

Stock Market

Stocks dip for 5th week on cautiousness ahead of MPS unveiling

New Age, July 29, 2018

- Dhaka stocks dipped in the past week, stretching the losing streak to the five consecutive weeks, as investors were cautious ahead of Bangladesh Bank's monetary policy statement announcement. DSEX, the key index of Dhaka Stock Exchange, lost 0.60 % or 32.25 points over the week to finish at 5,305.17 points on Thursday, the last trading session of the week. The core index lost 136 points in the last five consecutive weeks. The market finished with slight gain in the first two sessions of the week, but it returned to negative for the rest of the week as investors became cautious ahead of monetary policy announcement.
- Besides bank sector, most of large capitalised scrips declined over the week on the cautious mood of the investors. Average share prices of telecommunication, energy, pharmaceuticals and non-bank financial institutions sectors dropped 1.0 %, 0.7 %, 0.4 % and 0.1 % respectively. Among the large capitalised scrips, share prices of Grameenphone, Square Pharmaceuticals and Investment Corporation of Bangladesh plunged by more than 3 % each that weighed on the index. On the other hand, share prices of cement and food advanced 2.9 % and 0.2 % respectively.
- The daily average turnover of the bourse, however, increased slightly to BDT 890.94 crore in the past week from BDT 878.18 crore in the previous week. Out of the 343 traded issues, 197 declined, 125 advanced and 20 issues remained unchanged. DS30, the blue chip index of the DSE, also shed 0.73 %, or 13.95 points, to close at 1,890.51 points over the week. Shariah index DSES, slumped 1.05 %, or 13.31 points, to close at 1,259.79 points. BBS Cables led the turnover chart with its shares worth BDT 171.26 crore changing hands.

<http://www.newagebd.net/article/47146/stocks-dip-for-5th-week-on-cautiousness-ahead-of-mps-unveiling>

1.15 lakh BO accounts closed in July

New Age, July 29, 2018

- A total of 1,14,853 beneficiary owners' accounts were closed in July due mainly to non-payment of annual account renewal fees by the accountholders. The number of active BO accounts was 27,64,387 at the end of June, but the figure declined to 26,49,534 on July 26, Central Depository of Bangladesh Limited data showed. Of the annulled BO accounts, most of them became void as the accountholders failed to pay the annual fees by the June 30 deadline set by the CDBL.
- Opening a BO account with the CDBL through a depository participant, which is usually a stockbroker or a merchant bank, is a must for trading shares at the Dhaka and Chittagong stock exchanges. In 2016, the Bangladesh Securities and Exchange Commission reduced the renewal fee to BDT 450 from BDT 500 for each BO account with the aim of reducing financial burden on investors. Of the BDT 450, the CDBL gets BDT 100, while the government, DP and BSEC get BDT 200, BDT 100 and BDT 50 respectively.
- Of the current active BO accounts, individual investors operate 16,76,556 BO accounts, investors jointly operate 9,61,035 BO accounts and 11,943 accounts are operated by different companies including institutional investors, the CDBL data showed. Of the accounts (excluding the company-operated BO accounts), 24,80,412 BO accounts are owned by Bangladeshi investors and 1,57,179 accounts by non-resident Bangladeshi investors, it showed. Of the 26,49,534 accounts, 19,35,803 are owned by male investors and 7,01,788 by female investors.

<http://www.newagebd.net/article/47057/115-lakh-bo-accounts-closed-in-july>

Silva Pharmaceuticals IPO subscription begins today

The Financial Express, July 29, 2018

- The IPO (initial public offering) subscription of Silva Pharmaceuticals starts today (Sunday) and will end on August 05, according to Dhaka Stock Exchange (DSE). Earlier on June 11 last, the securities regulator has approved the IPO proposal of the Silva Pharmaceuticals under the fixed price method. The company will raise a capital worth BDT 300 bn by offloading 30 bn ordinary shares at an offer price of BDT 10 each.
- The company's market lot is comprised of 500 shares. The pharmaceutical company will purchase machineries, construct building, repay bank loans and bear the IPO expenses with the fund to be raised from public. The company reported net asset value (NAV) of BDT 16.48 per share, (without revaluation)), weighted average of EPS worth BDT 1.03 as per the financial statement for the year ended on June 30, 2017.

