

## Stocks

DGEN	0.44%
2,807.61	
CSCX	0.55%
5,649.39	

## Currencies

	Buy Tk	Sell Tk
USD	68.45	69.45
EUR	94.00	98.76
GBP	98.48	103.42
JPY	0.75	0.79

SOURCE: STANDARD CHARTERED BANK

## Commodities

Gold	\$868.74 (per ounce)
Oil	\$37.84 (per barrel)

SOURCE: AFP

## More News

### \$9b remittance in 2008

The number of Bangladeshis cleared for overseas employment in 2008 exceeded 8,75,000 creating a new record. A record amount of nearly US 9 billion has also been received as remittances in 2008. Previous year (2007) witnessed the employment abroad of over 8,32,000 which was then a record too.

B-3

### New issues lift stocks

The debut of two new issues pulled up the indices of Dhaka Stock Exchange on the first day of the New Year yesterday. Maksons Spinning Mills has joined the stock market by floating 80 lakh ordinary shares of Tk 10 each. The National Housing Finance and Investment has joined in by offloading five lakh ordinary shares of Tk 100 each.

B-2

## International

### Wall Street eyes relief in 2009



The last trading day of 2008 on Wall Street provided a merciful end to an abysmal year -- the worst since the Great Depression, wiping out \$6.9 trillion in stock market wealth. Six years of stock gains disappeared as the economy crumbled and markets crashed around the globe, shaking the confidence of professional and individual investors alike.

### Time Warner to lose MTV to Viacom fees spat

Millions of subscribers to the Time Warner Cable television network risked losing some of their favourite shows on Thursday amid a bitter dispute with entertainment giant Viacom Inc. over rights fees. Viacom has threatened to pull Nickelodeon, MTV, Comedy Central, VH1 and 15 other channels from Time Warner and its 13.3 million subscribers at 12:01 am (0501 GMT) on Thursday if a new fees deal is not reached by then.

B-4

## Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at [business@thedailystar.net](mailto:business@thedailystar.net)

# PCBs post rise in profit

SAJJADUR RAHMAN

Private commercial banks (PCBs) kept up a good show in 2008 despite a global and domestic slowdown in business activity, according to data received from different PCBs.

The operating profit of a PCB was as high as 97 percent and the lowest margin was 23 percent for 2008.

