

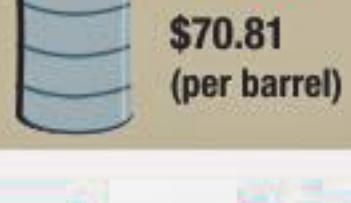
DSEX ▼ 1.13% 5,372.23

CSCX ▼ 1.11% 9,978.78



Gold

\$1,299.20 (per ounce)



Oil

\$70.81

(per barrel)

MUMBAI ▼ 0.42% 38,700.53

TOKYO ▼ 0.21% 21,761.65

SINGAPORE ▼ 0.22% 3,315.42

SHANGHAI ▼ 0.05% 3,244.81

BUY TK 83.35

USD

EUR

GBP

JPY

SELL TK 84.35

92.59

108.11

0.73

96.39

111.91

0.77

BUSINESS

DHAKA TUESDAY APRIL 9, 2019, CHAITRA 26, 1425 BS • starbusiness@thecitizenstar.net

Stocks rallied after all elections, not this time

AHSAN HABIB

This year's post-election scenario in the stock market does not match with the previous four times thanks to a lack of confidence among investors and a liquidity crunch in the financial sector.

In the three months since the election, DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), shed 577.78 points, or 9.71 percent.

In the last one month alone, the premier bourse lost Tk 10,339.39 crore, or 2.50 percent, from its market capitalisation, according to data from the DSE.

But after the past four elections, the index jumped. In 1996, the general index (DGEN) of the DSE, the then prime index, shot up 78 percent to 1,605.73 points in three months after the election.

In 2001, DGEN rose 26.09 percent to 834.52 points in the next quarter after the polls. In 2008, the gain was 4.98 percent to 2,671.38 points.

In 2014, DSEX, which replaced DGEN, rose 6.37 percent to 4,588.78 points in the three months after the election.

"The election has not had an impact on the stock market this year," said AB Mirza Azizul Islam, a former chairman of the Bangladesh Securities and Exchange Commission.

Some other factors affected the stock market



POST-ELECTION MARKET MOVEMENT

1996 *In 3 months*

Election held on June 12. The general index rose 78 percent to 1,605.73 points.

2001

Election held on October 1. The general index rose 26.09 percent to 834.52 points.

2008

Election held on December 29. The general index rose 4.98 percent to 2,671.38 points.

2014

Election held on January 5. The general index rose 6.37 percent to 4,588.78 points.

2018

Election held on December 30. The general index fell 9.71 percent to 5,372.23 points.

too, like the liquidity crunch in the banking sector.

Private sector credit growth hit a 53-month low in February due to the ongoing liquidity crunch brought about by the rising default loans, according to data from the Bangladesh Bank.

In February, credit growth stood at 12.54 percent, the lowest since October 2014. The growth was much lower than the central bank's target of 16.5 percent for the second half of fiscal 2018-19.

The banking sector's market capitalisation is substantial, so its problems are bound to spill over into the stock market, Islam said.

Institutional investors are facing a liquidity pressure, so most of them are retracting from the mar-

ket, said Khairul Bashar Abu Taher Mohammed, secretary general of the Bangladesh Merchant Bankers Association.

Moreover, unprecedented amounts of placement shares made the market drier, he added.

Placement shares are those acquired in a capital raising event for a select group of investors and from the open market.

Most of the newly listed companies issued placement shares by the same numbers as in their initial public offering, said Minhaz Mannan Emon, one of the directors of the DSE.

Placement shareholders can sell their shares after a few months of the company getting listed: their one year lock-in period starts from the date of IPO prospectus approval and a company gets listed after 8-9 months, he added.

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WEALTH SURCHARGE Receipts rise 19pc

SOHEL PARVEZ

Taxmen netted 19 percent higher wealth surcharge in fiscal 2017-18 thanks to increased compliance, according to provisional data of the National Board of Revenue.

However, the growth of collection was lower than a year earlier, when receipts shot up 29 percent.

In fiscal 2017-18, the NBR bagged Tk 446 crore from wealth surcharge, which was introduced in fiscal 2011-12 as an alternative to property tax.

Collection was paltry in the initial days, but it began to increase as the tax authority broadened its net by introducing new slabs of wealth and rates of surcharge.

And until fiscal 2016-17, 11,661 wealthy persons paid surcharge on their net wealth -- a number, which some analysts earlier said, would be less than the actual number of affluent in the country.

At present, people with more than Tk 2.25 crore of net wealth have to pay 10 percent or minimum Tk 3,000 surcharge of their payable income tax.

During the current fiscal year, NBR slapped a new rule that people who have more than 8,000 square feet of residential property in any city corporation, or own a car in his name, will have to pay surcharge.

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Transcom brings Tropicana Frutz



STAR BUSINESS REPORT

PepsiCo has brought in Tropicana Frutz—a product of the world's number one packaged juice brand—for the Bangladesh market as part of efforts to widen its presence in the beverage category.

Tropicana is known for offering high quality, refreshing juices and fruit beverages, the company said in a statement yesterday. Tropicana Frutz, which was launched last week, will be made and distributed nationwide by Transcom Beverages Ltd, PepsiCo's exclusive bottling partner in Bangladesh.

The beverage will be available in mango, orange and apple flavours, according to the statement.

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