

Bank Asia inks bond subscription deal with bourses

STAR BUSINESS DESK

Bank Asia Limited recently signed an agreement with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) for electronic subscription of its first perpetual bond.

Khairul Bashar Abu Taher Mohammad, chief regulatory officer of DSE, Rahi Iftekhar Reza, representative of CSE, and Shafiuzzaman, additional managing director of the bank, inked the deal at the DSE Tower in the capital's Nikunja locality, read a press release.

The subscription of the first perpetual bond will continue until December 7, 2023.

Among others, Md Sazzad Hossain, deputy managing director of the bank, Mohammad Ibrahim Khalil, chief financial officer, Mohammad Abdullah Al Mamun, investment unit head, Sumon Das, chief executive officer of Bank Asia Securities Ltd, and Ershad Hossain, managing director and chief executive officer of City Bank Capital Resources Ltd, were present.



Khairul Bashar Abu Taher Mohammad, chief regulatory officer of Dhaka Stock Exchange (DSE), Rahi Iftekhar Reza, representative of Chittagong Stock Exchange, and Shafiuzzaman, additional managing director of Bank Asia, pose for photographs after signing an agreement on perpetual bond subscription at DSE Tower, Nikunja in Dhaka recently.

PHOTO: BANK ASIA

Tata Tech IPO garners bids worth over \$18b

REUTERS, Bengaluru

India's Tata Technologies' 30.43 billion rupee (\$366 million) initial public offering (IPO) remained the most oversubscribed domestic IPO this week, signalling robust demand for the Tata group's first public float in nearly two decades.

Investors bid for about 3.13 billion shares worth 1.56 trillion rupees (\$18.74 billion) by the close of subscriptions on Friday, compared with the 45 million shares on offer, with institutional investors showing the most interest.

The bids were roughly 69.43 times the issue on offer, according to stock exchange data.

"The oversubscriptions, even as the size is not very large, is a positive factor and this shows that if an issue is well priced, leaving something on the table, investors are willing to invest," said Arun Kejriwal, founder of Kejriwal Research and Investment Services.

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This is the first Tata group company IPO since Tata Consultancy Services in 2004. The company will make its trading debut on November 30. Tata Technologies, which provides engineering and technology services to auto, aero and heavy machinery makers, will be valued at 202.83 billion rupees at the top-end of its price band of 475-500 rupees.

Other listings this week included Fedbank Financial Services, Flair Writing Industries, Indian Renewable Energy Development Agency, and Gandhar Oil Refinery. They were oversubscribed between 2.20-64.07 times.

India has seen 196 IPOs so far in 2023, a record both at home and compared with any other country. The domestic equity market has hit record highs this year as India's economic growth prospects and a vast consumer base make it an attractive destination for companies and investors.

Kejriwal expects this momentum to continue in the coming months. "There seems to be an appetite for IPOs as there are many in the pipeline. There is money. As long as people get the pricing right, there should be no concern," he added.



Mohammed Alamgir Kabir, chairman of GPH Ispat, and Mohammad Shamim Akhter, chief engineer of Public Works Department, exchange signed documents of a memorandum of understanding at the latter's head office in Dhaka recently.

PHOTO: GPH ISPAT

GPH Ispat strikes MoU with Public Works Department

STAR BUSINESS DESK

GPH Ispat Ltd, an integrated steel manufacturing company in Bangladesh, recently signed a memorandum of understanding (MoU) with the Public Works Department (PWD).

Mohammed Alamgir Kabir, chairman of GH Ispat Ltd, and Mohammad Shamim Akhter, chief engineer of PWD, penned the MoU at the latter's head office in Dhaka, read a press release.

Under the MoU, GPH Ispat and PWD will jointly work on several areas, including research collaboration, upgradation of laboratory facilities, exchange of information about construction materials and research data, finding scope for high-strength materials usage to construct strong and cost-efficient structures, building environmentally-friendly structures, bringing innovation in construction materials, and organising seminars and symposiums.