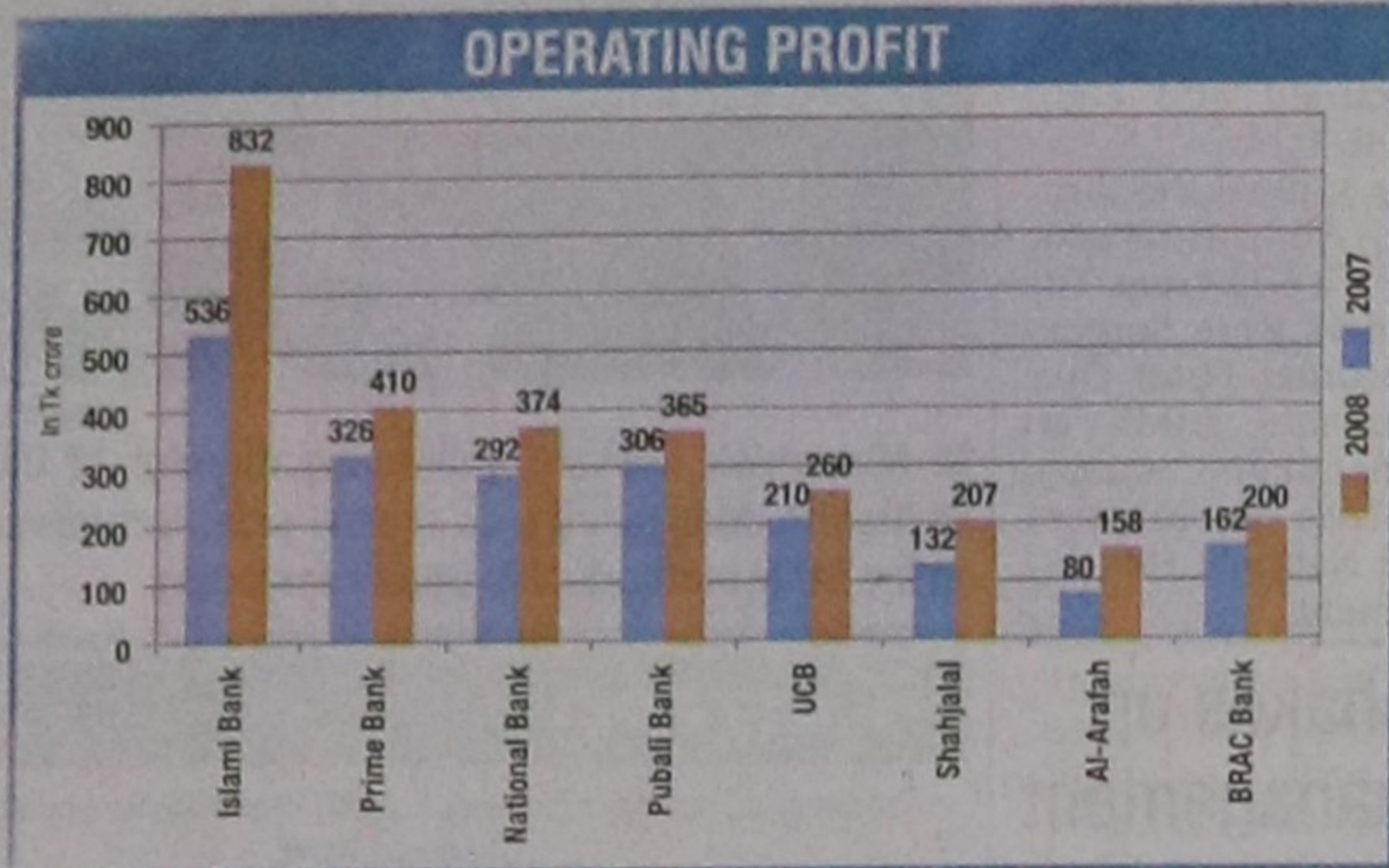
Banks put the growth down to higher import payments following a huge rise in the prices of commodities from the beginning of 2008.

"The commodity price hike that lasted through the third quarter of 2008 pushed the banks' profit up in 2008," said Shahjahan Bhuiyan, managing director of United Commercial Bank (UCB).

"Banks' commission income increased significantly because of a price rise in 2008," said AKM Shafiqur Rahman, executive vice president and secretary of National Bank Limited (NBL).

The operating profit of Al-Arafah Islami Bank rose by 97.5 percent to Tk 158 crore in 2008 from Tk 80 crore in 2007. Shahjalal Bank and Islami Bank saw operating profit increasing by 57 percent and 55 percent respectively in 2008, from a year earlier.

National Credit and Commerce Bank recorded a 33 percent rise in operating profit to Tk 236 crore in 2008 from Tk 178 crore a year ago.



The growth rate for UCB and NBL, two first-generation PCBs, was 24 percent and 28 percent respectively in 2008.

Operating profits by NBL and UCB reached Tk 374 crore and Tk 260 crore respectively in 2008.

Operating profits of BRAC Bank, a third-generation private bank, also increased by over 23 percent to Tk 200 crore from Tk 162 crore in 2007.

Prime Bank's operating profit soared to Tk 410 crore in 2008 from Tk 326 crore in 2007. Pubali Bank earned Tk 60 crore more than its 2007 income of Tk 306 crore.

Southeast Bank posted Tk 300

crore in operating profit, up from Tk 291 crore in 2007.

Of the other banks, EXIM earned Tk 260 crore, Dhaka Bank Tk 254 crore, Dutch-Bangla Tk 221 crore, Mercantile Tk 190 crore, IFIC Tk 177 crore, Basic Tk 175 crore, Standard Bank Tk 156 crore, Trust Bank Tk 138 crore, Jamuna Bank Tk 120 crore, One Bank Tk 110 crore and Social Investment Bank Tk 100 crore, according to data tallied by The Daily Star.

