

## Stock Market

### ICB leads stocks' dive for poor earnings

New Age, January 31, 2019

- Dhaka stocks dropped on Wednesday as investors went for selling shares of some large capitalised companies like Investment Corporation of Bangladesh that declared a significant profit fall, market operators said
- DSEX, the key index of Dhaka Stock Exchange, lost 0.68 %, or 40.42 points, to close at 5,884.11 points on Wednesday after gaining 20.30 points in the previous session. BB announced the MPS, reducing the private sector credit growth target to 16.5 % for the second half of the fiscal year after missing its projection of 16.8 % for July-December of the fiscal year.
- Average share prices of non-bank financial institution, bank, pharmaceuticals and telecommunication dropped by 3.14 %, 1.17 %, 1.16 % and 0.24 % respectively.
- Share prices of ICB plunged by 5.2 % as the company declared a profit fall by 80.50 % to BDT 0.63 earnings per share in the July-December, 2018 period compared with that of BDT 3.23 in the same period of the previous year.
- EPS of Jamuna Oil, Global Heavy Chemicals and Aamra Network dropped, so did their share prices. On the other hand, share prices of food and energy advanced by 0.9 % and 0.1 % respectively. The turnover on DSE advanced to BDT 1,024.61 crore on Wednesday compared with that of BDT 945.85 crore in the previous trading session.
- Of the 336 companies and mutual funds traded on Wednesday, 213 declined, 102 advanced and 29 remained unchanged. DSE blue-chip index DS30 dropped by 0.71 %, or 14.56 points, to close at 2,031.73 points. Shariah index DSES dipped by 0.56 %, or 7.57 points, to finish at 1,324.04 points.
- Premier Bank led the turnover leaders for the second day with its shares worth BDT 40 crore changing hands on Wednesday. United Power Generation Company, Grameenphone, Eastland Insurance Company, Eastern Housing, United Finance, RSRM Steel, Legacy Footwear and Meghna Petroleum were the other turnover leaders.
- Intech Limited gained the most on the day with a 9.95-% increase in its share prices, while Maksons Spinning Mills was the worst loser, shedding 8.33 %.

<http://www.newagebd.net/article/63333/icb-leads-stocks-dive-for-poor-earnings>

### ILLICIT FINANCIAL OUTFLOWS

*GFI figure questioned*

The Daily Star, January 31, 2019

- The central bank has questioned the amount siphoned out of Bangladesh as the Global Financial Integrity (GFI) gave two different estimates in its latest report. Some \$5.9 bn was siphoned out of Bangladesh in 2015 through trade misinvoicing, according to the GFI's report on illicit flows of money released on Monday.
- Trade misinvoicing is a method of moving illicit financial flows figures, and includes the deliberate misrepresentation of the value of imports or exports in order to evade customs duties and VAT taxes, launder the proceeds of criminal activity or to hide offshore the proceeds of legitimate trade transactions, among other motivations.
- The Washington-based research and advisory firm came out with the findings by analysing the data of trade in goods of 148 developing countries with advanced economies. On the basis of the IMF data, it said \$2.36 bn entered the country in 2015 and the outflow was \$5.9 bn.
- According to the GFI, the illicit outflow was \$2.67 bn from Bangladesh using the United Nations Comtrade's trade statistics dataset, and inflow was \$2.79 bn, meaning the inflow was higher by \$0.12 bn.

<https://www.thedailystar.net/business/news/gfi-figure-questioned-1695436>

## 13 companies witness mixed trends in Q2

The Financial Express, January 31, 2019

- Some 13 listed companies have displayed mixed performance for October-December (Q2), 2018 compared to same quarter of the previous year. The EPS (earnings per share) of many companies rose for Q2 compared to same period of the previous year.
- The companies which witnessed rise in EPS are MI Cement, Active Fine Chemicals, Metro Spinning, Ambee Pharmaceuticals, Fu Wang Food, Beacon Pharmaceuticals and Power Grid Company of Bangladesh. National Tubes has incurred a loss of BDT 0.27 for October-December, 2018 against the loss of BDT 0.46 per share for October-December, 2017.
- The Bangladesh Lamps has reported its EPS of BDT. 0.71 for October-December 2018 against BDT. 1.03 for same quarter of the previous year. The consolidated EPS of Eastern Housing was BDT. 0.33 for October-December, 2018 as against BDT. 0.43 for October-December, 2017.
- Active Fine Chemicals has reported its EPS of BDT. 0.86 for October-December, 2018 as against BDT. 0.58 for October-December, 2017. Metro Spinning has incurred a loss of BDT 0.08 for October-December, 2018 as against BDT. 0.03 for October-December, 2017.
- Ambee Pharmaceuticals has reported its EPS of BDT. 0.85 for October-December, 2018 as against BDT. 0.82 for October-December, 2017. Maksons Spinning Mills has sustained a loss of BDT 0.14 for October-December, 2018 as against BDT. 0.15 for same quarter of the previous year. The EPS of Fu Wang Food was BDT. 0.23 for October-December 2018 as against BDT. 0.18 for October-December 2017.
- The EPS of Aman Cotton Fibrous was BDT. 0.63 for October-December 2018 as against BDT. 0.70 for October-December 2017. MI Cement has reported its EPS of BDT. 0.31 for October-December 2018 as against BDT. 0.26 for same quarter of the previous year. The EPS of Power Grid Company of Bangladesh was BDT. 1.54 for October-December 2018 as against BDT. 0.95 for October-December 2017.