Southeast Bank holds BAMLCO conference

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Southeast Bank PLC recently organised a daylong conference styled "BAMLCO Conference-2023" at the bank's head office in Dhaka.

Md Masud Biswas, head of Bangladesh Financial Intelligence Unit (BFIU), attended the conference as chief guest, read a press release.

There were 324 participants, including heads of branches, branch anti money laundering compliance officers (BAMLCOs), and in-charges of sub-branches and offshore banking units.

Nuruddin Md Sadeque Hossain, managing director of Southeast Bank PLC, chaired the event, where the chief anti money laundering compliance officer (CAMLCO), deputy chief anti money laundering compliance officer, executives and officials of AML and CFT division and other concerned divisions also took part.



Md Masud Biswas, head of Bangladesh Financial Intelligence Unit (BFIU), and Nuruddin Md Sadeque Hossain, managing director of Southeast Bank PLC, pose for photographs with the participants of "BAMLCO Conference-2023" at the bank's head office in Dhaka recently.

PHOTO: SOUTHEAST BANK

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (NOV 25, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 62-Tk 75	3.79 ↑	0 ↑
Coarse rice (kg)	Tk 50-Tk 52	2.00 ↑	99 ↑
Loose flour (kg)	Tk 45-Tk 50	9.20 ↑	-21.49 ↓
Lentil (kg)	Tk 105-Tk 110	0	2.38 ↑
Soybean (litre)	Tk 150-Tk 155	1.67 ↑	-14.57 ↓
Potato (kg)	Tk 45-Tk 50	-9.52 ↓	102.13 ↑
Onion (kg)	Tk 100-Tk 10	12.82 ↑	144.44 ↑
Egg (4 pcs)	Tk 40-Tk 43	-18.63 ↓	-2.35 ↓
SOURCE: TCB			



Sarah Cooke, the British high commissioner to Bangladesh, inaugurates Jinnat Textile Mills Ltd, a significant addition to the portfolio and a testament to DBL Group's commitment to excellence in the textile industry, at DBL Industrial Park, Shreehatta Economic Zone, Moulvibazar in Sylhet. Story on B1

PHOTO: DBL GROUP

Standard Bank launches int'l remittance services thru bKash

STAR BUSINESS DESK

Standard Bank Ltd has recently launched an international remittance service through bKash.

Md Habibur Rahman, managing director and CEO of the bank, and Ali Ahmmed, chief commercial officer of the mobile financial service (MFS) provider, signed a deal to this end at the bank's head office in Dhaka, said a press release.

Under this arrangement, Bangladeshi expatriates around the world will now be able to send money to the beneficiaries' bKash accounts in Bangladesh from all branches of banks and exchange houses that have remittance drawing agreement with Standard Bank.

Among others, Md Mohon Miah, deputy managing director and head of IRM of the bank, Md Siddiqur Rahman, deputy managing director

and COO, Md Mosharrar Hossain, senior vice-president and CRO, Md Ali Reza, executive vice-president and CFO, Sufi Tofail Ahmed, executive vice-president and CITO, Sayed Shaikh Ibna Jilany, vice-president for remittance partnership management of the MFS provider, and Shofiullah Shourav, deputy general manager of international remittance operation, were also present.



Md Habibur Rahman, managing director of Standard Bank, and Ali Ahmmed, chief commercial officer of bKash, inaugurate an international remittance service at the bank's head office in Dhaka recently.

PHOTO: STANDARD BANK

The future of interest rates

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recent movements in interest rates rather than a reliable guide to where they are heading.

A few years ago, the economist Claudio Borio and his colleagues at the Bank for International Settlements critiqued the models used by monetary policymakers. These models, they said, assume that real interest rates are determined exclusively by economic factors such as the amount of slack in the economy, demographics, inequality and other influences on savings and investment decisions. By contrast, the models assume inflation is a monetary phenomenon, set by central bank policies.

