

## Stock Market & Company

### Stocks inch up in volatile trading

New Age, November 26, 2019

- Dhaka stocks inched up on Monday as a section of investors went for bargain hunting while many others remained cautious. DSEX, the key index of Dhaka Stock Exchange, gained 0.11 per cent, or 5.19 points, to close at 4,693.62 points on Monday after losing 18.23 points in the previous session.
- The trading at the market was choppy throughout the session that ultimately ended with a slight gain as a section of investors went for bargain hunting while many others remained cautious on the trading floor, market operators said. They said that some institutional investors in particular continued buying shares as share prices of most of the companies dropped to bottom level that created opportunity for the bargain hunters.
- Many prominent companies including Investment Corporation of Bangladesh, Bashundhara Paper Mills, ACI Limited, Shahjibazar Power Company, BSRM Steel, Titas Gas declared profit fall in the July-September period.
- Turnover on the DSE increased to Tk 444.07 crore on Monday from Tk 377.19 crore in the previous day. Fortune Shoes, Asian Insurance, Purabi General Insurance, Beacon Pharmaceuticals, Grameenphone, BRAC Bank, Shurwid Industries, Sonar Bangla Insurance and BBS Cables were the other turnover leaders.
- Saiham Textile Mills gained the most on the day with a 9.96-per cent increase in its share prices while Fortune Shoes performed the worst, losing 9.80 per cent.

<http://www.newagebd.net/article/91731/stocks-inch-up-in-volatile-trading>

### DSE observes rules violation in AFC Health IPO prospectus

New Age, November 26, 2019

- The Dhaka Stock Exchange has observed that AFC Health Limited, which intends to float an initial public offering, violated securities rules. The country's premier bourse sent the observation to market regulator Bangladesh Securities and Exchange Commission on October 27 as per the public issue rules amended in September this year.
- AFC Health company secretary Prodip Roy told New Age on Monday that the issues raised by the DSE were addressed. He said that the company had distributed workers' profit participation funds and applied for licences expired.
- The DSE said AFC Health's auditor mentioned an emphasis of matter paragraph in the audit report of the company for the year ended on June 30, 2019.
- The emphasis of matter paragraph said, 'Event after reporting period of the financial statements, which describes the effects demand notice of deputy commissioner of tax for assessment years of 2016-17 and 2017-18 which stands at Tk 10.11 crore and appeal made by the company with commissioner of taxes thereon which yet to be finalised.'

<http://www.newagebd.net/article/91730/dse-observes-rules-violation-in-afc-health-ipo-prospectus>

## Economy and Industry

### PLFS liquidation takes toll on non-banks' earnings

The Daily Star, November 26, 2019

- Profits of most listed non-bank financial institutions (NBFIs) plummeted in the first nine months of 2019 as a result of panic stemming from the liquidation of the People's Leasing and Financial Services (PLFS).
- The trepidation prompted people to withdraw deposits from the NBFIs, leading to a drop in liquidity and lending in the sector. The situation was exacerbated by the prevalence of a high amount of non-performing loans alongside high interest rates of banks. The non-banks also suffered a blow from their capital market exposure as stocks have been on a downward curve for several months.
- Dhaka Stock Exchange data shows a fall in earnings for 14 out of the 23 listed NBFIs while a rise for eight. PLFS did not publish its quarterly earnings as it is undergoing liquidation.
- "PLFS liquidation made it difficult for the sector to attract depositors. Many depositors now want to withdraw their funds," said Chowdhury Manzoor Liaquat, managing director of Union Capital.
- On June 27, the finance ministry instructed the central bank to shutter the PLFS for its failure to improve its conditions, in a first for Bangladesh's financial sector.
- The government also announced that another four or five companies were being scrutinised for their lackluster performance and might face the same.
- NBFIs provide long-term loans by borrowing from banks and taking deposits from people. With banks' interest rates continuing to stay high despite the government's endeavour to bring about a single digit, NBFIs found it tough to make profits, he said.
- As of September, the NBFIs' deposits totalled Tk 50,139 crore, a reduction of 2.83 percent from a year ago.