<http://thefinancialexpress.com.bd/stock/13-companies-witness-mixed-trends-in-q2-1548826065>

## Currency devaluation, interest rate hike hit ACI earnings

The Financial Express, January 31, 2019

- ACI Limited has incurred loss for October-December (Q2), 2018 due to five reasons including currency 'devaluation'. The company topped the chart of top 10 losers on Tuesday following the loss for Q2. On the day, the company's share price declined 6.94 % or BDT 23.50 to close at BDT 315 each.
- The company has reported a loss of BDT 0.78 per share for October-December, 2018 against the consolidated EPS of BDT 5.44 for October-December, 2017. In a disclosure ACI has mentioned five reasons behind the significant deviation of financial parameters for October-December, 2018 compared to same quarter of the previous year.
- According to ACI, the major reasons of the significant deviation are currency devaluation, increase in interest rate, decrease in share of profit from JVs and associates, purchase rate variance due to international price hike and high income tax expenses.
- According to disclosure for Q2, the company's consolidated EPS was BDT. 0.44 for July-December 2018 as against BDT. 7.72 for July-December 2017. The company has reported its consolidated NOCFPS of BDT (24.56), a negative value, for July-December 2018 as against BDT. (50.18), negative value, for July-December 2017. The consolidated NAV per share was BDT. 212.73 as on December 31, 2018 and BDT. 222.09 as on June 30, 2018.

<http://thefinancialexpress.com.bd/stock/currency-devaluation-interest-rate-hike-hit-aci-earnings-1548825568>

## Chinese consortium moots dev plans for DSE

New Age, January 31, 2019

- The Dhaka Stock Exchange's strategic investor — a consortium of Shenzhen and Shanghai stock exchanges — has tabled a number of business and technological proposals including capital formation and centralisation of trading system for the development of the bourse.
- The proposals were made at a DSE board meeting held at the DSE office premises on Tuesday. The consortium's proposals also included introduction of a small and medium enterprise board and product diversification.
- The group suggested medium- and long-term technological plan to develop trading system, automation system for information dissemination and installing data centre as per its early commitment for technological support.
- It also advised to form a free and strong research team. Earlier, on September 4 last year, the Chinese consortium became strategic partner of the country's premier bourse after buying 25 % shares of DSE for BDT 947 crore. The Chinese consortium offered technical assistance worth over \$37 mn to DSE.

<http://www.newagebd.net/article/63334/chinese-consortium-moots-dev-plans-for-dse>

## IPO subscription of Runner Automobiles opens today

The Financial Express, January 31, 2019

- The IPO (initial public offering) subscription of Runner Automobiles will open today (Thursday) and will continue till February 10. Some 5.60 mn shares (40 %) will be issued to general investors through IPO (initial public offering) subscription at a price of BDT 67 each.
- Under the book building method, the Runner Automobiles will raise a capital worth BDT 1.0 bn issuing 13.93 mn ordinary shares. As per the regulatory approval, the company will use the IPO proceeds for research and development, purchase of machinery, repaying bank loans and meeting expenditure for the IPO process.
- The book-building method is a process through which an issuer attempts to determine the price of a share based on the demand from institutional investors. The cut-off price of the shares of Runner Automobiles earlier was fixed at BDT 75 each as discovered by eligible investors (EIs) through electronic bidding under the book-building method.
- Of 13.93 mn shares, more than 8.33 mn shares (60 %) will be issued to the EIs at the cut-off price of BDT 75 each. The remaining 5.60 mn shares (40 %) will be issued to general investors through IPO at BDT 67 each, 10 % discount on the cut-off price.
- According to financial statements of the motorcycle maker for the year ending on June 30, 2017, the company's net asset value (NAV with revaluation) per share stood at BDT 55.70. The NAV without revaluation was BDT 41.94. And the weighted average of the EPS (earnings per share) is BDT 3.31. IDLC Investments Limited is the issue manager of the IPO of Runner Automobiles.

<http://thefinancialexpress.com.bd/stock/bangladesh/ipo-subscription-of-runner-automobiles-opens-today-1548908722>

## Economy

### BB unveils monetary policy for January-June period

The Financial Express, January 31, 2019

- The central bank unveiled its second half-yearly (H2) monetary policy statement (MPS) on Wednesday keeping key policy rates unchanged. Bangladesh Bank (BB) Governor Fazle Kabir at a press conference announced the MPS for the

January-June period of this fiscal year (FY) 2018-19 to facilitate productive sectors for achieving sustainable economic growth with curbing inflation.

