

# Turnover crosses Tk 800cr mark

## Stocks gain as a bullish stance attracts buyers with fresh funds

STAR BUSINESS REPORT

Turnover on Dhaka Stock Exchange crossed the Tk 800-crore level for the first time in the last seven months amid a gradual revival of investor confidence and an increased supply of fresh funds.

The turnover, an important indicator of the market, was at Tk 808.75 crore at the end of yesterday's trading, after increasing 7.26 percent from the previous day.

The turnover on the premier bourse was Tk 846.32 crore on November 12 last year.

With a clear coast on the horizon, investors continued investing in the equity market in prospect of recovery of stock prices, IDLC Investments said.

"The entirety of the capital market seemed to be attracting funds from the money market as returns from fixed income instruments fell and equities had gone dirt cheap," the merchant bank said.

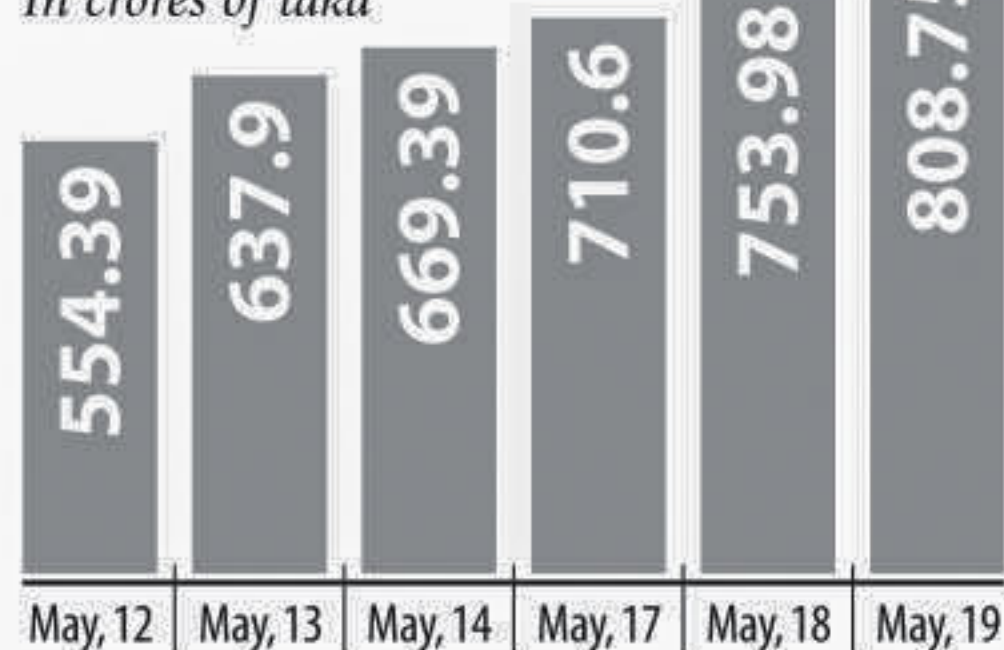
The stock index also continued to gain for the fourth day in a row amid growing investor confidence.

DSEX, the benchmark index of the Dhaka bourse, rose 51.85 points or 1.17 percent before finishing the day at 4,459.28 points.

LankaBanga Securities said the index

### TURNOVER ON DSE

In crores of taka



extended the gaining streak as a bullish stance in the capital market has lured more buyers with fresh funds.

"A large turnover value has put the market on strong grounds above the 4,400 points level, which reinforced market sentiments."

Top brokers have sought intervention from the finance minister and central bank to stabilise the market by extending the deadline till December 2020 to adjust banks' overexposure.

"This would smooth out forced selling pressures by institutional investors," the stockbroker said.

Gainers outnumbered losers 210 to 58, with

32 securities remaining unchanged on the DSE, which traded 21.02 crore shares and mutual fund units yesterday.

United Power Generation and Distribution Company topped the turnover leaders' chart with a transaction of 17.49 lakh shares worth Tk 38.48 crore, followed by Khulna Power Company, Bangladesh Submarine Cable Company, RAK Ceramics and Baraka Power.

Among the major sectors, non-bank financial institutions gained 4.48 percent in market capitalisation, followed by textiles with a 1.99 percent rise, engineering 1.64 percent and banks 1.32 percent.

Bangladesh General Insurance Company was the day's best performer, advancing 10 percent, while BD Thai Aluminium was the worst loser, slumping 7.14 percent.

Chittagong stocks also continued to gain yesterday with the bourse's benchmark index, CSCX, increasing 99.71 points to finish at 8,404.1.

