

## Stock Market

### Stocks plunge halted, but nervousness prevails

New Age, October 31, 2019

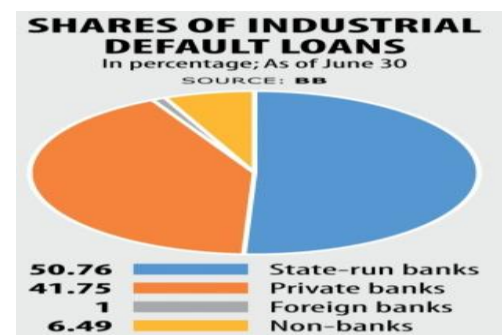
- Dhaka stocks gained marginally on Wednesday as a section of investors went for bargain hunting targeting non-performing and low-capitalised companies while many others remained cautious amid poor financial disclosures by listed companies.
- The key index of Dhaka Stock Exchange, DSEX, advanced by 0.26 %, or 12.45 points, to close at 4,683.20 points on Wednesday after losing 101 points in the previous three sessions. The market started gaining from the very beginning on the day and remained afloat until the end of the session as some investors went for bargain hunting after the core index dipped to a three-year low on Tuesday.
- Out of 49 traded 'Z' category companies, share prices of 34 issues advanced, just nine declined and six remained unchanged. Nine out of the top 10 turnover leaders on Wednesday were low-capitalised companies.
- Therefore, share prices of the company soared by 28 % or Tk 162 to end at Tk 741 on Wednesday. The average share prices of textile, engineering and non-bank financial institution advanced by 2.5 %, 2.5 % and 0.5 % respectively.
- The DSEX lost 1,268 points in last nine months with the bourse's market capitalisation declining by more than Tk 66,200 crore. The average share prices of telecommunication, bank and energy sectors dropped by 0.7 %, 0.6 % and 0.3 % respectively.
- Out of the 353 scrips traded on the day, 204 advanced, 105 declined while 43 remained unchanged. DSE Shariah index DSES added 0.24 %, or 4.02 points, to end at 1,072.13 points. Blue-chip index DS30, however, shed 0.24 %, or 4.02 points, to close at 1,631.47 points.
- National Tubes, Standard Ceramics, Monno Stafflers, Monno Ceramic Industries, JMI Syringe, Wata Chemical, Northern Jute and Premier Bank were the other turnover leaders. Stylecraft gained the most on the day with 28.60-% increase in its share prices while BD Finance performed the worst, losing 8.73 %.

<http://www.newagebd.net/article/89290/stocks-plunge-halted-but-nervousness-prevails>

### Industrial NPLs rise for habitual defaulters

The Daily Star, October 31, 2019

- Non-performing loans (NPLs) in the industrial sector soared 48.58 % at the end of last fiscal year as habitual defaulters continued to show reluctance towards repayment of their rescheduled loans. At the end of June, industrial default loans stood at Tk 57,201 crore, up from Tk 38,499 crore a year earlier, according to data from the Bangladesh Bank.
- Banks have rescheduled a record amount of default loans last year, the BB data showed. In 2018, default loans amounting to Tk 23,210 crore were rescheduled, up 22 % from a year earlier. In some cases,



some defaulters came to a halt in the second half of last fiscal year after getting information that the central bank would declare a special package to reschedule their default loans in a relaxed manner.

- As per the latest policy, the defaulters will be allowed to reschedule their classified loans by making a down payment of only 2 % instead of the existing 10-50 %. A maximum 9 % interest will be charged on the rescheduled loans while the existing interest rate is 12-16 %, according to a central bank notice issued on May 16.

