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Stocks

DGEN	▼ 1.14%	2,622.77
CSCX	▼ 2.27%	5,207.05

(Week-on-week)

Asian Markets

MUMBAI	▼ 0.39%	8,966.68
TOKYO		Closed
SINGAPORE	▲ 0.76%	1,596.92
SHANGHAI	▼ 0.68%	2,281.09

(Friday closings)

Commodities

Gold	▲	\$960.44	(per ounce)
Oil	▲	\$50.62	(per barrel)

SOURCE: AFP
(As of Friday)

More News

Stocks went bearish last week

In spite of high turnovers, stocks experienced a bearish trend last week, driven by continued slide in the prices of banking shares, the life-line of the market. The benchmark index of Dhaka Stock Exchange, DSE General Index, fell 30.34 points, or 1.14 percent week-on-week to 2,622.77.

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International

The rich are feeling the bite



An original Kandinsky, an Andy Warhol, a grand piano and Rolexes by the dozen: as the economic crisis bites even the filthy rich are hocking prized possessions to pay the bills. "This business in the past eight months is booming," said Yossi Dina, the president of The Dina Collection, who describes himself as the pawnbroker to the stars.

AIG bonus outrage has employees living in fear

Pillars of the community are now pariahs fearing for their safety in a ritzy area of Connecticut home to many executives at American International Group Inc., hit with a backlash over bonuses it paid to top brass even as it accepted federal bailout money.

S'pore may take six years to recover: Lee Kuan Yew

Singapore's recession-hit economy may take up to six years to recover in a worse-case scenario, influential founding father Lee Kuan Yew said. "The optimistic scenario is, two to three years, we're out of this," Lee told an audience at a local university late Friday.

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Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Crisis scare cuts car sales

Auto show ends

STAR BUSINESS REPORT

Some were all smiles and some were glum at the concluding day of the 4th Dhaka Lucas Motor Show yesterday, as the sales executives of brand new cars were gauging their sales and struggling to match up those to the previous events.

All agreed on a point that the ongoing global recession has made the buyers of luxury cars a bit conscious. The traditional buyers' turnout in such a show was not as per expectation compared to years earlier.

But the trend of showcasing brand new cars came back to the stage, which was more or less 'missing' during the tenure of the last caretaker government.

Brand new cars like BMW, Mitsubishi, Toyota, Nissan, Proton, and KIA were on display.

"Sales are far below our target," said Md Ashif Sorwar Khan, manager (marketing and sales) of Multimode Transport Consultants Ltd, distributor of Malaysian Proton brand cars in Bangladesh.

He said customers feared the likely impacts of the global financial meltdown on Bangladesh. "So, sales at the fair are not satisfactory," he said.

The same was echoed by a sales executive of Japanese Toyota. He said the response they got at the fair was a reflection of consciousness of possible recession fallout.

However the traditional practice of hiding ownership of a new car still remains. A young buyer, who was looking at a new model of Toyota, said in Bangladesh having a new car sometimes becomes a 'crime'. "So, the new car market as a whole is yet to flourish."

Industry insiders said automotive market in Bangladesh maintained a double-digit growth in the last couple of years spurred by government, corporate and individual purchases.

Although the auto market is dominated by old or reconditioned cars imported from Japan, new car sales also recorded a rise with some 4000-4500 brand new cars being sold in 2008, up from 3500-4000 a year ago.

Car sales remain high mainly in the last three-four months of a fiscal year as government purchases begin. Some individuals who prefer to clear their undisclosed money also buy cars during this period.

Rangs Limited, the sole distributor of Mitsubishi brand cars, sold the highest number of cars at the fair -- seven until yesterday evening.

Md Shadiqu Mostuk, manager and head of Private Sales of Rangs Limited, said the company got good response as it offers after-sales services.

MS Evan Arifeen, sales executive of Pacific Motors Ltd, sole distributor of luxury brand Nissan, said they sold five cars. "But the number could be more if the economic condition remained in favour," he said.