<https://thefinancialexpress.com.bd/stock/silva-pharmaceuticals-ipo-subscription-begins-today-1532839446>

Economy

Weak bond market creating pressure for banking sector

New Age, July 29, 2018

- Weak bond market is intensifying pressure on the country's banking sector, experts said on Thursday. At a roundtable discussion, they also said that banks could not collect funds from any other sources, except deposits of clients, due to weak bond market, which also made the corporate sector completely dependent on the banking sector for funds. The Bangladesh Institute of Bank Management arranged the roundtable titled 'development of bond market in Bangladesh' at its office in Dhaka.
- At the programme, BIBM director (research, development and consultancy) Prashanta Kumar Banerjee presented a research paper on the issue. A six-member team of the BIBM and Bangladesh Bank conducted the research. He said that lots of new securities like zero coupon bond and fixed coupon bond would have to be introduced in the bond market in the country to make it popular among investors. BB banking reform adviser SK Sur Chowdhury said that development of bond market became imperative for the country as both investors and authority would be benefited from the bond market.
- BIBM supernumerary professor Helal Ahmed Chowdhury, also former managing director of Pubali Bank, said that the country would have to overcome the dependency only on the banking sector for financing its investment needs. The bond market should get importance for financing for achieving sustainable development goals, he said. BIBM supernumerary professor Yasin Ali said that it would not be possible to achieve the development

<http://www.newagebd.net/article/47023/weak-bond-market-creating-pressure-for-banking-sector>

BB sets farm loan target at BDT 21,800cr for FY19

New Age, July 29, 2018

- Bangladesh Bank has set the agricultural loan disbursement target for banks at BDT 21,800 crore for the fiscal year 2018-19, increasing by 6.86 %, from BDT 20,400 crore for the last fiscal. Bangladesh Bank announced annual agricultural and rural credit policy and programme at a press conference held on its office premises on Wednesday. BB deputy governor SM Moniruzzaman said that the central bank set the farm loan release target to increase agricultural production considering the increased demand. Minimum 60 % of the loans would be released to crops production to reduce import dependency on other nations.

- The banks must reserve 3 % of the unachieved target amount at BB if the banks failed to achieve the target. The BB will return to banks 3 % reserve if the banks can later disburse the previous year(s) unachieved amounts, otherwise the reserve amount will not be returnable, the policy says. According to the BB policy, every bank has to disburse at least two % of their total lending in the agricultural sector.
- The BB has set the projected target of farm loan disbursement for FY18 on the basis of the banks' outstanding loans and advances. The banks distributed 105 % or BDT 21,393.55 crore of their annual farm loan disbursement target amount in 11 months (July-May) of FY18 due to an increased credit demand from the sector. Banks disbursed farm loans BDT 17,244.69 crore in FY17, BDT 17,056.43 crore in FY16, BDT 15,978.46 crore in FY15.

<http://www.newagebd.net/article/46909/bb-sets-farm-loan-target-at-BDT-21800cr-for-fy19>

International

US Senate quietly votes to cut tariffs on hundreds of Chinese goods

New Age, July 29, 2018

- As trade tensions escalate between Washington and Beijing, the US Senate quietly passed legislation on Thursday that would lower trade barriers on hundreds of items made in China. With no debate, the Senate unanimously passed a bill that would cut or eliminate tariffs on toasters, chemicals and roughly 1,660 other items made outside the United States. Nearly half of those items are produced in China, according to a Reuters analysis of government records. The United States and China, the world's two largest economies, are increasingly at loggerheads over trade.
- US president Donald Trump has announced a series of punitive tariffs on Chinese imports in a bid to halt a Chinese surge in high-technology industries that threatens to displace US dominance. China has retaliated with its own duties on imports from the United States. The White House has not publicly taken a position on the so-called miscellaneous tariff bill, which has now passed both the Senate and the House of Representatives unanimously. The two chambers need to resolve minor differences before they can send the legislation to Trump to sign into law.
- Supporters of the bill have said it would boost the economy by getting rid of tariffs set up to protect industries that no longer exist in the United States. The National Association of Manufacturers has said US businesses pay USD1 bn a day on such import duties.
- Hamilton Beach Brands Holding Co, for example, would pay reduced tariffs on Chinese-made toaster ovens, steam irons and other household appliances it used to make domestically. Some domestic manufacturers have complained the bill would undercut their business by making it easier for rivals to bring in cheap foreign goods. They said the bill punished smaller firms that lack the ability to defend their interests in Washington.

<http://www.newagebd.net/article/47059/us-senate-quietly-votes-to-cut-tariffs-on-hundreds-of-chinese-goods>

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