<https://www.thedailystar.net/business/news/industrial-npls-rise-habitual-defaulters-1821046>

## Unutilised BO accounts soaring on ailing stocks

The Daily Star, October 31, 2019

- Stock investors are becoming inactive due to ailing stocks and lack of confidence, so the number of unutilised and zero balance beneficiary owners' (BO) accounts is soaring. Some 4.96 lakh BO account holders, or 17.66 %, have not utilised their accounts to trade shares last fiscal year, according to the Central Depository Bangladesh Limited (CDBL).
- The number was 4.24 lakh, or 15.33 %, and 4.09 lakh, or 13.75 %, in the previous years. Furthermore, the number of zero balance BO accounts also rose. For instance, some 10.40 lakh accounts, or 37.19 %, have no shares at all out of a total of 28 lakh BO accounts as on June 30.
- The number of zero balance BO accounts was 10.30 lakh, or 37 %, the previous year. Investors became inactive in the last three years due to huge loss on their portfolio and dull index. DSEX, the benchmark index of the DSE, is still below 4,700 points and the turnover is hovering between Tk 330 crore and Tk 350 crore on an average. Almost all the stock investors maintain several accounts so the number of stock investors is nowhere near 28 lakh.
- There are 12.73 lakh BO account holders with shares, according to CDBL data. This means, only 0.78 % of Bangladesh's population invests in the stock market, whereas it is 2 % in India and much more in other South Asian countries.

### BY THE NUMBERS

Total BO accounts: <b>28.09</b> lakh (As of June 30)
Accounts with zero balance: <b>10.40</b> lakh
Unutilised accounts: <b>4.96</b> lakh
Bangladesh's <b>0.78%</b> people invest in stocks
<b>2%</b> of Indian population has stock exposure

<https://www.thedailystar.net/business/news/unutilised-bo-accounts-soaring-ailing-stocks-1821016>

## Bank loans still elude small women entrepreneurs: study

The Daily Star, October 31, 2019

- Women entrepreneurs, particularly small ones, continue to remain marginalised when it comes to getting loans from the financial sector despite various initiatives taken over the past decade to facilitate the businesses run by women.
- A study presented at a seminar in Dhaka yesterday showed that women-owned small enterprises received only 3 % of the total small enterprise loans provided by banks and financial institutions between 2016 and 2018.

- Banks and financial institutions lent Tk 56,116 crore to small firms in 2016. Of the sum, women enterprises accounted for only Tk 2,079 crore, which was 3.71 % of the total small loans, the paper showed.
- The BB formed an SME and Special Programme Division for women entrepreneurs and took initiative to establish Women Entrepreneur Development Unit in banks and financial institutions. It also asked banks to lend women entrepreneurs at 9 % interest rate under the small enterprise refinance scheme.
- The study found that 6,372 women-led small firms got collateral-free loans in 2016. But it dropped to 2,827 in 2018. Despite the low disbursement of funds among women-led small enterprises, the recovery rate is good, according to the study.

<https://www.thedailystar.net/business/news/bank-loans-still-elude-small-women-entrepreneurs-study-1821022>

## **Two mutual funds' unitholders want LR Global cancelled as asset manager**

Dhaka Tribune, October 31, 2019

- Majority unitholders of two mutual funds do not want LR Global as their asset manager following a dispute over liquidation of fund. DBH First Mutual Fund and Green Delta Mutual Fund unitholders sent letters to LR Global trustee Bangladesh General Insurance Company (BGIC) in this regard yesterday.
- They want to appoint IDLC Asset Management Limited as the new asset manager of the funds with immediate effect, according to the letters. As per mutual fund rules 2001 of the Bangladesh Securities and Exchange Commission (BSEC), if two-thirds of unitholders of a mutual fund want to cancel an asset manager, the trustee has to cancel the asset manager.
- The trustee, however, must take approval of the BSEC. For the change of asset Management Company of a mutual fund, the unitholders' meeting was not required.
- Among the unit holders BRAC Bank, NCC Bank, EBL, Agrani Equity, Delta Life, Green Delta Insurance, IDLC Investments, IDLC AML, VIPB Asset Management, Edge Asset Management, Vanguard Asset Management, Delta Brac Housing Finance, Delta Life Insurance and Asian Tiger Capital Partners Asset Management applied for the change.
- Earlier, 78.42% unitholders of the closed-end DBH First Mutual Fund sought to liquidate the fund, which will mature in February 2020. The unitholders' proposal came after LR Global had sought extension to the BSEC for another 10 years for the mutual fund.
- LR also sought BSEC permission to convert the closed-end DBH First Mutual Fund into open-end fund. On February 2015, the BSEC banned LR Global from floating new fund or scheme for one year after finding the asset manager invested in some non-approved private equities breaching securities rules.