AB Bank's operating profit however dipped by Tk 15 crore to Tk 450 crore in 2008 from Tk 465 crore in 2007.

"Banks in Bangladesh saw a good

year in 2008 despite the global financial turmoil. Credit should go for the central bank for its prudent and effective guideline," said Nurul Amin, managing director of NCC Bank.

"We have also seen growth in the banking industry in 2008 in spite of a slowdown in the global economy," said Syed Abu Naser Bukhtear Ahmed, chief executive officer of state-owned Agrani Bank.

Agrani's operating profit reached Tk 600 crore in 2008 from Tk 526 crore a year ago.

The operating profit of the PCBs had increased by nearly Tk 1,500 crore to Tk 5,200 crore in 2007, up from Tk 3,734 crore in 2006.

The country's imports grew by 31.66 percent in the first four months of the current fiscal year, compared to the same period of the previous fiscal year, according to Bangladesh Bank data.

The value of letters of credit against imports worth \$7.898 billion was settled in the July-October period of fiscal 2008-2009, compared with \$5.999 billion in the same period of the previous fiscal year.

Credit to the private sector rose by 24.72 percent to Tk 39,736 crore in October 2008, compared to the same period of the previous year.

sajjad@thedailystar.net

# DSE trade to cover country in 2 years

STAR BUSINESS REPORT

Dhaka Stock Exchange plans to reach out trading facilities to the doorsteps of people in a span of two years.

"As part of our market expansion and development programmes, each area of the country will be brought under trading network," said AFM Shariful Islam, acting chief executive officer, yesterday.

Presently, the DSE trading network covers Dhaka, Gazipur, Narayanganj, Comilla, Hobiganj, Chittagong, Sylhet, Khulna, Barisal, Rajshahi and Bogra districts.

The capital market operators see such expansion plan 'a timely step' in the backdrop of rising market depth.

The growth in market capitalisation is one of the tools that show increasing market depth. At the end of 2004, such capitalisation was only Tk 224.16 billion. By the end

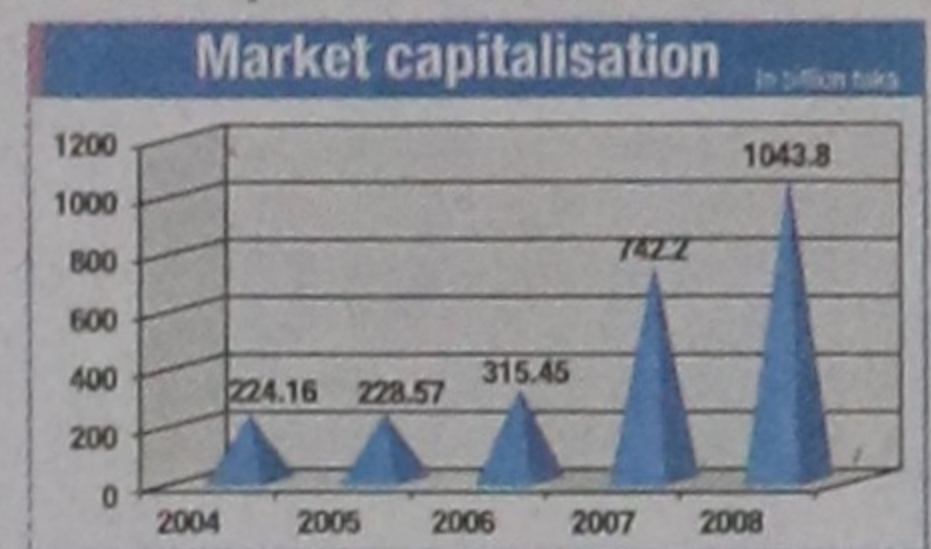
of 2008, it reached Tk 1,043.80 billion.

Unveiling a 16-point future plan of the premier bourse in 2009, Islam also said within this year the listed companies, which are not being traded under central depository system (CDS), will be brought under the CDS.

At present, of the total 412 listed securities, some 170 companies are under the CDS.

