	USD	EUR	GBP	JPY
BUY TK	82.90	93.77	106.83	0.72
SELL TK	83.90	97.57	110.63	0.75

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Stocks bleed upon fear of political tension

Investors lost Tk 45,813cr since January

AHSAN HABIB

Stock market investors continue to dread political tension centring on the upcoming national election and in the process bleed money, with the key index of the Dhaka Stock Exchange sinking for the fourth straight day yesterday.

DSEX, the benchmark index of the DSE, dropped 14.05 points, or 0.27 percent, yesterday to close at 5,224.94 points, meaning Tk 4,708.14 crore was shed in market capitalisation since Wednesday.

Investors lost Tk 45,813 crore since the turn of the year, when the index was at 6,280 points.

"Institutional and big individual investors are not active in the market now," said the chief of a bank's stock market wing.

The most-traded stocks led the losses on the Dhaka Stock Exchange yesterday.

Khulna Power Company, which topped the turnover list on three of the four days, lost 25.06 percent of its market value during the period. United Power Generation, another top-traded stock, shed 10.85 percent.

Most of the blue-chip shares, banks and non-bank financial institutions also witnessed fall during the period because of drop in profits, which disappointed the market.

A top official of a merchant bank said the most-traded companies and blue-chips are normally chosen by institutional and foreign investors.

"So, if they become inactive these stocks suffer," he said.

Institutional investors are observing the situation while the participation of foreign investors is also becoming thin due to fear of political uprising ahead of the parliamentary polls.

"All these have affected the market," said the merchant banker.

The downward trend in the market began with the liquidity crisis, said Mizanur Rahman, a stock market analyst.

The liquidity crisis is yet to be solved and the way the government tried to deal with the issue has made it worse, said Rahman, also a professor of Dhaka University.

Turnover, another important indicator of the stock market's vitality, rose 1.6 percent to Tk 538.20 crore.

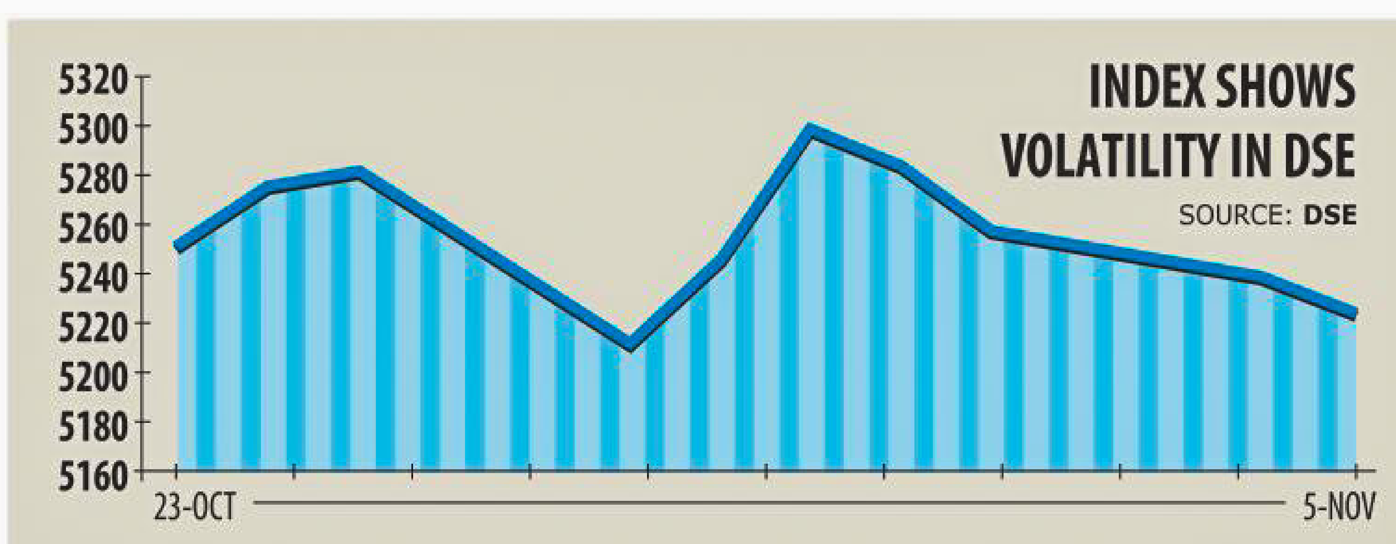
Khulna Power was the top traded stock with 31.12 lakh shares worth Tk 29.26 crore changing hands, followed by Saiham Textile, Nurani Dyeing, Intech and Dragon Sweater.

