

Stock Market

Dhaka stocks plunge after 4-day rise

New Age, June 26, 2018

- Dhaka stocks plummeted on Monday, snapping a four-day gaining spell, as investors went for selling shares to book some profits.
- DSEX, the key index of Dhaka Stock Exchange, lost 1.59 %, or 88.20 points, to close at 5,433.78 points on Monday after gaining 180 points in the previous four trading sessions.
- Market operators said after a brief hike at the opening on Monday, the market began to dip sharply that continued till the end of the session as investors went for booking profits after the four-day rise.
- The market gained in the previous four sessions after the bank owners declared that they would cut interest rate to single digit.
- The bank owners' declaration came after the government cut corporate tax to 37.5 % from 40 % for listed and new banks, non-bank financial institutions and insurance companies in the proposed budget that attracted huge criticisms from all corners of society.

<http://www.newagebd.net/article/44476/dhaka-stocks-plunge-after-4-day-rise>

DSE joins with UN's initiative to improve market transparency

New Age, June 26, 2018

- Dhaka Stock Exchange Limited has become a partner exchange of the United Nations Sustainable Stock Exchange (SSE) initiative with a view to improve transparency of the country's capital market.
- To this end, Dhaka Stock Exchange Limited (DSE) has signed a commitment letter with the United Nations Sustainable Stock Exchange (SSE) initiative, said a DSE press release issued on Monday.
- By signing the agreement, DSE joined nearly 75 stock exchanges worldwide committed to share information and work with stakeholders to promote the sustainability and transparency of capital markets.
- The SSE initiative is a United Nations (UN) initiative, working as a partnership between the UN, UN-supported organizations, stock exchanges, investors, companies, regulators and governments.
- This collaboration with SSE Initiative will offer DSE an opportunity to deliver internationally renowned ESG reporting expertise in Bangladesh, which would be of benefit to all our capital market stakeholders,' he said.
- 'As the leading exchange of Bangladesh with 95 % share in total market turnover, DSE is aware of corporate transparency and performance in respect to environmental, social and corporate governance (ESG) issues of listed companies,' Majedur said.

<http://www.newagebd.net/article/44475/dse-joins-with-uns-initiative-to-improve-market-transparency>

BSEC probes Commerce Bank Securities' role in price hike of low-profile cos

New Age, June 23, 2018

- The Bangladesh Securities and Exchange Commission on Thursday formed an investigation committee to probe suspicious share transactions conducted at Commerce Bank Securities and Investment, a brokerage firm, in connection with the recent abnormal price hike of shares of a number of companies.

- The BSEC formed the one-member committee after it found that Commerce Bank Securities conducted a number of unusual transactions in favour of its clients and related parties involving securities of Monno Ceramic Industries, Monno Jute Stafflers and some other companies, according to news disseminated by the Dhaka Stock Exchange on its web site.
- Earlier, on April 23, the BSEC formed an enquiry committee to probe unusual share price hike of six companies — Monno Ceramic Industries, Monno Jute Stafflers, Renwick Jajneswar & Co, Stylecraft Limited and Alif Industries Limited and Popular Life Insurance Company, but the share prices of the companies were increasing continuously after the formation of the probe committee despite a downward trend at the market.
- The share prices of Monno Ceramics and Monno Jute Stafflers soared by 114 % and 108 % in last one and a half months.

<http://www.newagebd.net/article/44159/bsec-probes-commerce-bank-securities-role-in-price-hike-of-low-profile-cos>

Economy

Bangladesh looks to long-term gain

The Daily Star, June 26, 2018

- A prolonged trade war between Beijing and Washington could benefit Bangladesh as factories from China could relocate to the country in order to avoid higher tariff on exports to the American markets, said economists and businessmen.
- The gain will widen further if the Trump Administration slaps higher tariffs on Chinese goods such as apparel as Bangladesh is already a strong player in the global garment business and also in the US market, they said.
- Being the largest exporter, China supplied USD27.03 bn out of the total USD80.28 bn worth of apparel items imported by the US in 2017. Bangladesh's share stood at USD5.06 bn, according to data from the US Department of Commerce.
- Also in the short-term, Bangladesh will benefit to some extent from China's retaliatory 25 % duty on imports of US cotton as there will be a supply glut of the white fibre in the international markets, Rahman said.
- However, the trade expert is cautious about the negative impact of the trade war between the world's two largest economies as Bangladesh has a significant stake in the international market.