A modern pricing mechanism styled 'book building' would be introduced this year to encourage the big and successful companies to be listed with the stock exchanges.

The DSE also plans to set up an independent central clearing company this year in order to speed up settlement, clearing and payments for securities, and to cope with the rising volume of trading.



# Top Citi execs to forego bonuses

AFP, New York

Citigroup said Wednesday its top two executives would forego bonuses and others would get "substantially reduced" bonuses in light of the troubles facing the ailing banking giant.

A memo to employees from chief executive Vikram Pandit said the actions were part of a major overhaul of executive compensation to confront the problems for the company and banking sector.

The new plan may also include "clawbacks" to "recoup executive compensation that over time proves to be based on inaccurate financial or other information," according to the memo.

Pandit said Citi had finalised an agreement for the US government's investment of 20 billion dollars in the banking firm announced last month that required limits on executive compensation.

Citigroup, which in October reported a quarterly loss of 2.8 billion dollars, its fourth straight quarter in the red, said Pandit and chairman Win Bischoff would forego bonuses for 2008.

"The most senior leaders should be affected the most," Pandit said.

"Win and I believe this is fair, in light of the challenges of the year and the need for compensation elsewhere in the organization."

# Boost bilateral ties to up export: President



Visitors browse around at the Dhaka International Trade Fair 2009 that kicked off at Sher-e-Bangla Nagar in the capital yesterday.

STAR BUSINESS REPORT

President Iajuddin Ahmed yesterday stressed the need for increasing export and improving bilateral trade relations with different countries to accelerate Bangladesh's economic growth.

"We have to diversify our export

items and pay more attention to promote newer products for export to accelerate the national economy," he said.

He was speaking at the inauguration of the month-long 14th Dhaka International Trade Fair (DITF) 2009 at Sher-e-Bangla Nagar in the capital.

"We will have to identify our common problems and find solutions to those to boost export, so it can help grow our economy," the president said.

Commerce Adviser Hossain Zillur Rahman said the government is now emphasising such non-traditional export markets as Canada, South Korea and Turkey to increase the annual export volume.

"We have already started exporting our products to some new countries and are trying to explore new destinations," he said.

The Ministry of Commerce and Export Promotion Bureau (EPB) are jointly organising the fair, an annual event that mainly aims at showcasing local products to attract foreign buyers.

EPB Vice Chairman Shahab Ullah said 467 companies and organisations, including 22 from 12 other countries, are taking part in the exposition.

The participating countries include India, Pakistan, Singapore, Thailand, USA, UAE, Japan and Germany.

The exhibition showcases a wide range of local and foreign products such as machinery and equipment, agriculture and gardening tools, carpets, chemicals and allied products, cosmetics, dairy products, electrical and electronic items, foods and groceries, gift items and handicrafts.

Besides these, home appliances, leather, leather goods and footwear, sport equipment, sanitary ware, textile and garments, toys and stationery, watches and clocks, jewellery, ceramics and melamine products, cars and plastic goods are on display at the show.

Organisers expect the participating companies would get Tk 100 crore spot orders, and business deals worth Tk 50 crore at the fair. Last year, local exporters received spot orders worth Tk 20 crore.

Sri Lanka is the partner country of DITF-2009, which is open to visitors everyday from 10am to 10pm at a Tk 12 entry fee for adults and Tk 7 for minors.

Vadivel Krishnamoorthy, Sri Lankan high commissioner to Bangladesh, was also present at the inauguration.

## 800s LOOKING BACK

# RMG breezes past 2008

REFAYET ULLAH MIRDHA

Bangladesh's ready-made garment (RMG) business was well in 2008, although some national and international anti-business issues marked the year as a turbulent one.

However, on the onset of the year, the country was faced with a severe competition in the global RMG market when the safeguard measures imposed by EU on Chinese market lapsed on January 1, 2008.

Earlier, the EU and US imposed a safeguard measure on the Chinese products on the first day of 2005 when the multi-fibre arrangement came to an end and the real global competition started. And the embargo on Chinese exports to the USA market expired yesterday.