ISN, which announced divided just the day before after a gap of five years, was the day's best performer, posting a 9.97 percent gain, while Khulna Power was the biggest loser, shedding 9.76 percent.

Losers outnumbered gainers by 153 to 125, while 61 securities remained unchanged.

The Chittagong Stock Exchange also fell with its key index declining 35.43 points to finish at 9,711.76.

The port city bourse traded 71.89 lakh shares and mutual fund units worth Tk 20.78 crore.



RETAILERS' BAN ON UZBEK COTTON

Local spinners missing out on cheap supply

REFAYET ULLAH MIRDHA

Bangladesh could not use the cheap cotton from Uzbekistan over the last 10 years or so because of a restriction imposed by major clothing retailers due to use of child or forced labour by the Uzbek government in cotton harvesting.

Uzbekistan was the main source of cotton for Bangladesh before the ban was imposed in 2007, according to spinners and cotton importers.

Nearly 60 percent of the demand for cotton in Bangladesh used to be met by Uzbekistan, said Monsoor Ahmed, secretary of the Bangladesh Textile Mills Association (BTMA), the platform for spinners and weavers.

The Uzbek and Turkmen governments force farmers to grow cotton and citizens to pick cotton, all under the threat of penalty such as loss of land, jobs, expulsion from school, and docked pay, according to Cotton Campaign, a global rights group.

The rights group started campaigning against the use of Uzbek cotton in 2007 and nearly 170 major retailers signed the pledge.

However, no Bangladeshi importer brings cotton from Uzbekistan now or from Commonwealth of Independent States (CIS) countries like Turkmenistan because of use of child and forced labour in cotton harvesting.

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REUTERS

Before 2007, Uzbekistan has been the main source of cotton for Bangladesh.

BB's intervention fails to stabilise exchange rate

JEBUN NESA ALO

The foreign exchange market has been going through volatility because of the widening demand-supply gap of US dollars amid high import expenditure and low export earnings.

The average bills for collection (BC) selling rate, used for import payments, were Tk 83.90 per dollar yesterday, which was Tk 83.80 at the beginning of October.

The rising demand for dollar compelled the Bangladesh Bank to devalue the local currency gradually throughout last month, from Tk 83.78 to Tk 83.85 per dollar.

Moreover, the central bank has sold around $435 million in the market in the past four months since July to meet the growing demand.

The interbank exchange rate increased by almost Tk 3 in the last one year from Tk 80.90 in October 2017.

The scarcity of greenbacks prompted private banks to sell the dollar to importers at a rate of up to Tk 85 last month, which was beyond their own declaration rate, in violation of Bangladesh Bank's rule.

The breach was identified during an investigation conducted by the central bank in the first week of October.

Last week, the central bank issued a show-cause notice on nine private banks for selling the dollar to importers at Tk 84 to Tk 85 against their declared rate of Tk 83.85 per dollar.

The banks are Trust, City, NCC, Dutch-Bangla, BASIC, Mutual Trust, Exim, Dhaka and Prime banks.

The banks, in their explanations, regretted for charging the higher rate, said a senior executive of the BB.

