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Stock Market & Company

Stocks retreat for 4th week

The New Age, June 08, 2024

- Dhaka stocks witnessed a decline in the past week, the fourth week in a row, as investors remained cautious and chose to observe the market trend before the declaration of the national budget and Eid-ul-Azha, one of the biggest religious festivals of the Muslims.
- Eid-ul-Azha will be celebrated in the country on June 17. DSEX, the main index of the DSE, dropped by 14.64 points, or 0.28 per cent, in the past week to finish at 5,237.32 points after a 60.44-point fall in the week before.
- In the last 16 weeks, the market went up in only three weeks and fell in the other 13 weeks, including the past four weeks. The weekly turnover on the Dhaka bourse witnessed a rise, by 15.75 per cent to Tk 2,258.02 crore in the past week compared with that of Tk 1,950.74 crore in the previous week.
- In the budget, the finance minister proposed imposing the capital gain tax on individual investors if their profits cross Tk 50 lakh. Investors were mostly active in pharmaceutical scrips, followed by textile and food shares.

<https://www.newagebd.net/post/stocks/stocks-retreat-for-4th-week>

How the budget will impact listed firms

The Business Standard, June 08, 2024



- While the new budget lacks comprehensive provisions for the capital market beyond an investment opportunity for black money, the proposed tax measures – rebates for certain sectors and increases for others – could influence stock performance.

- The sector-specific measures proposed for the upcoming fiscal year are expected to positively impact the profitability of listed companies across various sectors receiving tax cuts and exemptions.
- Conversely, companies in sectors facing additional tax burdens may experience negative effects on their profits. However, none of these stakeholder demands were fulfilled in the budget. Instead, a 15% tax on capital gains exceeding Tk50 lakh has been introduced, and the tax gap between listed and non-listed firms has been narrowed.
- The brokerage house, however, believes that the proposed budget will have no impact on non-bank financial institutions, the paper and tissue industry, motorbike producers, travel and leisure, or the real estate sector.

<https://www.tbsnews.net/economy/stocks/how-budget-will-impact-listed-firms>

Rupali Bank recommends 5% stock dividend

The Business Standard, June 08, 2024

- Rupali Bank PLC has now decided to pay its shareholders a 5% stock dividend for 2023. The decision came after its board of directors held a meeting on Saturday (8 June).
- A month ago on 2 May, the bank decided not to pay any dividends for 2023 despite a 121% growth in its earnings per share (EPS) to Tk1.35 for 2023.
- In 2022, the bank also did not pay dividends to its shareholders. Owing to the failure to pay or declare dividends for its shareholders, the Dhaka Stock Exchange (DSE) downgraded the bank to the Z category from the B category on 2 May.
- In price-sensitive information (PSI) on Saturday, the bank said the board of directors reviewed the earlier declared dividend, and the board declared a 5% stock dividend for 2023, which is subject to the approval of the Bangladesh Securities and Exchange Commission (BSEC).

<https://www.tbsnews.net/economy/stocks/rupali-bank-recommends-5-stock-dividend>

Techno Drugs IPO opens Sunday

The Financial Express, June 08, 2024

- The initial public offering (IPO) of Techno Drugs is set to open for subscription tomorrow (Sunday), aiming to raise Tk 1 billion from the stock market under the book-building method.
- General investors can apply for IPO shares through electronic subscription system until June 13, according to its IPO prospectus.
- The non-resident Bangladeshis who have a minimum investment of Tk 100,000 as on May 30 in matured listed securities at market price are eligible to apply for the IPO shares.
- Earlier, the cut-off price of the drug maker's shares was fixed at Tk 34 through electronic bidding by institutional investors between April 21 and April 24 -- a requirement for going public under the book-building method.
- Accordingly, the earnings per share (EPS) stood at Tk 2.08 for FY23, down from Tk 5.10 a year ago. Its net asset value (NAV) per share with a revaluation surplus was Tk 27.78 while its NAV stands at Tk 22.57 per share without the surplus as of June 2023.
- Imperial Capital and EBL Investments are acting as issue manager of the company's IPO process. Techno Drugs will not be able to declare dividends before the listing, according to the regulator.
- Established in 2009, the drug maker produces human and veterinary medicines and sells them at home and abroad. Techno Drugs also claims that it pioneered the production of oncology medicines in Bangladesh.

<https://thefinancialexpress.com.bd/stock/bangladesh/techno-drugs-ipo-opens-sunday>

Economy & Industry

Stock investors face 15% tax on capital gains exceeding Tk50 lakh

The Business Standard, June 06, 2024



- Individual investors will face a 15% tax on capital gains exceeding Tk50 lakh from the stock market in the upcoming fiscal year.
- Finance Minister AH Mahmood Ali, while presenting the budget in parliament, also allowed the investment of black money in the stock market without question.
- Professor Shibli Rubayat-Ul-Islam, chairman of the Bangladesh Securities and Exchange Commission, told The Business Standard that they did not expect any capital gains tax in the current market situation.
- The issue of taxing capital gains gained attention following media reports, prompting protests from both the Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE) in press conferences.
- Despite these protests, the finance minister did not accommodate the demands of the stock market stakeholders.
- Finance ministry officials earlier told TBS that this initiative aligns with IMF recommendations aimed at enhancing revenue collection and ensuring fiscal discipline within the country's economic framework.
- In 2015, individual investors were exempted from paying tax on capital gains from stocks, mutual funds, bonds, and debentures – a provision that may be revoked by the end of this fiscal year.

<https://www.tbsnews.net/economy/budget/bangladesh/stock-investors-face-15-tax-capital-gains-exceeding-tk50-lakh>

International

ECB still has 'long way to go' to tame inflation: Lagarde

The Daily Star, June 08, 2024

- The European Central Bank (ECB) still has "a long way to go" to tame inflation, its president Christine Lagarde said Friday, a day after the body announced its first interest rate cut since 2019.
- In an op-ed published Friday evening in several European newspapers, Lagarde said that inflation had "slowed significantly" and was expected to fall to the target level of two percent by next year.
- "But there is still a long way to go until inflation is squeezed out of the economy. It will not be an entirely smooth ride," she continued.
- "Interest rates will therefore have to remain restrictive for as long as necessary to ensure price stability on a lasting basis. In other words, we still need to have our foot on the brake for a while, even if we are not pressing down as hard as before."
- The ECB on Thursday lowered the eurozone's record high key deposit rate by a quarter of a point to 3.75 percent after having kept borrowing costs on hold since October.
- The cut is expected to provide a much-needed boost for the beleaguered eurozone economy.

<https://www.thedailystar.net/business/news/ecb-still-has-long-way-go-tame-inflation-lagarde>

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