement, market operators said.
- They said the BB would declare the monetary policy statement for the first half (July-December) of the current fiscal year next week that made investors watchful on Tuesday. The MPS declaration is coming at a time when banks are showing poor performance for the second quarter (April-June) period, market operators said. After United Commercial Bank and Trust Bank, Rupali Bank on the day declared profit fall for the second quarter compared with that in the same period in the previous year that dragged down the share prices of the bank by 3.16 % on the day. The share prices of Islami Bank soared by 3.52 % as the bank made 32 % profit growth for the second quarter.
- On the other hand, the average share prices of IT, food and textile gained 2.4 per cent, 0.6 % and 0.2 % respectively. Turnover on the DSE declined further to BDT 716.61 crore on Tuesday compared with that of BDT 873.11 crore in the previous trading session. Of the 337 companies and mutual funds traded, 168 declined, 130 advanced and 41 remained unchanged. DS30, the blue-chip index of the DSE, dropped 0.52 per cent, or 10.11 points, to close at 1,902.94 points. Shariah index DSES also shed 0.16 per cent, or 2.03 points, to finish at 1,266.66 points.

<http://www.newagebd.net/article/46817/stocks-slide-ahead-of-mps-announcement>

BSEC fines Keya Cosmetics shareholding directors BDT 1 lakh each for rules violation

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- The Bangladesh Securities and Exchange Commission on Tuesday slapped BDT 1 lakh in fine on each of the shareholding directors of Keya Cosmetics Limited as the company breached repeatedly securities rules in regards to submission of financial reports to the commission on due time. The decision came at a commission meeting, presided over by BSEC chairman M Khairul Hossain. Keya Cosmetics Limited breached securities rules by not submitting to the commission financial reports for the first quarter ending on September 30, 2017 on due time, said a BSEC press release.
- As the company made similar offences earlier, the commission imposed BDT 1 lakh in fine on each of the directors, excepting nominated and independent directors, it said. The commission also warned three brokerage firms — Unique Share Management, AB and Company and Alliance Securities and Management — as they failed to submit financial reports for the year ending on June 30, 2017 on due time. The commission also found that ICB Capital Management Limited broke securities rules by applying for 18,582 rights shares of Saif Powertec against its own portfolio through renunciation instead of applying in favour of 25 investors without the consent of the investors.

<http://www.newagebd.net/article/46815/bsec-fines-keya-cosmetics-shareholding-directors-BDT-1-lakh-each-for-rules-violation>

Economy

Global rating agencies retain stable outlook for Bangladesh

New Age, July 25, 2018

- Three global rating agencies have retained a stable economic outlook for Bangladesh due mainly to a strong economic growth and improvement in external profile. The agencies, however, mentioned poor corporate governance in the state-owned commercial banks, which are now facing significant financial risks, as the negative factor for the country's economy. Bangladesh Bank on Sunday published on its web site the latest sovereign credit rating reports of Moody's Investors Service, Standard & Poor's (S&P) and Fitch Ratings.
- S&P Global Ratings kept its long-term and short-term sovereign credit ratings of the country unchanged at 'BB-' and 'B' respectively. On the other hand, S&P may raise the ratings if measures targeted at growing the revenue base and boosting collection efficiency materially improve Bangladesh's fiscal performance, it said. Besides, significant reduction of energy, infrastructure and administrative bottlenecks would also help S&P improve its rating on Bangladesh. Speaking about the country's political situation, S&P said that the next general elections were generally expected to be held by end-2018.
- The country's state-owned banks account for 30 %of banking system assets and exhibit significantly weaker asset quality, profitability, and capital adequacy than the private commercial banks. Gross non-performing loans of state-owned banks amounted to 29.3 %of total loans in the third quarter of 2017 compared with 6 %for private commercial banks, and have been rising since 2015. Moody's outlook mentioned that institutional or political setbacks, crystallization of contingent liabilities from the banking system and a structural deterioration in Bangladesh's external position might downgrade the country's rating.

<http://www.newagebd.net/article/46813/global-rating-agencies-retain-stable-outlook-for-bangladesh>

ADB doubles commitment for next three years

The Daily Star, July 25, 2018

- The Asian Development Bank is ready to lend USD8.01 bn to Bangladesh over the next three years, almost the double the amount it had committed in the previous three years. Between 2015 and 2017, the Manila-based multilateral lender committed USD4.08 bn. The ADB has already sent an indicative plan to the government about its intent to bankroll various mega projects with the view to reducing high transport and logistics costs and improving access to domestic, regional and international markets.
- It will focus on the development of transport corridors integrating roads, railways and ports in order to ease congestion, improve climate resilience, continue institutional reforms and facilitate trade. The ADB will continue to support the development of the Dhaka-Chittagong-Cox's Bazar Railway corridor, add the Dhaka-Southwest road corridor to the pipeline and support investments in the Chittagong Port. The lender will also support the improvement of public transport in the capital through the Dhaka Metro Rail project and work towards developing high-speed rail corridors, logistics and inland waterways.
- In April, an ADB mission visited Bangladesh and held talks with concerned officials, said an official of the Economic Relations Division. Of the USD8.01 bn, USD4.33 bn is available for commitment right away. Of the sum, USD1.45 bn will be given in 2019, USD1.42 bn in 2020 and USD1.47 bn in 2021. Some 31 projects are ready for implementation under this, according to the ERD official.

<https://www.thedailystar.net/business/banking/adb-doubles-commitment-next-three-years-1610032>

International

Europeans press for digital tax at G20 meeting

The Daily Star, July 25, 2018

- European finance leaders called for progress on global rules to tax the digital economy at a meeting of G20 finance ministers and central bankers in Argentina on Sunday, putting them at odds with US counterparts. The final communique reaffirmed a commitment to address the impacts of the shift to a digital economy on the international tax system by 2020, without giving more details. The European Commission, the executive arm of the European Union, proposed rules earlier this year to make digital companies pay more tax, with US tech giants such as Alphabet's Google, Facebook and Amazon set to foot a large chunk of any bill. Some 200 companies would fall within the scope of the new tax, European officials said at the time, estimating additional annual revenues of about 5 bn euros (USD6 bn).
- "We're not convinced at this point about the efficacy of those interim measures - which is basically a sales tax on digital advertising," Morrison said. "It is more important to focus on those technical issues rather than the pot-of-gold approach, which is how much revenue can be raised." The European Commission wants a long-term, global solution based on a new method of calculating tax rates but has pushed in the meantime for the revenue tax to recoup revenues lost by EU states to large digital firms, officials said.
- The EU's proposed levy on corporate turnover would be a major shift from existing rules, whereby companies are charged on their profits and pay no tax if they report losses. "Taxation should be where the moneymaking is and if the digital economy is making the money all over the world it doesn't really make sense if they only will declare their income in the United States," said Fuchs, who is also Austria's state secretary for finance.

<https://www.thedailystar.net/business/global-business/europeans-press-digital-tax-g20-meeting-1610020>

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