

Moody's reassigns Ba3 to Bangladesh

The rating will help float first sovereign bonds: BB

SAJJADUR RAHMAN

International rating agency Moody's Investors Service has reassessed Bangladesh's rating unchanged at Ba3, which the central bank believes would help the country float its first ever sovereign bonds.

"Bangladesh's Ba3 sovereign rating reflects our methodological assessment of economic strength that balances a medium-sized, but relatively narrow and low-income economy against a track record of steady growth, macroeconomic balance and policy stability," Moody's said in its report released on Saturday.

Like 2012, Moody's gave Bangladesh Ba3 rating in 2010 and 2011 for long-term issuers (domestic and foreign currency). For short-term issuers, it rated 'Not Prime' meaning that it does not fall within any of the prime rating categories.

Bangladesh Bank (BB) hailed the achievement and termed it a 'confidence on the economy'.

"Rating reflects a country's capacity to repay liabilities. So, this rating will help us introduce sovereign bond," Abu Hena Md Razi Hasan, newly appointed deputy governor of the BB, told The Daily Star in his reaction yesterday.

Sovereign credit rating is an important tool for positioning a country in the global financial arena by providing information on the overall economic situation.

Moody's said large remittance inflows

and the role of local micro-finance institutions have supported the overall economic performance of the country.

"The former (remittance) has underpinned an improvement in the country's balance of payments, and the latter has heightened financial inclusion and established a critical social safety net that offsets the vagaries of a subsistence level per capita income," it said.

The rating agency said the country's moderate degree of financial robustness reflects a comfortable external payments position and a steadily declining general government debt burden. However, it said the government's fiscal flexibility and debt affordability are weaker than its rating peers.

Nonetheless, the country's relatively high savings and small public-sector cash balances in the banking system alleviate credit concerns pertaining to debt roll-over risks, it said.

Moody's said the improving onshore finance-ability of government deficits is increasingly offsetting exchange rate risks of the government debt stock.

"And, lastly, event risks -- that could be derived from abrupt political regime changes, policy shifts or economic and banking structure risks -- are regarded as low and unlikely to result in a sudden or outsized deterioration in sovereign credit-metrics," it said.

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Meeting over, but no news for investors to celebrate

STAR BUSINESS REPORT

A meeting between the stockmarket regulator and other stakeholders brought no good news to investors who expected steps to bring back normalcy to the troubled markets.

Participants identified the reasons for the current high volatility in the market and ways to find solutions to the setbacks.

Coming out of the meeting, Securities and Exchange Commission Chairman Professor M Khairul Hossain told reporters: "We have identified the problems, and the commission's spokesman will give a news briefing."

But SEC Spokesman Saifur Rahman did not elaborate the problems, despite repeated queries from reporters.

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PDB receives 14 power bids

STAR BUSINESS REPORT

The Power Development Board (PDB) yesterday received 14 bids for a gas-fired power project in Bhola and a dual-fuel scheme in Shikalbaha, each with 225-megawatt generation capacity.

The Bhola plant will utilise gas from Shahbazpur gasfield, which remains largely unutilised since its discovery in the mid nineties.

Bidders will have to arrange finance for both the public sector power projects and carry out engineering, procurement and construction work.

Nine bidders participated in the Shikalbaha tender, PDB said. They include Alstom of Switzerland, a Korean joint venture of Hyundai and Daewoo, South African Abener, Chinese companies CNTIC, SEC, China Chengda, Sinohydro and Shandong and US company Larsen and Toubro.

Five bidders that dropped offers in the Bhola tender are Larsen and Toubro, India's GPEC and Chinese companies China Chenga, Elern-CCCE-Hei joint venture and CNTIC.

DITF clocks up Tk 43cr in export orders

STAR BUSINESS REPORT

Export orders at the Dhaka International Trade Fair grew 72 percent this year from a year ago, organisers said yesterday.

B a n g l a d e s h received spot export orders worth \$5.14 million or Tk 43 crore this year, Commerce Minister GM Quader said at the concluding ceremony of the 17th annual fair at Sher-e-Bangla Nagar in Dhaka.

The spot export orders from the biggest trade fair in the country are on the rise as participants bagged orders worth Tk 25 crore last year and Tk 30 crore in 2010.

Over the years, the largest exposition in the country has not only become a largest trade fair, but also a popular place to visit, he said.

On the concluding day of the month-long exposition, thousands of visitors thronged the fair to pick the best bargains of products, as many participants offered discounts to sell their stocks.

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BB clarifies non-banks' exposure to stocks

STAR BUSINESS REPORT

The central bank yesterday issued a circular to clarify that non-bank financial institutions' investment in their subsidiary would not be considered while measuring their exposure to the capital market.

In line with the circular, long-term capital investment of non-bank financial institutions in other companies will not be considered as its exposure limits to the stockmarket.

On November 23, the Securities and Exchange Commission declared short-, mid- and long-term steps to stabilise the market.

The SEC said: "The loans provided by banks and financial institutions to their capital market subsidiaries and long term equity investment will not be taken into account while estimating their 'exposure to stock market'."

The Bangladesh Bank has extended the deadline for financial institutions to adjust their single-party exposure relating to the stockmarket by one year to December 31 of 2013, according to the circular.

Single party exposure limit is 15 percent. It means if a financial institutions' paid-up capital is Tk 200 crore, it cannot lend more than Tk 30 crore to its subsidiary.

Besides, in case of provisioning stockmarket investment by financial institutions, gains and losses would be considered instead of net loss only.

The copies of the central bank circular have been sent to chiefs of all financial institutions.

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