Gainers beat losers as 165 scrips advanced and 56 declined, while 21 closed unchanged on the Chittagong Stock Exchange.

The port city bourse traded 2.36 crore shares and mutual fund units, generating a turnover of Tk 69.32 crore.



Mahbubur Rahman, president of ICCB, and Rokia A Rahman, vice president, pose at a meeting of the United Nations ESCAP Business Advisory Council in Bangkok yesterday.

## ICCB team joins ESCAP meeting in Bangkok

STAR BUSINESS DESK

A team of the members of International Chamber of Commerce, Bangladesh, led by its president Mahbubur Rahman, joined the ninth edition of the United Nations ESCAP Business Advisory Council meeting.

Rokia A Rahman, ICCB vice president, and Asif Ibrahim, former president of Dhaka Chamber of Commerce and Industry, have also been included in the team.

All three of them are members of the council which includes prominent business

leaders from the Asia Pacific region, the chamber said. The role of the council on the working plan for 2015 along with policy advocacy, membership criteria and campaign will be discussed at the event, ICCB said in a statement.

They will discuss the progress and preparation of the Asia-Pacific Business Forum 2015. At the forum to be held in Bangkok on May 21-22, Ibrahim will present a paper on sustainable development.

They are expected to return to Dhaka on Friday, according to the statement.



Shaikh Abdul Aziz, managing director of Uttara Bank, opens the new premises of the bank's branch in Bhola on Sunday. Md Fazlur Rahman, deputy managing director, was also present.



From left, Mahtabuddin Ahmed, chief operating officer of Robi; Yap Wai Yip, chief financial officer; Supun Weerasinghe, managing director; and Matuil Islam Nowshad, chief corporate and people officer, pose at a press meet at the operator's headquarters in Dhaka yesterday when the operator released its quarterly business update for the January to March period. Story on B1

## Taka-linked bonds to attract foreign investors: IFC

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Potential exists for such issuers to be able to source funding for longer tenors and larger sizes (given the more diversified investor base) than would be possible in the domestic capital markets, the IFC said.

The World Bank's private sector arm cited the case in India, where the success of its bond programme demonstrated to the Indian government and its central bank the potential of the offshore markets as a new and significant funding source for entities.

Lastly, a deep and liquid offshore taka market will provide a channel for foreign investors to invest dollars that can be used for investment in Bangladesh.

The primary objective of the bond issuance is to mobilise capital to fund IFC investments in projects in the country.

This will be done by converting the dollar proceeds of the bonds into taka and then using the resulting taka funds to provide financing for projects in Bangladesh.

"However, our experience shows that it is difficult to align the timing of the bond issuance with the disbursement schedules for specific projects."

The issuance will be successful when market sentiment is positive. However, the projects may not be ready at such time to utilise the issuance proceeds.

To manage the timing mismatch, the IFC will either invest the bond proceeds in liquid instruments such as treasury bills, government bonds and so on, or swap the local currency bond proceeds into dollars and use it as part of its dollar lending programme.

An IFC team led by its Executive Vice-President Jin-Yong Cai floated the idea of the taka-linked bonds to Finance Minister AMA Muhith last month in a meeting on the sidelines of WB-IMF spring meetings in Washington DC, which the minister agreed to right away.

Meanwhile, Bangladesh Bank Governor Atiur Rahman told The Daily Star that he has sent a proposal to the National Board of Revenue to make the bonds income tax-free.

He has also sought tax waiver for the overall bond market to make it more vibrant.

## Indonesia holds interest rates despite slowing growth

AFP, Jakarta

Indonesia's central bank held its key interest rate steady on Tuesday for the third consecutive month despite slowing growth in Southeast Asia's biggest economy.

Bank Indonesia's board of governors kept the rate at 7.50 percent, in line with most economists.

"The decision is in line with the tight-biased monetary policy stance to maintain the inflation to fall within the 3 to 5 percent target range," central bank governor Agus Martowardojo told reporters.

But a few economists had expected the central bank to cut the rate by 25 basis points to boost slowing growth, which sagged to only 4.7 percent in the first quarter, the slowest in six years.

The full year growth for 2014 came in at 5 percent.

"The main obstacle to an immediate rate cut is the high rate of inflation, which at 6.4 percent year on year in April, is currently well above the central bank's target," economist Gareth Leather of Capital Economics said.

## Four lakh more to get welfare benefits

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Those who are above the age of 50 receive Tk 400 in monthly allowances.

