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Stock Market & Company

DSEX plunges 120 points on panic sale

The Financial Express, October 25, 2021

- Stocks tumbled on Monday with the key index of Dhaka Stock Exchange (DSEX) plunged more than 120 points amid panic selling. The market opened sharply lower and the DSEX, the benchmark of the Dhaka Stock Exchange (DSE), plunged 120.41 points or 1.71 per cent to settle at two months lowest at 6885.
- Two other indices also ended lower. The DS30 index, comprising blue chips, dropped 53.76 points to finish at 2,644 and the DSE Shariah Index (DSES) fell sharply by 22.18 points to close at 1,487.
- Turnover, another important indicator of the market, stood at Tk 14.70 billion on the country's premier bourse, almost the same over the previous day.
- Losers took a strong lead over the gainers as out of 376 issues traded, 307 closed lower, 47 higher and 22 remained unchanged on the DSE trading floor.
- Delta Life Insurance topped the turnover chart with shares worth Tk 1.55 billion changing hands. The Chittagong Stock Exchange (CSE) also ended lower with the CSE All Share Price Index – CASPI – plunging by 400 points to settle at 20,169 and the Selective Categories Index – CSCX – shedding 237 points to close at 12,123.
- Of the issues traded, 246 declined, 37 advanced and 11 remained unchanged on the CSE trading floor. The port city's bourse traded 16.36 million shares and mutual fund units with a turnover value of nearly Tk 606 million.



<https://thefinancialexpress.com.bd/stock/dsex-plunges-120-points-on-panic-sale-1635154213>

A forgotten market scam: What did investors learn after the burnout 25 years ago?

The Business Standard, October 25, 2021

- Some worthless stocks made a lot of noise, luring in investors. Prices skyrocketed, much to the excitement of newcomers. Then the bad guys in the market sold those shares at a much higher profit, leaving the inexperienced investors high and dry.
- That's what happened in 1996, a turbulent year when many new investors suffered financial burnout. Some stocks with weak fundamentals in the capital market had become surprisingly "valuable" just in four and a half months. Now, 25 years later, most of these stocks are junk. When the market went up, these stocks' prices had gone up six- to seven-fold within a short time, and when crushed in the mid-1996, these companies share prices fell rapidly.

- The scam, one of the biggest in Bangladesh's history, has left behind a lesson for present-day investors. But stocks investor behaviour remains the same as the market goes up; they hurriedly move to park funds in junk stocks for quick gains like in the past.
- As per data, in the last three months this year, shares of more than 30 companies rose abnormally compared to market bellwethers. After a dull time for many years, the capital market gained momentum as investor participation increased and fresh funds poured in.
- In the middle of 1996, the DSE and the Chittagong Stock Exchange (CSE) had experienced a bullish run and later the market crashed. Again in 2009, the most valuable shares became gradually fragile after the stock market crash and they were sent to the over-the-counter (OTC) and some had been de-listed from the stock market.

<https://www.tbsnews.net/economy/stocks/forgotten-market-scam-what-did-investors-learn-after-burnout-25-years-ago>

KDS Accessories revenue rose 15%

The Business Standard, October 25, 2021

- KDS Accessories Limited, a concern of Chattogram based KDS Group, reported a 15% growth in revenue to Tk221.79 crore in the fiscal year 2020-21 as the country's overall export increased. In the last fiscal year, about \$38.75 billion were earned from exports, recording a 15% growth, compared to \$33.67 billion in FY2019-20.
- The company manufactures cartons, buttons, elastics, labels, paper and printing. It also declared a dividend at 15% cash to the shareholders for the last fiscal and posted 8% growth in net profit to Tk15.69 crore. Its earnings per share stood at Tk2.20.
- To approve the dividend and audited financial statement, the company is scheduled to hold its annual general meeting on 9 December 2021. The company also announced that its new business expansion project has been completed and commercial production has started on 24 October this year.
- The new project will contribute to an added production of 30 lakh pieces of carton box and the revenue is expected to increase by Tk25 crore.