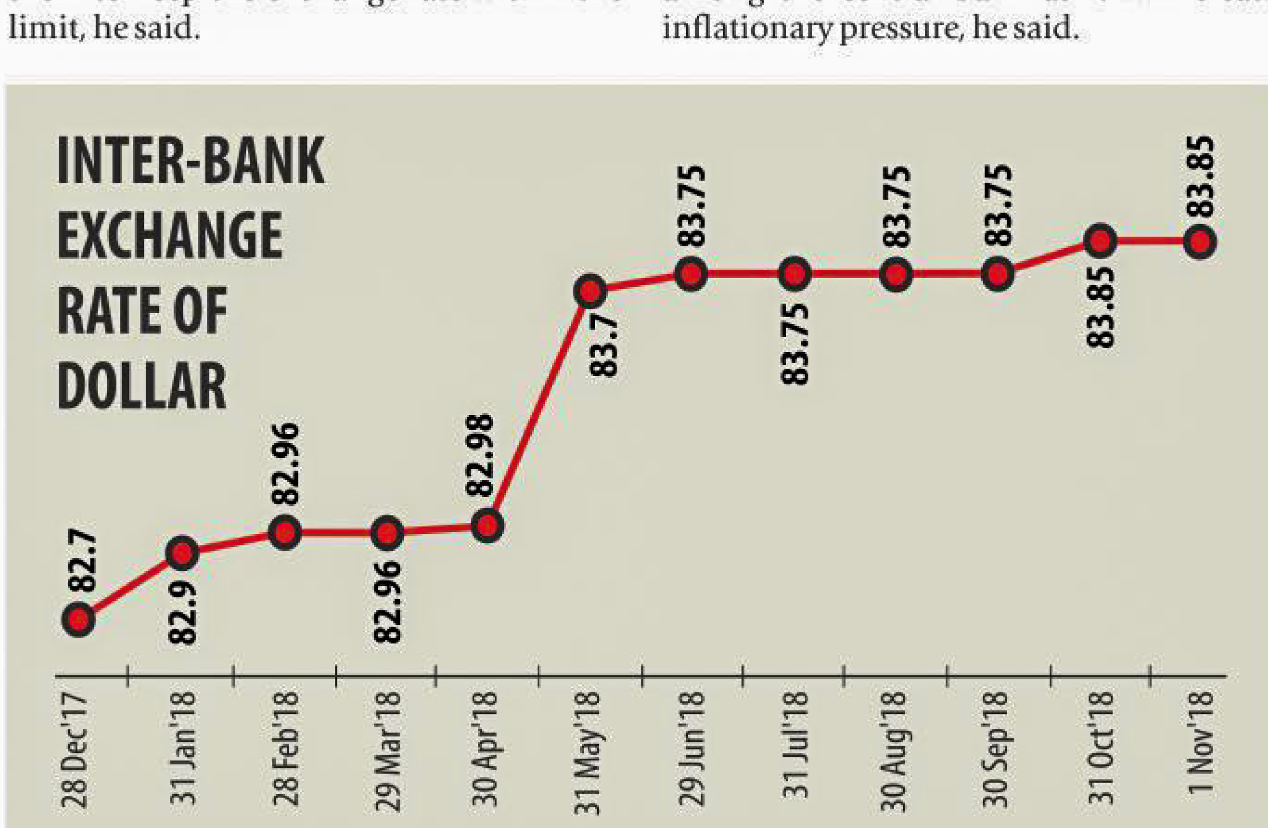
In this perspective, the central bank decided to warn the nine banks and ask them to keep the exchange rate within the limit, he said.

Banks can set the BC rate at the inter-bank exchange rate plus Tk 0.05 to Tk 0.10, according to the central bank's instruction.

The ceiling for the BC rate is not a rule but a practice, which aims at maintaining discipline in the foreign exchange market, said the BB executive.

The recent volatility in the exchange violated the discipline, he added.

The rising dollar price raised concerns among the central bank as it will create inflationary pressure, he said.



Md Arfan Ali, managing director of Bank Asia, said the rising exchange rate will put pressure on inflation as the price of imported goods will increase.

The devaluation of the local currency will also put pressure on the liquidity market as the settlement of letters of credit will require more money, he said.

The exchange rate is likely to go up further in the coming days due to rising import and various international factors, he hinted.

The trade deficit widened to $ 2.1 billion in the July-August period of the current fiscal year from $ 1.76 billion in the same period last year.

The current account deficit, however, narrowed to $60 million in the first two months of 2018-19 from $369 million in the same period last fiscal year thanks to good inflow of remittance.

Remittance earnings increased 31.56 percent to $1.12 billion in September this year compared to $856.87 million in the same month last year.