<https://www.thedailystar.net/business/news/plfs-liquidation-takes-toll-non-banks-earnings-1832053>

### Deposits in NBFIs drop by 5.7pc in April-June

New Age, November 26, 2019

- Country's non-bank financial institutions witnessed fund withdrawal pressure in the April-June quarter of the year 2019 with the total deposits in the entities dropped by 5.7 per cent or Tk 2,647.03 crore in the period amid growing public distrust of the entities.
- As per the Bangladesh Bank's latest report, the total deposits in the NBFIs dropped to Tk 43,775.56 crore at the end of June this year from Tk 46,422.59 crore three months ago.
- 'One of the NBFIs — People's Leasing and Financial Services — is under the process of liquidation due to poor governance and irregularities in loan disbursement,' Mirza Aziz said, adding that a number of other companies were also not in good condition. As a result, the NBFIs sector as a whole has been suffering from public distrust, he said.
- Besides poor financial performance, relatively lower returns against deposits in the context of inflation is also holding back people from keeping deposits in the banks as well as in the NBFIs, he said.

- Due to corruption and huge irregularities in loan disbursement, the defaulted loans in NBFIs increased to Tk 7,320 crore at the end of June this year, representing 11 per cent of outstanding loans in the sector, the BB data showed.

<http://www.newagebd.net/article/91727/deposits-in-nbfis-drop-by-57pc-in-april-june>

## BB hikes limit on advance payment against import

New Age, November 26, 2019

- The Bangladesh Bank on Monday widened the advance payment scope for banks against import of goods and services which require no approval from the central bank.
- A BB circular issued in this regard on Monday allowed banks to clear \$10,000 or an equivalent amount in payments against import of goods and payment to facilitate commercial imports. Earlier, the permitted amount was Tk 5,000 or an equivalent amount.
- A BB official said that the limit was increased as part of the BB's move to adjust the amount for the present context as the limit had been fixed five years ago.
- However, banks will have to take prior approval from the central bank in case of clearing any payment exceeding \$10,000 or an equivalent amount against import of goods and services.
- In case of releasing any amount beyond the limit, banks were also instructed to follow the required provision of the Guidelines for Foreign Exchange Transactions-2018.
- Apart from taking approval from the BB in case of payments beyond the \$10,000 limit, the banks are supposed to take repayment guarantee from suppliers which would be acceptable at a foreign bank.

<http://www.newagebd.net/article/91729/bb-hikes-limit-on-advance-payment-against-import>

## International

### China central bank warns of high financial risks

New Age, November 26, 2019

- China needed to resolve outstanding financial risks, and must counter risks from 'abnormal' market fluctuations that stem from external shocks, said the central bank on Monday, as Beijing prioritises financial stability amid increasing challenges.
- Financial markets were highly sensitive to global trade situations and rising uncertainties in global liquidity, said the People's Bank of China (PBOC) in its annual financial stability report, adding that it would step up real-time supervision on stock, bond, foreign exchange markets to prevent cross-sector risk contamination.
- Bond defaults may continue, so authorities must prevent the risks of such defaults from triggering systemic risks, it said, while penalties on regulatory violations in the securities market would be increased.
- Beijing had stepped up daily supervisions and assessment on potential 'black swan' and 'gray rhino' events that might occur in the future and had prepared contingency plans, as downward pressure on the economy rises, said the PBOC.

- China's household leverage ratio rose to 60.4 per cent relative to gross domestic product (GDP) by the end of 2018, reaching the international average level and posing debt risks in some regions and low income families, according to the annual report.

<http://www.newagebd.net/article/91744/china-central-bank-warns-of-high-financial-risks>

## Asian airlines cautious about outlook for 2020

New Age, November 26, 2019

- Asian airlines were cautious about the outlook for 2020 after trade disputes undermined confidence and led to economic growth below initial forecasts this year, the head of the Association of Asia Pacific Airlines (AAPA) said on Monday.
- Airline passenger growth in Asia has moderated this year to 4.4 per cent in the nine months ended September 30, down from 7.7 per cent for the same period in 2018, AAPA statistics show. Asian cargo carriage fell 5.8 per cent in the first nine months of the year amid a US-China trade war.
- AAPA moved the meeting to Kuala Lumpur after cancelling plans for a larger gathering in Hong Kong, citing the 'unpredictability' of the situation following months of often violent protests in the Chinese-controlled city.
- Several Asian airlines have cut flights to Hong Kong over the coming weeks as demand has fallen, which along with the grounding of the Boeing Co 737 MAX have made growth more challenging.

<http://www.newagebd.net/article/91742/asian-airlines-cautious-about-outlook-for-2020>

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