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BUSINESS

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Stocks sink to 22-month low

Institutional investors watching from sideline

STAR BUSINESS REPORT

Dhaka stocks sank to a 22-month low on the back of slow retreat of institutional investors upon anticipation of political uncertainty in the run-up to the national election, market insiders said.

DSEX, the benchmark index of Dhaka Stock Exchange, dropped 69.80 points, or 1.32 percent, to close the day at 5,212.23 points. The last time the index was lower than this was on January 8, 2017; it stood at 5,158.69 points then.

"No institutional investor is giving support to the market -- they are just watching from the sidelines," said the head portfolio manager of a leading merchant bank requesting anonymity.

He went on to single out the Investment Corporation of Bangladesh. "They are also not giving support."

Even the slightest fear among investors impacts the market badly, he added.

The extended bear run is rather perplexing seeing that there is: yet to be any political upheaval; a vote of confidence from the Chinese consortium of Shenzhen and Shanghai stock exchanges, which recently bought 25 percent stakes in the

DSEX; soundness in economic fundamentals.

"There is absolutely no need to panic regarding the upcoming election," said Minhaz Mannan Emon, a director of the bourse.

In the past, there was turmoil ahead of the election. But this year, with less than two months to go for the election, the situation is very normal still.

DSEX MOVEMENT
Figures in points; SOURCE: DSE

Jan28	6,144.72
Feb28	5,804.94
Mar28	5,488.86
Apr30	5,739.22
May28	5,417.42
Jun28	5,405.46
Jul29	5,280.07
Aug28	5,619.41
Sep27	5,341.88
Oct28	5,212.23

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Jute can foster green growth: analysts

STAR BUSINESS REPORT

Jute pulp has the potential to be a growth driver for the economy and can enable Bangladesh to make strides towards becoming a green economy, said analysts yesterday.

"Jute pulp is a potential game-changing growth agenda. Jute offers the potential to be an environmentally sound, rapidly scalable, and poverty reducing new growth driver," said Hossain Zillur Rahman, executive chairman of the Power and Participation Research Centre (PPRC).

The optimism was shared at a session on jute organised by the Dhaka Chamber of Commerce and Industry at the Bangabandhu International Conference Centre marking its 60th anniversary.

"Because of climate change-induced environmental concerns, jute has become an attractive business proposition," said Rahman, adding that a lot of people are involved in the sector, which offers the opportunity of 100 percent value addition.

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\$300m WB loans to boost cash transfer for poor

STAR BUSINESS REPORT

The government yesterday signed a \$300 million loan agreement with World Bank to improve transparency and efficiency of its major cash transfer programmes for the poorest and vulnerable, including the elderly, widows and people with disabilities.

The Cash Transfer Modernisation Project will help the Department of Social Services (DSS) modernise the country's four major social protection programmes using cash transfers by improving beneficiary targeting, programme administration and benefit payments.

The programmes are: the old age allowance; allowances for the widow, deserted and destitute women; allowances for the financially insolvent disabled, and stipends for disabled students, the World Bank said in a statement.

These programmes collectively reach about six and a half million of the country's poorest people.

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Probe to find BB's faults

STAR BUSINESS REPORT

The Bangladesh Bank has formed an inquiry committee to probe how approval was given from its end to a questionable proposal from AnonTex Group without the knowledge of the governor and the concerned deputy governor.

AnonTex has come under the scanner after a BB investigation in January found that it was given loans worth Tk 5,500 crore -- which is 13 times the ceiling set by the central bank -- by Janata Bank.

On October 3, BB Deputy General Manager Mizanur Rahman Akon had sent a letter, without the knowledge of deputy governor of the department and the governor, asking Janata to accept AnonTex's new plan.

The new plan involved allowing the group to: take fresh funds from other state-owned banks, reschedule its existing loans and revalue its assets afresh to make it look like a healthy company.

The green light from the BB came even though the Janata board did not consent to the garment manufacturer's proposal to reschedule its loans and revalue its assets.

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Offer more funds to plug infrastructure gaps

Analysts call upon private sector

STAR BUSINESS REPORT

Bangladesh needs huge funds to develop its ailing infrastructure but the private players have hardly shown any interest to chip in due to a lack of policy support from the government, said analysts yesterday.

"The private sector is keen to invest in the power sector in Bangladesh alone," said Wendy Jo Werner, country manager of the International Finance Corporation, at a seminar organised to mark the 60th anniversary of the Dhaka Chamber of Commerce and Industry.

But the country needs investment of \$136 billion in roads infrastructure, \$25 billion in economic zones and \$26 billion for water sector development, she said.

In the power sector, Bangladesh needs \$60 billion in investment to ensure generation of 30,000 megawatt of electricity by 2030.

She emphasised on the development of airports and ports, particularly the Chattogram port, as they are directly involved in exports.

Bangladesh loses \$3 billion annually due to traffic congestion, while only 15 percent people have access to clean drinking water. The country needs investment of \$320 billion in the infrastructure sector over the next 12 years.

"The private sector is extremely important to fill the gap in investment," Werner added.

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Raise investment-GDP ratio to improve economic status

Top banker says at DCCI conference

STAR BUSINESS REPORT

Bangladesh needs to accelerate its investment to gross domestic product ratio to achieve the status of an advanced economy by 2041, said a senior banker of Standard Chartered yesterday.

"Currently the investment to GDP ratio in Bangladesh is hovering around 30 percent. Definitely, it needs to be increased and it is possible to increase," said Abrar A Anwar, CEO and managing director of Standard Chartered Malaysia.

He spoke while presenting a keynote paper at a discussion on "Gateway to growth and investment" at an international conference at Bangabandhu International Conference Centre in Dhaka, organised by Dhaka Chamber of Commerce and Industry.

When Malaysia got the Asean economic tiger status in the middle of 1990 and 2000 its investment to GDP ratio was more than 35 percent to 45 percent, although it has come down to 25 percent, Anwar said. Similarly, Vietnam's investment-to-GDP ratio stands at 35-37 percent and Indonesia's 35 percent.

"Bangladesh's economy has been one of the most consistent in the world delivering 6 percent plus GDP growth for more than a decade," said Anwar.

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