Meanwhile, the local garment manufacturers and exporters faced a severe labour unrest from January 10 of the same year. A number of factories in the city's Mirpur area came under attack by the infuriated workers at that time.

Soon after the labour unrest subsided, the hardship that faced by the RMG workers in the wake of soaring prices of basic commodities came to the fore. To cope with the situation, garment owners started selling rice and few other essentials to their workers at a subsidised rate.

High yarn price also turned a burning issue for RMG makers in the immediate past year. Since March, the price of this raw material for RMG products started climbing and it reached US\$3.0 per kg from its previous rate of \$2.30.

When the local manufacturers were doing very well despite some hurdles in the local and international markets, the government was creating pressure on them for gas rationing in their respective factories, but later it backedtrack from implementing such a plan in April.

The manufacturers also opted for a lean manufacturing system from mid-2008 to offset their

overall expenditure because of the cost of production increased by more than 16 percent on higher transport and petroleum costs, frequent outage of power, implementation of minimum wages for workers and the exorbitant prices of foods.

And, in a bid to disseminate knowledge on compliance issues, many garment factory owners staged motivational dramas on their factory premises during June-August period.

A good opportunity came for the Bangladeshi manufacturers when the Indian government allowed them to export 8 million pieces of RMG products to the neighbouring country under the Sifta (South Asian Free Trade Area) agreement.

But, the Bangladeshi exporters could not exploit the full potentiality for the year although the Export Promotion Bureau (EPB) started approving certificates from May 21 in this connection.

Bangladesh succeeded in exploring some new markets like Japan, Romania, Poland, South Africa and Russia. These new export destinations helped a lot to minimise the possible bad impact stemmed from the global financial recession.

Bangladesh government fixed cotton waste price at US\$1.60 per kg to discourage the smuggling of this important by-product of fabrics by a section of unscrupulous traders.

The BKMEA suspended the decision of fixing the baseline prices of some RMG products in the face of criticism from different quarters in July.

A new chapter was opened for Bangladesh when the government approved a local recruiting agency to export RMG workers to Russia in July.

The local textile manufacturers imported Tk 450 crore textile machinery, a record in such import, in July when the government cut duty on capital machinery in its 2008-09 budget.

In August, Bangladesh set a milestone in RMG (both woven and knitwear) exports worth \$10.70 billion.

Since September some internationally



SYED ZAKIR HOSSAIN

Jeans on display at a showroom in Dhaka. The readymade garment sector passed 2008 with relative ease.

renowned retail companies started demanding rebates on exported goods from Bangladesh.

Then again, labour unrest erupted. A considerable number of RMG units in Gazipur were set ablaze and more than 900 owners threatened to suspend production.

The labour unrest lingered until the celebration of Eid-ul-Fitr on October 2, 2008.

Two international important expositions --- Knitexpo and Batepo --- were held on October 20 and November 6 respectively.

In November, some international buying houses opened their liaison offices in Dhaka to purchase RMG products directly. The Opening of such offices also helped a lot to recoup the losses of bad impact of global financial recession.

According to RMG makers, Bangladesh awaits a real test as the US restriction from China ended yesterday. The US is one of the main markets for Bangladesh.

Talking to The Daily Star, Anwar-Ul-Alam Chowdhury Parvez, BGMEA president, said such

post-withdrawal time does not pose a threat for Bangladesh as the country has already sustained such tough time several times.

The chief of the apex trade body for the apparel sector suggested that the government take some pre-cautionary measures like lowering bank interest rate, introducing dual currency payment system, a further cut in fuel oil price and uninterrupted power supply to the apparel factories.

Parvez, however, cautioned: "Providing further 3 percent rebate to exporters by the Chinese government might be a problem for Bangladesh."

Earlier in June the Chinese government provided 3 percent rebate to its exporters to boost exports.

When asked, K M Rezaul Hasanat, chairman of the Viyellatex Group, said the country will enjoy better exports from the second half of 2009 calendar year as more and more foreign orders are expected to pour in.

"But, it is too early to say what will be an impact of the withdrawal of US restriction from the Chinese market on our exports," Hasanat said.

reefat@thedailystar.net