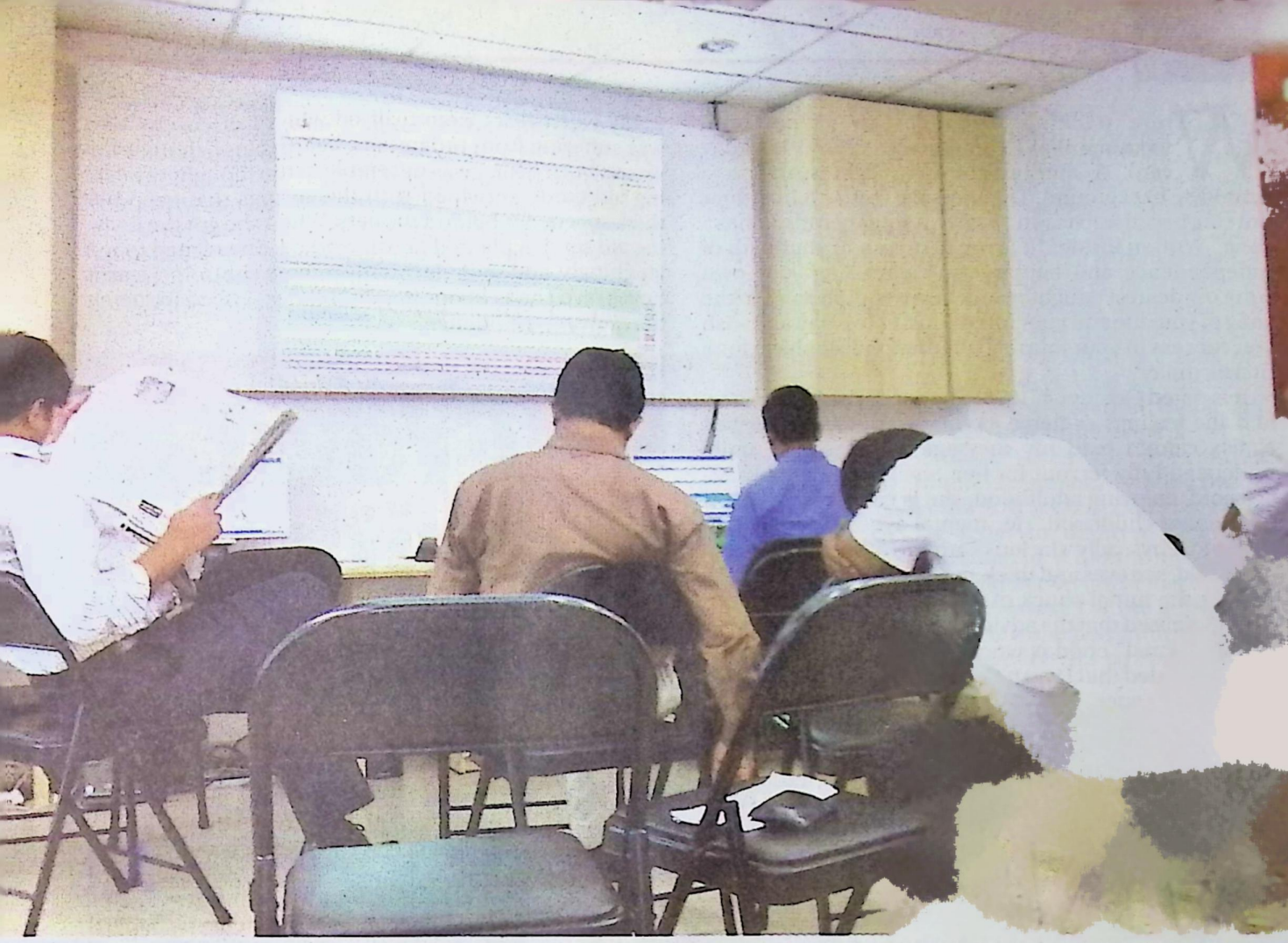


The stock market in Bangladesh has a mind of its own.

losses, but it will also diversify our portfolio of customers, something that will actually boost exports once the crisis has dwindled.

Another proactive move that the Bangladesh Government could make is to depreciate the currency a bit to increase exports. Currency depreciation means a revenue boost since foreign companies will have to pay our firms in local currencies. Although the global crisis has meant a lower demand for Bangladeshi garments, the demand is fairly income inelastic (meaning it will not be fluctuating that much with changes in consumer income) as we mainly deal with garments in the lower end of the market, a segment that will not really be affected that much by the crisis. Critics of this policy might point out that since we are an import dependent nation, a currency depreciation will shoot up our import bill. That is of course true to a certain extent; but also remember that our import bills have already been reduced by a drastic cut in commodity and fuel prices, and a thriving export industry is more than capable to offset any further losses in the import segment.

There is also of course our stock market which seems to have a mind of its own. Theoretically the Dhaka Stock Exchange (DSE) should not really be affected at all by the crisis due to very little international intervention and linking with the market. And yet we have seen both the DSE and General Index plummet in the last few weeks, leading to processions outside the Exchange. The recent plunge in both volumes and share prices can only be attributed to the panicky herd mentality of our local investors who lack the insight to really comprehend the market. Yet there's a killing to be made in the Stock Market right now as every sign indicates that this is a classic bear market (with investors holding on to or selling stocks) with no underlying rationality behind it. A bull market is right around the corner since sooner or later, investors will wise up to insular nature of the market and prices will only move one direction: up.

At no point should we underestimate the enormity of the crisis the world is facing right now: this truly is the biggest financial crisis that the world has faced together in the last century. But my point is that the travails are not shared equally by everyone; Bangladesh got a big break by not being fully integrated in the global financial chain. Now it is up to us for making best use of the opportunities that lie ahead of us. ■