

Stocks break losing spell

STAR BUSINESS REPORT

Stocks returned to the black yesterday breaking a three-day losing streak, backed by multinational and power companies' rally.

DSEX, the benchmark index of Dhaka Stock Exchange, rose 38.52 points or 0.85 percent finishing the day at 4,565.24 points.

After continuous sell-offs in the last few sessions, investors recovered some early losses as they showed buying appetite on fundamental stocks, LankaBangla Securities said.

"Investors might have reacted positively to the Bangladesh economy outlook of HSBC," the stockbrokers said.

The HSBC in a report said it is time to focus on Bangladesh's economic fundamentals and Bangladesh is best placed as compared to Vietnam and Sri Lanka, as political tensions ease.

IDLC Investments said the market bounced back riding on investors' expectation that the worst has passed. "The year-on-year export growth in fiscal 2014-15 created a respectable scenario in investors' mindset."

Meanwhile, the deposit rate fell 6.99 percent, a four-year low, in May, indicating equity investment to be more attractive, the merchant bank said.

Turnover, an important indicator of the market, also rose 14.7 percent to stand at Tk 485.42 crore on transactions of 12.37 crore shares and mutual fund units.

Of the issues that traded on the premier bourse, 205 advanced, 68 declined and 48 securities finished the day unchanged.

Beximco dominated the turnover chart with 64.63 lakh shares worth Tk 22.1 crore changing hands, followed by United Airways, ACI, Olympic Accessories and Beximco Pharma.

Almost all the major sectors rose in market capitalisation with mutual funds gaining 1.65 percent, followed by pharma 1.64 percent, cement 0.47 percent and banks 0.14 percent. Only the telecom sector lost 0.23 percent.

First Bangladesh Fixed Income Fund was the day's best performer, advancing 10 percent while Jute Spinners was the worst loser, slumping 9.66 percent.

Chittagong stocks also gained yesterday with the bourse's benchmark index, CSCX, increasing 59.84 points to 8,547.37.

Gainers beat losers as 150 advanced and 64 declined, while 34 closed unchanged on the Chittagong Stock Exchange.

The port city bourse traded 1.23 crore shares and mutual fund units, generating a turnover of Tk 39.59 crore.

Premier Bank gets new DMD

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SM Jaffar joined Premier Bank as deputy managing director, the bank said in a statement yesterday.

He served as additional managing director of Progoti Insurance prior to his current position, it said.

Jaffar has more than three decades of banking experience. He started his career at AB Bank in 1985 and later worked with Al-Baraka Bank, Southeast Bank and National Bank, where he served as the deputy managing director.



US-Bangla to start flights to Barisal, Rajshahi

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US-Bangla Airlines will start flights to Barisal and Rajshahi on Friday and Saturday respectively.

The Dhaka-Barisal route will have four weekly flights on Sunday, Tuesday, Thursday and Friday, the airline said in a statement yesterday. Flights on the Dhaka-Rajshahi route will operate on Saturday, Monday and Wednesday, it said. The one-way ticket for both routes has been fixed at Tk 3,200 including taxes.

US-Bangla has arranged Wi-Fi-enabled transports from Chittagong, Jessore, Barisal and Rajshahi airports for its clients, it said. The airline will also launch pick and drop shuttle services for passengers in Dhaka soon, according to the statement. US Bangla has the highest number of flights on the domestic routes.

The airline currently flies to Chittagong, Jessore, Cox's Bazar, Sylhet and Saidpur.



M Nazeem A Choudhury, head of consumer banking at Eastern Bank, and Daniel Muhor, general manager of The Westin hotel, sign a customer benefit agreement at a programme in Dhaka recently. Priority customers, Signature and Platinum cardholders of EBL will get 55 percent discounts on room rates, a fixed weekend rate of Tk 15,999, and 10 percent discounts on the food at the hotel's restaurants.



Syed Waseque Md Ali, managing director of First Security Islami Bank, opens a branch of the bank in Chandpur on Monday. Md Mustafa Khair, deputy managing director, was also present.



Abra A Anwar, CEO of Standard Chartered Bangladesh, hands over a cheque for Tk 170 crore as advance income tax for the year ended on June 30 to Md Nojibur Rahman, chairman of the National Board of Revenue, at a programme recently. The bank paid income tax of Tk 755 crore in 2014-15 and became the second largest taxpayer under the large tax unit for the period. StanChart also collected tax at source of Tk 315 crore.

IDLC plans to raise Tk 500cr through zero coupon bonds

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IDLC is the only non-bank that meets its 80 percent fund requirements with low-cost client deposits. Though other non-banks are also trying to collect deposits directly from the market, they are far behind IDLC and Uttara Finance, another non-bank.

Yet, IDLC wants to raise funds by issuing zero coupon bonds that are now costlier than short-term bank borrowing.

"Home loans that are given for 10-20 years are becoming an important business for us, but most of the depositors keep money for one year or two," Hussain said.

A zero coupon bond is also referred to as a pure discount bond or simply discount bond. The amount paid to

bondholders at maturity is called face value. The term discount bond is used to reference how it is sold originally at a discount from its face value instead of periodic dividend payments or interests.

Before 2010, many non-banks had issued zero coupon bonds to meet their funding needs. Industrial and Infrastructure Development Finance Company (IIDFC) and Uttara Finance and Investment floated zero-coupon bonds worth Tk 400 crore and Tk 200 crore respectively in 2008.

Some other companies raised Tk 50 crore to Tk 100 crore at that time.

After that, non-banks almost stopped issuing zero coupon bonds as the government did not pay tax benefits to financial institutions against

their investments in these bonds. Individual investors and corporate houses other than banks, non-banks and insurance companies get tax exemption on their incomes from bonds.

