

## **Foreign portfolio investment encouraging in 2007**

A concerted effort from the policy-makers, regulators, issuers and stock exchanges are needed to sustain the present inflow of portfolio investment in the country's stock market that saw a surge of 839 per cent in calendar 2007, market analysts said. Adequate supply of quality shares from telecommunication, power, energy and gas sectors, uninterrupted operation of the stock trading and quality research and analysis on securities market are also needed to attract investors. According to Dhaka Stock Exchange (DSE) statistics, foreign investors from Europe and the US in 2007 pumped Tk 8.9 billion into the market, who found the Bangladesh stock market lucrative for capital gains. "The country has a bright prospect for attracting foreign portfolio investors in days to come, but there are still some constraints in the way to woo them. It is necessary to remove them to keep the securities market on track," managing director of Equity Partners Securities Limited (EPL) Saiful Islam, a pioneer to bring portfolio investors in the country's stock market, told the FE. Currently, more than 90 per cent of the portfolio investors are investing in the country's stock markets through his merchant bank. "I am receiving huge response from the foreign investors, mainly from the US and the EU, who are seeing Bangladesh as an international investment destination," Saiful said adding that presence of portfolio investors are one of the vehicles of growth for the emerging stock markets. He said world's leading investment banks are focusing on Bangladesh's growing stock market, which contributed about 16 per cent to the country's gross domestic product (GDP) in 2007 against only 6.0 per cent in 2006. As on Thursday last, the total market capitalisation of DSE whooped to \$ 11.50 billion, which hovered below \$ 5.0 billion in 2006. Foreign investors want growth-oriented market and always look for new quality issues like telecom, energy, power, gas and pharmaceuticals as they think most of the existing securities are over-priced. "Power, energy and pharmaceutical stocks have mainly attracted foreign funds," the EPL chief said. He said the capacity of the Central Depository Bangladesh Ltd (CDBL) should also be enhanced to ensure smooth operation of stock trading. To woo foreign investors coordination among the government relevant agencies like Bangladesh Bank, National Board of Revenue, Securities and Exchange Commission and Board of Investment of Bangladesh (BoI) is also required. Saiful, however, predicted that this year would also be very attractive for foreign investment if everything goes well. In the past year, the foreign investors bought shares worth Tk 14.4 billion and sold shares worth Tk 5.5 billion. The benchmark DSE General Index saw a record 396 per cent rise in turnover and 139 per cent increase in value in 2007, according to a DSE data. The stable political atmosphere and uninterrupted trading are behind the rise in portfolio investment in the country's stock market through merchant banks, analysts said. According to DSE sources, the banking, power, pharmaceutical and cement sectors received most of the portfolio investment. **(Financial Express, January 03, 2008)**