<https://www.thedailystar.net/business/global-business/bangladesh-looks-long-term-gain-159529>

Banks seek BB support to lower interest

The Daily Star, June 26, 2018

- Private commercial banks have sought regulatory support to bring down lending rates to single digit from July 1.
- The officials of the Association of Bankers, Bangladesh (ABB)—a platform of private banks' chief executive officers—made the call in a meeting with BB Governor Fazle Kabir yesterday.
- On June 21, public and private banks decided to lower lending and deposit rates to 9 % and 6 % respectively.
- The move comes weeks after the government showered them with a raft of privileges, drawing criticism from different quarters.
- The ABB has requested the central bank to keep funds of state-owned enterprises and commercial banks in private banks at 6 % interest.
- If the funds are not kept in this manner, private banks will face difficulties in maintaining a single digit interest rate on lending, said another official of ABB requesting anonymity.

<https://www.thedailystar.net/business/banking/banks-seek-bb-support-lower-interest-1595275>

VAT waiver widens for ship importers

The Daily Star, June 26, 2018

- The import of vessels of 5,000 deadweight tonnage (DWT) capacity and above has been exempted from value-added tax in a new effort of the tax administrator to boost growth of oceangoing ships industry.
- The declaration comes three months after the National Board of Revenue gave the go-ahead to the VAT-free import of 22-year-old vessels, raising the age limit from 15 years.
- Bangladesh Oceangoing Ship Owners Association (BOSOA) has long been demanding a raise in the age limit in line with Import Policy Order 2015-18 that allows the import of up to 25-year-old ships.
- The relaxation of the age restriction will be helpful for the sector to flourish, said SK Bashir Uddin, vice-chairman of BOSOA.
- It is not viable to carry dirty cargoes that are used to carry coal and clinker by newer vessels, said Bashir, also the managing director of Akij Group, which has oceangoing ships.
- The association said the privilege would allow them to buy more vessels and grab an increased share of the USD8-9 bn freight charge that Bangladeshi businesses annually spend to export and import goods.
- The NBR—in its latest order posted on its website recently—also added a condition that vessel importers will have to have a foreign currency account at banks in Bangladesh.

<https://www.thedailystar.net/business/export/vat-waiver-widens-ship-importers-1595278>

Govt's debt from bond sales set to fall 13pc

The Financial Express, June 26, 2018

- The government liabilities, in terms of borrowing through domestic debt securities, are likely to be 13 % lower in the next fiscal year (FY) over those of the outgoing fiscal.
- The domestic debt securities are treasury bills (T-bills) and treasury bonds (T-bonds) as well as 'ways and means'.
- The government usually borrows from these fixed income instruments to fund its budget deficit.
- It has projected mobilisation of BDT 1.22 trillion through the sale of the debt securities.
- It also expects that the balance from the ways and means will stand at BDT 100 bn in the year beginning on July 01, the budget document showed.
- The people familiar with the budget preparation said there has been a falling trend of domestic borrowing in recent years.
- This is because of the higher net sales of the national savings tools, they told the FE.
- However, economists view that such sluggish activities in the T-bills and T-bonds are having an impact on the growth of the country's bond market.

<https://thefinancialexpress.com.bd/economy/bangladesh/govts-debt-from-bond-sales-set-to-fall-13pc-1529986700>

International

China Begins to Question Whether It's Ready for a Trade War

Bloomberg News, June 26, 2018

- Xi Jinping vowed to match Donald Trump blow for blow in any trade war. Now as one gets closer, some in Beijing are starting to openly wonder whether China is ready for the fight -- an unusually direct challenge to the leadership of the world's second-largest economy.
- In recent weeks, prominent academics have begun to question if China's slowing, trade-dependent economy can withstand a sustained attack from Trump, which is already started to weigh on stock prices. The sentiments are being expressed in carefully worded essays circulated on China's heavily censored internet and -- according to interviews in recent days with ministry officials and foreign diplomats who asked not to be identified -- repeated in the halls of government offices, too.
- Gao's article -- first published May 10 on his WeChat social media account after a trip to Washington -- has amassed mns of hits across multiple platforms. He couldn't be reached for comment.
- The essays have been noticed by key officials. Gao's piece was circulated last week among bureaucrats at the Commerce Ministry, which has been on the front lines of the trade dispute, said one agency official, who asked not to be named because the discussions were private.
- In official statements, China has remained defiant since Trump's decision earlier this month to levy tariffs on USD50 bn of Chinese imports and push ahead with additional restrictions on foreign investment. China vowed to retaliate immediately and "forcefully," prompting even more threats from Trump that have brought the world's two largest economies to the brink of a trade war.

<https://www.bloomberg.com/news/articles/2018-06-25/as-trade-war-looms-china-wonders-whether-it-s-up-for-the-fight>

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