The credit goes to a rise in the dollar price as private banks offered up to Tk 85 per dollar in recent months, said a senior executive of a private bank.

The country's import expenditure registered a 5.66 percent growth in July-August against export growth of 2 percent, according to central bank data.

Inflation falls further in October

STAR BUSINESS REPORT

Inflation came down to 5.40 percent in October, the lowest in 18 months, on the back of a continuous fall in food prices.

Last month's inflation figure was 3 basis points lower from September, according to the Bangladesh Bureau of Statistics (BBS).

The last time the inflation rate was lower than this was back in March 2017, when it stood at 5.39 percent.

Overall inflation has fallen every month so far this year.

In October, food inflation fell 36 basis points to 5.08 percent from the previous month. This was preceded by a decline of 55 basis points in September from that of the previous month.

However, non-food inflation shot up 45 basis points to 5.90 percent last month. It went up 72 basis points in September from that a month ago.

Zahid Hussain, lead economist at the World Bank Dhaka office, said food inflation has continued to decline, but non-food inflation rose to its highest level in the last 24 months.

Non-food inflation was 3.6 percent in October 2017.

Hussain said the rise in non-food inflation has been much sharper in urban areas than in rural areas. The rise in clothing, footwear, furniture and household equipment and transport prices appeared to have contributed most to the increase in non-food inflation generally and in urban areas in particular.

"While it is reassuring to see that the growth in nominal wages in agriculture, industry and services has marginally outpaced both headline inflation and non-food inflation, thus preventing the erosion of the purchasing power of wages, a large section of the population whose incomes are fixed in the short run must be hurting because of the persistently rising non-food inflation since January 2018."

"Supply chain disruption and rising cost of imports may be contributing to these price increases since both monetary growth has remained fairly low and implementation of fiscal expansion has been contained so far."

The government has set an inflation target of 5.6 percent for the current fiscal year.

Ispahani Islamia Eye gets tax exemption for 5 years

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has granted tax exemption to Ispahani Islamia Eye Institute & Hospital (IIEI&H) on its earnings from the services provided to the public.

The benefit will be retrospectively valid from May 30, 2018 for five years, according to a notice of the revenue board issued recently.

"The tax exempted income should be spent on education, public welfare and health care services of Ispahani Islamia Eye Institute & Hospital," it said.

The notice added the hospital has to submit income tax return along with its audited accounts.

Set up in 1960 by philanthropist MA Ispahani as a not-for-profit hospital, IIEI&H provides eye care to all segments of society.

It also trains doctors, surgeons and paramedics with a view to building the capacity of the nation in eye care services, according to its website.

The hospital served nearly 900,000 out-patients in 2017, up from less than 200,000 in 2001.

It performed nearly 50,000 surgeries last year, up from around 10,000 in 2001, according to the IIEI&H.

Summit to operate three river terminals in India

STAR BUSINESS DESK

Summit Alliance Port East Gateway (SAPEGIL), a Bangladeshi firm, has won the work to operate three river terminals in India, Summit Group said in a statement yesterday.

SAPL
Summit Alliance Port Limited

The Inland Waterways Authority of India (IWAI) in its first-ever public private partnership handed over the three terminals to SAPEGIL, a subsidiary of Summit Alliance Port Ltd, on a supply, operate and maintain model.

The terminals are Garden Reach terminal in Kolkata and Gaighat and Kalughat terminals in Patna.

SAPEGIL Director Ashok Chakrboraty took over the management of the river terminals from the IWAI in the presence of Gopal Krishna, shipping secretary of India.

This is the first time a Bangladeshi company was awarded the management of terminals in a foreign country, according to the statement.

"We feel very privileged to have taken over the management of three river terminals in Kolkata and Patna both as the first Bangladeshi company as well as the first PPP with the IWAI," said Summit Group Chairman Muhammed Aziz Khan.

SAPEGIL will have the right to collect user fees as per the tariff rates notified by the IWAI for a period of 30 years.

Under the revenue sharing arrangement, SAPEGIL will retain 61.70 percent of the revenues and the rest the IWAI from the seventh year of operation.

SAPEGIL won the work through a competitive tendering process, the company said.