- The private sector credit growth target was re-fixed at 16.50 % from 16.80 % earlier for the H2 of FY 19 while credit growth to the public sector rose to 10.9 % from 8.5 %. The BB's downward revision came against the backdrop of falling trend in the private sector credit growth in the recent months mainly due to the last national election.
- Meanwhile, the private sector credit growth came down to 13.30 % in December 2018 on a year-on-year basis from 14.01 % a month ago, the BB data showed. The growth was 3.50 %age points lower than the BB's target of 16.8 % for H1 of FY 19.
- Possible uncertainty and wariness over the last parliament election may cause declining trend in the private sector credit growth during the period under review, the BB governor explained. The central bank chief also believes that the private sector credit growth is enough for achieving 7.80 % GDP (gross domestic product) growth by the end of this fiscal year.
- The policy rates, including CRR (cash reserve requirement), Repo and Reverse Repo, remained unchanged for H2 of FY 19, according to the MPS.

<http://thefinancialexpress.com.bd/economy/bangladesh/bb-unveils-monetary-policy-for-january-june-period-1548850276>

## 91pc family businesses expect to grow in 2yrs

*PwC survey finds*

The Daily Star, January 31, 2019

- About 91 % of family businesses in Bangladesh, mostly run by first generation entrepreneurs, expect to grow in the next two years as many of them posted double-digit growth last year, PricewaterhouseCoopers (PwC) finds in a survey.
- The family businesses in Bangladesh do not just expect to grow. The growth is expected to change some fundamental characteristics of the firm. Significantly, 75 % of the family business owners are seeking professionals outside the family to help them run their businesses, it said.
- The businesses also plan to pass the baton to their next generation but only 31 % of them have an informal succession plan in place.
- Although women constitute 25 % of board members in the family-run businesses, it is 14 % in the management team, according to the first survey on family businesses in Bangladesh conducted by the multinational professional services network. Of the family businesses surveyed, 84 % reported growth in the last financial year. More than half of them have enjoyed double-digit growth.
- Although there is a positive outlook on growth, certain challenges like access to skilled talent, increased competition, disruptive technologies, rising prices of energy and raw materials continue to remain the areas of concern for most family businesses today.
- The survey also found that around 72 % of family businesses have some form of policies or procedures in place, slightly lower than the global average of 84 %. Some 63 % of the business families say conflict is handled within the immediate family. Only 6 % use a third-party resolution service.



<https://www.thedailystar.net/business/news/91pc-family-businesses-expect-grow-2yrs-1695445>

## Farmers Bank renamed Padma Bank

The Daily Star, January 31, 2019

- Farmers Bank has been renamed as Padma Bank as the troubled lender looks to sweep the gross irregularities and loan scams under the carpet and get an image makeover. The central bank issued a circular on Tuesday allowing the scam-hit bank to change its previous name on grounds that it would have a positive impact on client confidence.
- The bank, which was established in 2013, became a hotbed for financial irregularities in less than three years of operation. More than BDT 3,500 crore was siphoned out from the bank, according to the Bangladesh Bank. As of September of 2018, default loans stood at BDT 3,071 crore at the private commercial bank, up from BDT 723 crore in 2017.
- Allegations of corruption against them became deafening and depositors, which included government agencies, started pulling out money. This prompted the central bank and the government to step in and rescue the bank.

<https://www.thedailystar.net/business/news/farmers-bank-renamed-padma-bank-1695433>

## International

### US, China face deep trade differences in high-level talks

New Age, January 31, 2019

- The United States and China launch a critical round of trade talks on Wednesday amid deep differences over Washington's demands for structural economic reforms from Beijing that will make it difficult to reach a deal before a March 2 US tariff hike.
- The two sides will meet next door to the White House in the highest-level talks since US President Donald Trump and Chinese president Xi Jinping agreed a 90-day truce in their trade war in December.
- People familiar with the talks and trade experts watching them say that, so far, there has been little indication that Chinese officials are willing to address core US demands to protect American intellectual property rights and end policies that Washington says force US companies to transfer technology to Chinese firms.
- The US complaints, along with accusations of Chinese cyber theft of US trade secrets and a systematic campaign to acquire US technology firms, were used by the Trump administration to justify punitive US tariffs on \$250 bn worth of Chinese imports.
- Trump has threatened to raise tariffs on \$200 bn of goods to 25 % from 10 % on March 2 if an agreement cannot be reached. He has also threatened new tariffs on the remainder of Chinese goods shipped to the United States.
- China is fast-tracking that new law, with the country's largely rubber-stamp parliament likely to approve it in March. A crucial component of any progress in the talks, according to top administration officials, is agreement on a mechanism to verify and 'enforce' China's follow-through on any reform pledges that it makes. This could maintain the threat of US tariffs on Chinese goods long term.
- Some business groups watching the talks were tempering expectations for a breakthrough this week. But the Chinese side, led by vice premier Liu He, would likely have to bring to the table a new offer that goes significantly beyond its previous offers to significantly increase purchases of US goods, including soybeans, energy and manufactured goods.
- People familiar with the talks said manufactured goods, a key priority for the Trump administration, were among the largest components of Chinese purchase pledges aimed at significantly reducing the US trade deficit with China. But here, too, there are 'no guarantees' that Beijing would follow through on these pledges, one of the people said.

<http://www.newagebd.net/article/63351/us-china-face-deep-trade-differences-in-high-level-talks>

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