<https://www.dhakatribune.com/business/stock/2019/10/30/two-mutual-funds-unitholders-want-lr-global-cancelled-as-asset-manager>

## Economy

### Deposits in banks rising as NSC sales fall

New Age, October 31, 2019

- Deposit growth in the country's banking sector improved a bit to 11.39 % year-on-year in August of the current fiscal year 2019-2020 after hovering at around 10 % for several months thanks to diversion of fund flow to the banking sector from the national savings certificates.
- As per the Bangladesh bank data, deposits in the banking sector stood at Tk 10,81,134.70 crore at the end of August of FY20, increasing by Tk 1,10,575.10 crore from Tk 9,70,559.6 crore at the end of August of FY19. The launch of the NSC online management system and the increased rate of source tax on savings tools have contributed to the sharp drop in NSC sales in the first two months of this fiscal year.
- In July-August of FY20, the government's net sales of NSCs dropped to Tk 3,659.54 crore against Tk 9,057.24 crore in the same period of last fiscal year. In FY19, the BB injected \$2.34 bn. However, the BB in three and a half months of the current fiscal year injected only \$89 mn, very insignificant compared to the monthly average injection of \$191 mn in last fiscal year.
- On the other hand, the government in the first two months of this fiscal year borrowed Tk 6,387.5 crore from the central bank by issuing treasury bills and bonds.
- The government's outstanding borrowing from the BB by issuing treasury bills rose to Tk 18,883.3 crore at the end of August, 2019 from Tk 14,478.4 crore at the end of June, 2019. Besides, outstanding borrowing from the BB by issuing treasury bonds increased to Tk 15,349.7 crore on August 31 from Tk 13,367 crore on June 30.

<http://www.newagebd.net/article/89288/deposits-in-banks-rising-as-nsc-sales-fall>

### Move to import 4.2 mn tonnes of petroleum in 2020

The Financial Express, October 31, 2019

- The government will import about 4.2 mn tonnes of petroleum from different countries in 2020 to meet the domestic requirements. The Cabinet Committee on Economic Affairs at a meeting on Wednesday approved a proposal in principle in this regard.
- As per the proposal, some 3.5 mn tonnes will be gas oil (diesel) while 460,000 tonnes Jet-A-1, 120,000 tonnes octane (mogas) and 120,000 tonnes furnace oil.
- The government will import some 50 % of the petroleum from international market through open bidding while the remaining 50 % will be imported through negotiations under government-to-government contracts.

<https://thefinancialexpress.com.bd/economy/bangladesh/move-to-import-42-mn-tonnes-of-petroleum-in-2020-1572451197>

## International

### **Saudi Aramco to keep 4.6m barrels of oil in Indian storage**

New Age, October 30, 2019

- India would lease a quarter of its strategic petroleum reserve in Padur to Saudi Aramco to store about 4.6 mn barrels of oil, a government official said on Wednesday, as New Delhi seeks global investment in its expanding energy infrastructure.
- Global oil producers are eager to gain a foothold in India, where fuel demand is expected to keep rising as the country's economy grows. Indian Strategic Petroleum Reserves Ltd, a government company charged with building oil storage, signed a memorandum of understanding with the Saudi state firm for its participation in the 2.5mtonne facility in Karnataka state.
- The Padur storage facility has four equal-sized compartments. So far, Abu Dhabi National Oil Co is the only foreign company storing oil in India's strategic reserves, at Mangalore, also in Karnataka. Last year it signed a preliminary agreement to use half of the Padur reserve.
- India, which relies on imports for about 80 % of its oil needs, has underground emergency storage in three locations to protect against any supply disruption. The reserves can hold 36.87 mn barrels.

<http://www.newagebd.net/article/89296/saudi-aramco-to-keep-46m-barrels-of-oil-in-indian-storage>

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