<https://www.tbsnews.net/economy/stocks/kds-accessories-revenue-rose-15-320779>

Economy & Industry

39.5 lakh trading firms contribute 14pc to GDP

The Daily Star, October 26, 2021

- About 39.47 lakh establishments engaged in wholesale and retail trade, including motorcycle repair shops, contribute around 14 per cent to the country's gross domestic product (GDP), according to a survey of the Bangladesh Bureau of Statistics (BBS).
- According to the survey revealed recently, 86.27 lakh people were reported to be working in the distributive trade sector comprising wholesale and retail trade as of December 2019. Among them, 88.30 per cent have been working full time while the rest part time.
- The number of workers in this sector was 84.14 lakh in the previous year with 87.79 per cent working full time. The BBS conducted the survey for the first time in this distributive trade sector to assess the number of wholesale and retail trade establishments and the sector's contribution to the country's economy.
- The survey report was compiled in September this year based on the information collected as of December 2019. The BBS said for compilation of the GDP, the whole economy was divided into 15 sectors and the distributive trade came up as the third major one after manufacturing and agriculture.
- The trade sector is a major component of Bangladesh's service sector and important for fuelling the growth of the economy, representing about 14 per cent of the GDP and providing employment opportunities to a large number of people, it said.
- Of a total of 39.47 lakh establishments, 5.49 per cent were on repairing motor vehicles and motorcycles while wholesale and retail trade, except those for motor vehicles and motorcycles, accounted for 6.15 per cent and 88.36 per cent respectively.

<https://www.thedailystar.net/business/economy/industries/news/395-lakh-trading-firms-contribute-14pc-gdp-2206521>

IFC & BFIU to develop eKYC online authentication system

The Business Standard, October 25, 2021

- International Finance Corporation (IFC) has signed a cooperation agreement with Bangladesh Financial Intelligence Unit (BFIU) for implementing and scaling up an Electronic Know Your Customer (eKYC) project in Bangladesh on Monday.
- Officials of the central bank said that under the agreement, IFC and BFIU will work together to develop and adapt eKYC infrastructure, which is a foundational regulatory arrangement for conducting customer due diligence during new client on boarding process for collecting and verifying customer data electronically in opening of new accounts at banks, non-bank financial institutions, mobile financial service providers, insurance companies, and capital market intermediaries.
- The process is time-consuming, costly, and inconvenient for both clients and FIs. Moreover, in-person account opening has become more difficult amid the Covid-19 pandemic and the development of eKYC will help in social distancing, officials said.
- The project will contribute to the financial inclusion agenda of the government of Bangladesh as well as IFC's target of including an additional 30 million unbanked adults in the country by 2030, according to Bangladesh Bank officials.

<https://www.tbsnews.net/economy/ifc-bfiu-develop-ekyc-online-authentication-system-320767>

International

US Democrats turn to billionaires to fund spending bill

The Daily Star, October 26, 2021

- US Democrats are expected to unveil a tax plan on Monday that would seek to raise hundreds of billions of dollars from the country's roughly 700 billionaires to help pay for expanding the social safety net and tackling climate change.
- Democrats were forced to shift to the unorthodox plan in the face of opposition from one of their own senators, Kyrsten Sinema, to raising the corporate tax rate and the top personal income tax rate to pay for the hefty spending plan, which is a pillar of Democratic President Joe Biden's domestic agenda.
- The party is putting together the final details of the plan, which is likely to come in at between \$1.5 trillion and \$2 trillion. The progressive wing of the party had wanted a much bigger plan, but opposition from Sinema and fellow Democratic Senator Joe Manchin required the White House to make concessions and cut the overall cost.
- Democrats have argued for higher income and corporate tax rates for years, saying wealthy Americans and companies should pay more to fund new social benefits, but their struggle to enact such measures underscores the challenges the party faces. Currently, rich Americans do not have to pay taxes on their accumulations of wealth, such as real estate, stocks and artwork, because they are taxed only when an asset is sold.

<https://www.thedailystar.net/business/global-economy/news/keeping-15c-alive-will-countries-put-effort-make-compatible>

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