Dhaka stocks hit 4-year high

STAR BUSINESS REPORT

The benchmark index of the Dhaka Stock Exchange rose to its highest level yesterday since the introduction of the index in January 2013.

DSEX, which replaced the DGEN more than four years ago, advanced 11.45 points or 0.2 percent to touch the new high of 5,736.3 points.

"Market participation remained encouraging," IDLC Investments said in its analysis.

Banks dominated the turnover chart for the eighth consecutive session, capturing 32.5 percent of yesterday's total trade value.

Of the top 20 shares in terms of transaction value, nine were from the banking sector.

The daily turnover, another important indicator of the market, rose 2.2 percent to Tk 1,290.38 crore, with 43.39 crore shares and mutual fund units changing hands on the DSE. Of the traded issues, 141 advanced, 139 declined and 49 closed unchanged on the premier bourse.

Beximco dominated the turnover chart with 1.3 lakh shares worth Tk 46.51 crore changing hands, followed by AB Bank, City Bank, Islami Bank and One Bank.

Among the major sectors, non-banking financial institutions gained the most, 1.88 percent, followed by mutual funds 1.08 percent, life insurance 1.02 percent, banks 0.53 percent, pharmaceuticals 0.31 percent and textiles 0.31 percent. Conversely, food and allied sector took the biggest hit, declining 1.46 percent, followed by cement 0.76 percent and fuel and power 0.23 percent.

Delta Spinners was the day's best performer with 5.78 percent gains, while Western Marine Shipyard was the biggest loser, shedding 4.63 percent.

Chittagong stocks also rose with the bourse's benchmark index, CSCX, increasing 25.8 points or 0.23 percent to finish the day at 10,791.32. Gainers beat losers as 130 advanced and 106 declined, while 31 finished unchanged on the Chittagong Stock Exchange. The port city bourse traded 3.04 crore shares and mutual fund units worth Tk 81.05 crore in turnover.

Thai trade fair kicks off in Dhaka

People visit stalls at the Thai trade fair at Sonargaon Hotel in Dhaka yesterday.

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Commerce Minister Tofail Ahmed yesterday urged Thai businesses to invest in Bangladesh.

The Thai investors will be provided with places at special economic zone if they want to invest in Bangladesh, the minister said.

Ahmed spoke while inaugurating a four-day trade fair—Thailand Week 2017—at Pan Pacific Sonargaon Hotel in Dhaka.

The Department of International Trade Promotion, the commerce ministry, the Thai government and the Thai embassy are jointly organising the annual trade fair.

Bangladesh exported $35 million worth of goods to Thailand in 2015-16 while the import figure touched $668 million in the period, he said.

He also asked the local investors to export more to the country to narrow the trade gap.

The main purpose of the fair is to strengthen the trade relation between the two countries, said Panpimon Suwannapongse, Thai ambassador in Dhaka.

Thai exporters, Bangladeshi traders who import Thai products and agents of Thai companies are showcasing Thai products only at the 15th edition of the fair.

Different kinds of products, including healthcare services, cosmetic, beauty and wellness products, bedding accessories, electrical appliances, fruits and jewelry, will be showcased at the show.

The fair will start at 10am and end at 8pm every day.

Alibaba to set up regional logistics hub in Malaysia

REUTERS, *Kuala Lumpur*

Alibaba Group Holding Ltd said on Wednesday it would set up a logistics hub in Malaysia, the latest in a string of Chinese investments including in infrastructure and real estate projects, underscoring the close ties between the two countries.

The hub will be part of a digital free trade zone that was launched by Malaysian Prime Minister Najib Razak and Alibaba's founder and executive chairman Jack Ma in Kuala Lumpur on Wednesday.

The hub, expected to be launched end-2019, "will function as a centralized customs clearance, warehousing and fulfilment facility for Malaysia and the region, to deliver faster clearance for imports and exports," Alibaba said in a statement.

Alibaba did not disclose the size of its investment in the hub.

Alibaba said the logistics facility was part of an "e-hub" it was setting up at the free trade zone, part of Ma's Electronic World Trade Platform (eWTP) initiative that aims to remove barriers to trade for smaller firms and emerging nations.

The "e-hub" in Malaysia will be the first such facility outside China, and will also include collaboration between Alibaba affiliates and other Malaysian businesses.

MIDAS

Michael Johnson, president of Berkeley Air Monitoring Group, USA, exchanges the signed documents of a deal with ASM Mashi-ur-Rahman, managing director of Micro Industries Development Assistance and Services (MIDAS), at a programme at the office of MIDAS yesterday. MIDAS will provide digital data collection and related services from the households of Bangladesh regarding cleaner cook stoves for two years.

Taiwan central bank seeks to limit fund flows

REUTERS, *Taipei*

TAIWAN'S central bank is asking some custodian banks to stem the flow of fresh capital into its financial markets, two people with direct knowledge of the matter told Reuters on Wednesday, as the local dollar hovers at more than two-year highs.

The sources said custodian banks - which handle cash and securities for foreign participants investing in a market - were told to advise their clients not to remit new funds.

The central bank later took issue with the sources' comments. In a statement, it said the reported comments "do not match the facts" but did not elaborate.

"I'm dumbfounded. The clients have already bought stocks and you don't let them remit in. How do you settle the trade?" said one of the people with direct knowledge of the matter.

The move could ease upward pressure on the Taiwan dollar, which has gained nearly 6 percent against the US dollar so far this year.