In 2013, IDLC Finance had issued a zero coupon bond worth Tk 150 crore, but it was for three years.

"The Tk 150 crore bonds were sold in just half an hour. We hope our bonds will attract investors this time too," Hussain said.

Nurul Karim Patwary, senior manager (treasury) of IDLC Finance, said their main customers are corporate houses and individuals.

He said, after the stockmarket regulator's approval, IDLC will have to get a go-ahead from the central bank to issue the bonds.

Inflation: target met

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Zahid Hussain, lead economist of the World Bank in Dhaka, said it appears that the stability of inflation has continued, helped by "soft global commodity prices and prudent management of domestic demand."

He said this is great news for the authors of the forthcoming Monetary Policy Statement from the central bank.

The challenge for them is to ensure policy continuity on the inflation front. Perhaps time has come to think about nudging the economy towards a long run rate ranging between 5 percent and 6 percent," he told The Daily Star.

The government has set the inflation target at 6.2 percent for the new fiscal year that began last month.

Food production has been upward over the last few years, which kept the prices under control, and imports also did not affect inflation as commodity prices remained stable, said Prof Shamsul Alam, a member of the general economics division of the planning commission.

Alam hopes the government would be able to continue its success in inflation control in the current fiscal year. "It will, however, depend on the oil prices in the international market."

The organisations said lower oil prices will contribute to lower food prices, by pushing energy and fertiliser costs down.

Crude oil prices dropped to as low as \$43 a barrel in March this year before recovering to \$57 of late, benefitting countries like Bangladesh, which are heavily reliant on energy imports.

New DG for Bangladesh Post Office

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ABM Humayun took charge as the director general of Bangladesh Post Office on July 2, the postal directorate said in a statement yesterday.

Before the current assignment, Humayun served as postmaster general of Rajshahi, it said.

Humayun is a post-graduate in economics from the University of Dhaka, and joined government service as assistant postmaster general.

Foreign funds in stocks drop 48pc

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It is natural that foreign investors will not be in the same mood every month or every year, he said.

"They are not leaving the market. They are very positive about the Bangladesh stockmarket," he said, adding that it is a fact that the overseas investors are still interested in Bangladesh stocks.

Also known as portfolio investment, foreign investment accounts for less than 2 percent of DSE's total market capitalisation, which was Tk 323,947 crore as of yesterday.

Banks are the foreign investors' preferred sector, but non-bank financial institutions, power and energy, pharmaceuticals, multinationals, telecoms and IT also drew their attention.

Investors include Morgan Stanley, JPMorgan, Goldman Sachs and BlackRock, among others.



Mr. Syed Ahmed Iqbal Ashraf, the President of National Bank of Pakistan is now visiting Bangladesh. During his weeklong visit he shares his thought and plan with stakeholders. With great optimism he says "we have been experiencing that the economy has been improving significantly in last years with a growth in GDP 6%+ that may go up to 7% as projected in the recent Budget for Fiscal Year 2015-2016. This tells a good story about Bangladesh. We also see, the reserve has improved to \$25 Billion, a phenomenal growth in the reserve, and the way the GDP is growing the country can achieve reserve of \$30 Billion in not-so-distant future." He also talks on Leadership stance of Honorable Governor. He says "Financial Sector with the Support and Guidance of Bangladesh Bank under the sensible leadership of present Governor, Mr. Atiur Rahman, is moving

towards the right direction, particularly in the area of inclusive financing. This will bring a larger unbanked population in the banking network to benefit from the services of Financial Institutions. They will also be able to transact the businesses with ease and comfort." He affirms that Bangladesh market can be benefited from NBP's Global Presence of nineteen countries. He mentions that NBP operates in nineteen jurisdictions apart from Pakistan with 23 Overseas Branches. NBP could very well become the bridge between the people of those regions and Bangladesh. NRBs working abroad can remit from abroad easily with this secured NBP network. NBP can be discounting import LCs opened by Bangladeshi Banks in those countries and similarly exports documents from Bangladesh can be handled by NBP Branches. National Bank

of Pakistan being a Bank of this region is already supporting all these activities for many institutions in those countries. Ashraf also focuses on emerging market in his discussion. He says "National Bank of Pakistan has been operating in Bangladesh since 1994 and has recently increased its share capital by injecting a fresh capital of over \$162 Million. National Bank of Pakistan has been the third largest contributor to Foreign Direct Investment (FDI) in Bangladesh in 2014. This also re-emphasizes its commitment to this market and confidence in Bangladesh economy and NBP wants to take active part in the growth of business opportunities. NBP is preparing itself to increase its operations in Bangladesh by assisting large groups operating in the country in meeting their business objectives. NBP revamped its operations in

Bangladesh by supporting enterprises in various promising sectors. He also says "NBP will overcome its current challenges in Bangladesh and being the largest bank in Pakistan with over 1400 branches and also being the largest provider of funds in the market, we wish to emulate the same things in our foreign markets including Bangladesh by taking a position which represents our size and our strength in local Market." He is confident that NBP will be a bank of choice by its clients by providing efficient and superior service. He is also confident on local talents. Now NBP operates through four branches, two in Dhaka and one each in Chittagong and Sylhet and is playing its active role by financing in different major sectors of the economy which generates employment in Bangladesh.

Garment exports grow 4pc, but miss target

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Export earnings from the apparel sector were 5.24 percent below the annual target of \$26.9 billion.

Over 80 percent of the country's export earnings come from the garment sector, which was able to reach its target of annual export earnings once—in 2013-14—in the last four years.

Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association, blamed the fall in earnings on the shipping problems caused by the political crisis in January-March.

Moreover, the devaluation of major currencies—dollar, Russian ruble and euro—is also responsible for the shortfall in target exports, he said.

Small and medium factories that are housed in shared buildings saw a fall in