

## Stock Market

### Stocks gain for 3rd day on MPS hopes

New Age, July 29, 2019

- Dhaka stocks increased for the third day on Monday as investors continued buying shares amid expectations that the monetary policy statement (MPS) to be declared by Bangladesh Bank tomorrow would be capital market friendly.
- DSEX, the key index of Dhaka Stock Exchange, gained 0.52 %, or 26.81 points, to close at 5,160.74 points on Monday. The index increased by 83.44 points in last three sessions. The central bank will announce the MPS for the first half (July-December) of the current financial year (2019-20).
- The relentless fall pushed the market to a 31-month low on July 22 as investors were grappling with financial sector woes including liquidity crisis and People's Leasing and Financial Services' liquidation move, and Grameenphone's tussle with the Bangladesh Telecommunication and Regulatory Commission over audit claim.
- The share prices of Bangladesh Welding Electrodes on Monday surged by 9.66 % — the maximum level allowed under the circuit breaker — as Alif Group would buy shares in the company.
- The Investment Corporation of Bangladesh, a major shareholder of Bangladesh Welding Electrodes, has decided to sell off its holdings of 1.08 crore shares in the company to Alif Group, subject to approval of the Bangladesh Securities and Exchange Commission.
- The average share prices of textile sector advanced by 2.10 %, general insurance 1.87 %, telecommunication 0.97 % and pharmaceutical 0.62 %. On the other hand, mutual fund, energy and bank sectors dropped by 1.80 %, 0.70 % and 0.67 % respectively.
- Out of the 353 scrips traded on Monday, 242 advanced, 93 declined and 18 remained unchanged. Turnover on the bourse increased to BDT 437.77 crore on Monday from BDT 406.00 crore in the previous session. DS30, the blue-chip index of DSE, advanced by 0.25 %, or 4.75 points, to close at 1,844.29 points.
- Dosh Garments gained the most on the day with a 9.97-% increase in its share prices while Vanguard AML Rupali Bank Balanced Fund was the worst loser, shedding 9.27 %.

<http://www.newagebd.net/article/80053/stocks-gain-for-3rd-day-on-mps-hopes>

### City Bank to issue BDT 4.0 bn perpetual bonds

The Financial Express, July 30, 2019

- The City Bank will issue the bonds for raising fund to meet capital requirement under Basel III and to strengthen the regulatory capital base of the bank in line with the Bangladesh guideline on risk based capital adequacy dated December 2014, the disclosure said.
- The issuance of bond is subject to approval from the concerned authorities -- Bangladesh Bank (BB) and Bangladesh Securities and Exchange Commission (BSEC) and complying with regulatory requirements, the disclosure added
- Each share of the bank, which was listed on the Dhaka Stock Exchange in 1986, traded between BDT 26.9 and BDT 27.5, before closing at BDT 27.30 on Sunday at Dhaka Stock Exchange (DSE).

- The bank will arrange its earnings disclosure event on financial information for half-year ended June 2019 today (Monday) at 5:00pm at Hotel Intercontinental, Dhaka. Existing and potential investors across the globe, researchers & analysts and many other individuals involved in capital market activities are invited to join the event.
- Paid-up capital of the bank is BDT 10.16 bn and its authorised capital is BDT 15 bn while total number of its securities is 1.01 bn, according to the data available with the DSE. The sponsor-directors own 30.29 % stake in the City Bank while institutional investors own 22.10 %, foreign investors 11.69 % and the general public 35.92 % as of June 30, 2019.

<http://thefinancialexpress.com.bd/stock/city-bank-to-issue-BDT-40-bn-perpetual-bonds-1564379750>

## **Coppertech gets DSE listing nod**

The Financial Express, July 30, 2019

- The country's premier bourse has finally given the go-ahead to enlist the much-anticipated Coppertech Industries. The Dhaka Stock Exchange (DSE) sent a letter to the company on Sunday, approving its listing proposal, a senior DSE official.
- On July 24, the Bangladesh Securities and Exchange Commission (BSEC) asked DSE to inform it within 10 working days of the steps taken to enlist Coppertech. It also sought steps to this end as per section 5(4) of the listing regulations.
- But DSE sought waiver of section 5(3) of the regulations so Coppertech could be listed on DSE, as the stipulated timeframe for its listing had expired. Without exempting section 5(3), the securities regulator asked DSE to take steps for the company's listing as per section 5(4).
- Section 5(4) provides that the exchange may relax any requirement/provision relating to the listing of any securities. Earlier, approval for the listing proposal was delayed, as the company got mired in some 'controversies' over its financial statement.
- BSEC approved Coppertech's IPO (initial public offering) proposal on December 26, 2018, for raising a capital of BDT 200 mn under the fixed-price method. Before being DSE-enlisted, the company got listing approval from the Chittagong Stock Exchange.

<http://thefinancialexpress.com.bd/stock/coppertech-gets-dse-listing-nod-1564375129>

## **Pharma ingredient makers demand more tax benefits**

New Age, July 29, 2019

- Bangladesh API and Intermediaries Manufacturers Association has demanded more tax benefits in line with a cabinet decision and the National Active Pharmaceutical Ingredients (API) and Laboratory Reagents Production and Export Policy for the sector.
- The trade body made the plea to the Prime Minister's Office saying that there were inconsistencies in the tax scheme offered by the National Board of Revenue with the decision of the cabinet in this regard.