Next year, all the districts will be brought under the coverage.

In the budget, the government has shown that it spends more than 2 percent of GDP for the social safety net programme, which includes 160 categories of programmes, projects and schemes.

In the current fiscal year, the allocation for the social safety net programme has been shown to be Tk 30,751 crore, which was 2.3 percent of the GDP and 12.28 percent of the budget.

In the revised budget for the last fiscal year, it was Tk 26,654 crore, which was 2.26 percent of GDP and 12.33 percent of the budget.

## Banks' lending rates drop

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At present, banks are free to fix the level and structure of interest rates under the market-based interest rate policy.

Though the interest rate policy is market-based, Bangladesh Bank often sets the maximum cap for loans in priority sectors keeping in mind the national interests and overall macroeconomic situation.

For example, the current ceiling on interest rates for pre-shipment export loans is 7 percent and agricultural loan is 11 percent. The effective rate of interest for the Export Development Fund (EDF) is less than 3 percent.

As of today, Tk 23,500 crore has been financed with the EDF to export-oriented enterprises.

Around Tk 26,000 crore was disbursed to the buyers' credit sector at 6 percent interest rate.

The agricultural credit disbursement target for fiscal 2014-15 is Tk 16,000 crore, of which 72 percent has been disbursed during the first nine months of the current fiscal year.

No more than 10 percent interest rate can be charged under the Bangladesh Bank refinance scheme for SMEs and women entrepreneurs, while a 4 percent rebate rate is applicable for the agriculture sector for cultivation of pulses, oilseeds and spices.

Bangladesh Bank has submitted a proposal to the finance ministry for providing SME loans to dairy farms at a similar rebate rate.

Businessmen now can borrow loans from foreign sources at lower rates: London Interbank Offer Rate plus 3 to 4 percent, which is less than 5 percent.

Over the last five years, Bangladesh Bank has approved around Tk 500 billion of loans from foreign sources.

"These low cost EDF, buyers' credit, agricultural credit, SME refinance and foreign loans are significantly contributing towards reducing interest rates in the domestic financial market," said the central bank.

In recent times, the costs of funds fell gradually over time, but the

lending rate did not decline at the same pace as the deposit rate.

The government also has created a further opportunity in lending rate cuts after it slashed deposit rates on all national savings instruments by around 2 percentage points.

"It would bring down the weighted average lending rate further in the coming days. Bangladesh Bank has been actively working towards reducing the lending rate to a rational level so as to ensure an investment-friendly economic environment," said the central bank.

Finance Minister AMA Muhith said the cut in savings interest rates would make funds inexpensive for the private sector.

Industries and businesses however want single digit interest rates.

"If we can bring the banks' lending rates down to a single digit it would help immensely," said Syed Manzur Elahi, a former president of the Metropolitan Chamber of Commerce and Industry in Dhaka, recently.

## Robi profits fall on political unrest

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The operator pocketed revenue worth Tk 1,216 crore between January and March this year, compared to Tk 1,168 crore in the first quarter of last year.

However, revenue slipped 8.7 percent in January-March compared to the immediate past quarter, when

it earned Tk 1,330 crore.

"We experienced strong growth in data services in the first three months of 2015. Despite challenges, we continue to invest towards expansion of 2.5G and 3.5G networks across the country to provide a superior experience to our subscribers," Weerasinghe said.

Robi currently has 2.63 crore subscribers, while it gained 10 lakh new subscribers in the just concluded quarter, marking 4 percent growth.

Between January and March, Robi's capital expenditure was Tk 640 crore, while its total investment in Bangladesh now stands at Tk 14,860 crore.



Md Ridwanul Hoque, head of retail distribution at Midland Bank, and Choudhury Khaled Masood, supplychain management manager at Orion Group, shake hands at the signing of an agreement in Dhaka recently. The bank's Visa cardholders will get 10 percent discount at Fish & Co restaurant, a concern of Orion Group.



Habibur Rahman Sarker, chairman of Brother's Furniture, opens a showroom of the company on Laksham Bypass Road recently. Md Monirul Islam Bakshi, senior assistant manager for sales and marketing, was also present.

### Export Promotion Bureau will participate in

Texworld / Apparel Sourcing Paris  
14-17th September 2015

### Participation Fee

Apparel Sourcing -  
Ready Made Garments  
9 sqm decorated booth for TK 261,000.00

Texworld -  
Fabric and Denim manufactures  
9 sqm decorated booth for TK 302,000.00

Last Date to Apply in EPB: 25-05-2015  
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