The study examined data from 19 countries back to 1870 and found only a tenuous link between the determinants of savings and investment and real interest rates. "No single factor or combination of such factors", the authors concluded, "can consistently explain the long-term evolution of real interest rates. This holds true at both the domestic and global levels".

The reason for this failure, Borio suggests, is that conventional theory has things back-to-front. Inflation is driven by real factors, whether supply chain disruptions, strikes or sectoral shifts, while the real interest rate is

primarily a product of where central bankers themselves set interest rates. It is a controversial claim. But it would certainly explain why central bankers' forecasts seem to track their own policy gyrations so closely.

Professional fixed-income investors have not done much better. Over the past couple of years, they have suffered mark-to-market losses worth trillions of dollars by holding bonds at prices which reflected expectations that rates would stay low indefinitely. In the summer of 2021, the Austrian government issued a 100-year bond with a coupon of 0.85 percent. Within a few months, the bond had traded up to 139 euros. By last month, its price had fallen by around three-quarters from this peak. So much for the wisdom of crowds.

Bond investors deserve some sympathy, however. In the stock market, high valuations usually lead to lower future returns. By contrast, bond markets do not revert to the mean over any investible period. In recent decades, speculators lost their shirts selling short Japanese government bonds which, at the time, yielded only a handful of basis points. Ultra-low rates persisted so long in Japan that this trade became known as the "widow maker". No wonder investors failed to anticipate

the recent upturn in rates.

Financial historians provide a longer-term overview of the course of interest rates. But even here there is little agreement. A much-cited 2019 paper by the academic Paul Schmelzing, now at Boston College, examined eight centuries of data and concluded that real interest rates had experienced a "suprasingular" decline over this time. The ultra-low interest rates of the last decade were not abnormal. Indeed, if the trend persisted Schmelzing forecast that "within a generation historically implied real interest rates will have reached negative territory".

Schmelzing's observation of the long-term downward trend is exaggerated by the high rates of the late medieval period before the establishment of modern financial capitalism. Furthermore, the negative real interest rates found at times during the past century are an artefact of unexpectedly high inflation — as we have experienced again over the past couple of years.

More importantly, Schmelzing's linear extrapolation of an 800-year trendline into the near future ignores a key historical insight into bond markets. Namely, that long-term interest rates move in cycles, upwards and downwards, over lengthy periods.

Sri Lanka

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The International Monetary Fund has said Sri Lanka's economy had shown early signs of stabilisation but recovery was "not yet assured".

The Central Bank of Sri Lanka (CBSL) on Friday cut the benchmark lending rate by one percentage point to 10 percent as on-year inflation came in at 1.5 percent, against a peak of nearly 70 percent a year earlier. The deposit rate was reduced by a similar amount to 9.0 percent.

"The monetary policy board underscored the need for a swift and full pass through of monetary easing measures to market interest rates, particularly lending rates," the bank said in a statement.

Gold leaps

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interest rates by May next year.

"After all, the latest economic data have been rather disappointing," Commerzbank said in a note.

Commerzbank expects the first rate cut to be implemented in the middle of next year, so only then is the price of gold likely to climb lastingly above \$2,000.

Traders widely expect the Fed to leave rates unchanged in December, while pricing in about a 64 percent chance of a cut as early as May, according to CME's FedWatch Tool.

"We don't see either a significant move higher or lower

in the short run into next year and it becomes more certain that the U.S. central bank is willing to cut interest rates and probably cut interest rates significantly before we reach the 2 percent inflation target," said Bart Melek, head of commodity strategies at TD Securities.

Lower interest rates diminish the opportunity cost of holding non-interest-bearing gold.

Spot silver gained 2.7 percent to a 12-week high at \$24.3 per ounce. Platinum rose 1.6 percent to \$930.61 and palladium was up 2.2 percent to \$1,068.83 per ounce, both heading for their second weekly gain.