- NBR's terms and conditions for availing the benefit are also not aligned with the production process of the industry, the association said claiming that it would rather create a hindrance to flourishing the knowledge-based industry.
- Entrepreneurs are also unable to complete export procedures due to complexities in a statutory regulatory order (SRO) issued by the NBR in this connection. Prime minister's economic affairs adviser Mashiur Rahman in a letter to finance minister AHM Mustafa Kamal informed the issue and requested Kamal to take necessary steps to remove the inconsistencies.
- In the letter, he also recommended a number of steps including amendment to the NBR's order and issuance of a new SRO offering some fresh tax benefits mentioned in the policy to facilitate the sector. In the letter wrote on July 2, he said that the BAIMA had informed in details to the prime minister about the issue.

<http://www.newagebd.net/article/80051/pharma-ingredient-makers-demand-more-tax-benefits>

## Economy

### Credit growth unlikely to rise

BB unveils monetary policy tomorrow

The Daily Star, July 30, 2019

- Private sector credit growth, which fell to a six-year low of 11.3 % last fiscal year, is unlikely to rise in the coming months owing to a liquidity crisis, rising bad loans and the growing incidents of money laundering, analysts said
- This means both demand and supply sides are going through a crisis, bringing the private sector credit growth to 11.29 % in 2018-19 against the target of 16.50 %. Under these circumstances, the central bank will unveil its monetary policy statement (MPS) tomorrow for the first half of the fiscal year.
- It may aim to keep the private sector credit growth target at 15 % to 15.50 % to pull off 8.20 % GDP growth and contain inflation at 5.5 %. As of April, the excess liquidity stood at BDT 66,760 crore, down 12.60 % from December last year and 8.23 % a year earlier, according to data from the central bank.
- Default loans soared to BDT 110,874 crore as of March. Exports grew 10.55 % year-on-year to \$40.53 bn in the immediate past fiscal year, while remittance hit an all-time high of \$16.40 bn.

### CAUSES OF FALLING PRIVATE CREDIT GROWTH

Liquidity crisis

Rising default loans

Money laundering

Low export-GDP ratio

Slow remittance compared to GDP

Strong taka against dollar

<https://www.thedailystar.net/business/news/credit-growth-unlikely-rise-1778962>

## '5.0pc tax for up to BDT 0.5m investment in savings certificates'

*10.0pc tax will be applicable for investment of above BDT 0.5m, finance minister says*

The Financial Express, July 30, 2019

- Finance Minister AHM Mustafa Kamal has said five % tax at source will be applicable from July for investment of up to BDT 500,000 in all types of savings certificates. Mentioning that the existing scheme for the pensioners would remain intact, Kamal said that the tax rate would be 10 % in case of the savings certificates over Taka 500,000.
- Answering a question, he said that the investors would not be subjected to harassment in case of their investment in the bond market and they would get their interests in every six months to one year. Earlier in the budget for fiscal 2019-20, the government increased the tax at source on the profit on savings certificate to 10 % from previous five %.
- Assuring the expatriate Bangladeshis and remitters that 2 % cash incentive would be applicable on the amount remitted by them from July 1, the finance minister encouraged the remitters to send money to their near and dear ones before the ensuing Eid-ul-Azha through legal channel and thus get the cash incentive.

<http://thefinancialexpress.com.bd/economy/bangladesh/50pc-tax-for-up-to-BDT-05m-investment-in-savings-certificates-1564399297>

## Only 5pc banks adopt specialised software for internal control

New Age, July 30, 2019

- Only five % of the banks used specialised software for internal control and compliance purposes although 87 % of the banks believe that such software would be beneficial, according to a research conducted by the Bangladesh Institute of Bank Management.
- The research paper was presented at a workshop on 'use of information technology in enhancing efficiency of internal control systems' held at the BIBM in capital Dhaka. Although adoption of specialised software for internal control and compliance could be helpful for the banks to assess real-time data on risks, 95 % of the banks are yet to install the software.
- The overall quality of internal control system of the banking industry of Bangladesh was not up to the mark, said the research paper, adding that the banks could improve the situation by using integrated IT (information technology) in each and every department of the bank.
- The report also showed that all the state-owned, private and foreign banks had already launched online services in all their branches except the specialised banks where 78 % of branches were yet to be brought under the online banking network.

<http://www.newagebd.net/article/80052/only-5pc-banks-adopt-specialised-software-for-internal-control>

## International

### Japan sets lower GDP target due to weaker exports

The Financial Express, July 30, 2019

- Japan has lowered its target for economic growth forecast for this year largely due to weaker exports, in a sign the protracted US-China trade war is taking a bigger toll on the world's third-largest economy.
- But the forecast, which serves as a basis for compiling the state budget and the government's fiscal policy, was still nearly twice as high as private-sector projections, reports Reuters.
- The economy is now expected to expand 0.9 % in price-adjusted real terms in the fiscal year ending in March 2020, according to the Cabinet Office's projections, presented at the Council on Economic and Fiscal Policy - the government's top economic panel.
- That marked a downgrade from the government's previous forecast of 1.3 % growth. The government estimated 1.2 % growth for the following fiscal year starting April 2020. The government's growth projections are more bullish than those by the private sector.
- Market economists expect the economy to grow just 0.5 % in the current fiscal year and in fiscal 2020, the Cabinet Office said, due in part to contracting exports and the impact from a planned sales tax hike in October.
- The downgrade largely stemmed from a slowdown in exports, which the government expects to grow just 0.5 %, compared to 3.0 % in the previous assessment in January.

<http://thefinancialexpress.com.bd/economy/global/japan-sets-lower-gdp-target-due-to-weaker-exports-1564391658>

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