Taiwan's central bank, wary of being labeled a currency manipulator by US President Donald Trump, has pulled back on its interventions to weaken the currency.

The central bank governor has also attributed the strong currency to massive fund inflows, with investors attracted by Taiwan companies' stock dividends.

When asked about the issue earlier, a central bank official would only say Taiwan has liberalized its capital account so capital flows can freely move, including foreign funds investing in local shares.

Later in the day, the central bank issued a statement that said:

"Today a media report cited a custodian bank saying 'the central bank is hoping foreign custodian banks request their clients to not remit new capital', this does not match the facts."

Strong foreign fund flows have made the Taiwan dollar Asia's second-best performing currency this year and boosted its stock market by 7 percent to nearly 10,000 points, a level it has not closed above in 17 years.

The Taiwan dollar reached T$30.40 against the US dollar on Tuesday, a level not seen since November 2014 and the benchmark stock index .TWII hit an intraday high of 9,976.61, but fell back to close down 0.5 percent on Wednesday.

"Foreign investors get annoyed at policy intervention," said Leon Chu, an investment manager with Franklin Templeton Securities Investment in Taipei. "In the long term, such a move will hurt the domestic stock market, but in the short term, it could increase daily turnover.

"Perhaps the central bank is hinting T$30.50 is its bottom line," he said.

Indians leave bankers in the cold in $23b telecoms mega-deal

REUTERS, *Hong Kong/Mumbai*

INVESTMENT banking business in India should be enjoying bumper fees after a record year of dealmaking. It's not, and big banks blame in-house teams of advisers that have proliferated as the country's top family-owned conglomerates tighten their grip.

This week's $23 billion tie-up between Idea Cellular, controlled by the Aditya Birla Group, and the Indian business of Vodafone Group, is the latest example of a trend that is squeezing major international investment banks.

Many are struggling in a market that has long been difficult, thanks to messy deals, paltry fees and local challengers.

Bankers had been circling both sides of the telecoms mega-merger since it was first mooted late last year, when competition in the sector accelerated dramatically. In India, deals worth more than $1 billion are rare.

In the event, Vodafone hired six advisers: Morgan Stanley, Robey Warshaw, Bank of America Merrill Lynch, Kotak Investment Banking, Rothschild and UBS.

Idea hired none.

Instead of tapping bankers, the Aditya Birla Group relied on their in-house team, which includes Saurabh Agrawal, a former South Asia head of corporate finance at Standard Chartered, whom it hired last year as head of corporate strategy, and former Morgan Stanley banker Ashish Adukia, who joined nearly three years ago.

Earlier this year, it also hired Ankur Dalwani, a former managing director at Jefferies in India, according to a source familiar with the move.

"Investment banking is monthly tracking of revenue that you've made, investment banking in corporate is monthly tracking of ideas that you have generated. That's the difference," Adukia said in an emailed comment.

The trend, say bankers, is about bringing back control for Indian tycoons behind some of its biggest companies. One source with direct knowledge of this deal said Birla took a direct role in the deal, assisted by Agrawal.

REUTERS

A hotel employee clears a table after Vodafone Group and Idea Cellular press briefing in Mumbai on Monday.

"In some cases, the company in the middle of a transaction won't even copy the bank advising on the deal when sending mails finalizing the details. It's all about keeping control of each and every decision," said one banker who has worked with big Indian conglomerates, including Birla.

"Increasingly you will see the large companies roping in external advisers only in those cases where they can't bridge the gap. It will mainly involve the markets where they have no presence or no knowledge."

Birla and Idea did not immediately respond to requests for comment on the decision to leave out advisers, although one separate source familiar with the deal said the company felt its team to be "adequately equipped".

Elsewhere in India's corporate landscape, high-profile banker appointments have proliferated.

Bank of America dealmaker Ankur Verma joined Tata Group's holding company last month. A Tata spokesman said Verma will have diverse responsibilities.

Former RBS and CIMB banker Viral Gathani last year joined Vedanta Resources as head of corporate finance strategy. "The financial sector's position in the global economy is being somewhat curtailed following the various financial crises that we have seen, and the resultant increased regulations on the sector," Gathani said, in response to a query on his move.

Large Western companies also assemble in-house M&A experts, but they mostly continue to use external advisers while executing large takeovers, and in-house teams in the United States and Europe tend to be modest in size.

Asia, led by China and increasingly India, is challenging that order.

The pain of losing top talent and fees is acutely felt in markets like India, already one of the industry's toughest regions, where many have pulled back or out altogether.

Compliance demands are rising and competition for talent is increasing, but fees are going in the opposite direction.

Indian companies struck a record $72 billion in M&A deals last year, doubling from the previous year. However, total fees for investment banking, including M&A, debt and equity, declined to $463 million last year from $491 million a year ago, and was sharply lower than $682 million in 2014.

Bankers said many Indian companies no longer wanted deal-specific advisory services, but were looking for advice across due diligence, M&A, debt and equity raising, and did not want to deal with multiple banks for corporate finance services.

"The corporates think they can have a much better control over a transaction if they keep it close to themselves, and can avoid any conflict situation that some of the foreign banksmay have," said one M&A banker with a U.S. bank.

India Inc's bet is not without risks, especially for more complex international deals, or where companies require considerable fundraising. But for many, that's not yet.

"Most of the top Indian corporates are very cash rich and they don't need balance sheet support, so they would say why waste a few million dollars on purely advisory services?" said one of the bankers with a foreign bank in Mumbai.

"They can get two, three bankers at a fraction of that cost," he said, referring to their annual salary.