BMW, one of the leading global carmakers, forecast that the global auto sales would drop by 10-20 percent this year due to the recession.

Auto sales in key markets -- Europe, the USA, Japan, China and India -- fell amid a demand decline.

Car sales grew last year in Bangladesh thanks to loan facilities extended by banks. A less impact of recession on exports also helped keep momentum of purchase by individuals and corporate bodies.

However Mizanur Rahman, an expatriate, differed with the system of giving loan. Rahman who came to buy a new car for his family in Bangladesh said mortgage system should be introduced for purchasing cars.



Brand new cars are on display at Dhaka Lucas Motor Show that ended yesterday. Participants said they got lukewarm response this time, compared to years earlier.

US banks lost \$26b in Q4 of 2008

AFP, Washington

Revised figures showed the US banking sector lost a combined 32.1 billion dollars in the fourth quarter last year amid a deep credit crisis, the industry's regulator said Friday.

The Federal Deposit Insurance Corporation said it revised the figures from last month, which had shown a preliminary loss for the industry of 26.2 billion dollars, after "significant amendments" were made by banks.

The quarter marked the first time since 1990 the federally insured banks and thrifts lost money collectively.

The hefty fourth-quarter loss left the banking sector with a profit for all of 2008 of 10.2 billion dollars, revised down from an initial estimate of 16.1 billion dollars.

"A few very large losses were reported during the quarter -- four institutions accounted for half of the total industry loss -- but earnings problems were widespread," the FDIC said.

"One out of every three institutions reported a net loss in the fourth quarter. Only 36 percent of institutions reported year-over-year increases in quarterly earnings."

Most of the revisions came from write-downs of bad assets, but do not affect banks' ability to lend because these are not counted in capital requirements.

Meanwhile, the US government completed the sale of IndyMac, the California lender seized last year after it collapsed amid the real estate crisis in one of the biggest bank bankruptcies in US history.

The FDIC said in a statement Thursday it had sold IndyMac Federal Bank, based in Pasadena, California, to OneWest Bank, a newly formed Pasadena-based federal savings bank organised by IMB HoldCo LLC.

KDS launches Tk 300cr ICD in Chittagong



A worker sky-lifts a container at the yard of KDS Logistics in Chittagong yesterday. KDS launched a Tk 300 crore inland container depot.

STAFF CORRESPONDENT, Chittagong

KDS Logistics Ltd launched a Tk 300 crore inland container depot (ICD) yesterday to provide "world-class" logistics solutions.

KDS Logistics, a unit of leading apparel and accessories maker KDS Group, is equipped to handle 35,000 TEUs (twenty-equivalent units) of empty and laden containers.

The ICD runs with "purpose-built" equipment such as trackers and side filters that safeguard containers against damage.

Shipping Minister Afsarul Amin inaugurated the ceremony, while Md Salim Rahman, managing director of KDS Logistics, delivered a welcome speech.

Afsarul lauded the role of KDS in the country's socioeconomic development for over two decades and said the gigantic and modern ICD would definitely set an example for other entrepreneurs in the private sector.

"We have come a long way since independence. This is not the time to stand still. This is the time to move towards economic emancipation with active participation of public and private sectors," the minister said.

Industries Minister Dilip Barua, who attended the programme as special guest, said entrepreneurs must have a vision of industrialisation and KDS Logistics is the brainchild of such vision, badly needed to stay competitive.

Barua urged entrepreneurs to establish more industries in Bangladesh.

"As long as I'm in charge of the industries ministry I will make sure that no setbacks hinder efforts to set up industries," Barua said.

State Minister for Foreign Affairs Hasan Mahmud stressed efforts to enhance the multipurpose capacity of Chittagong port.

The country's premier seaport recorded annual handling growth at 15 percent.

"The port may not withstand the increasing pressure of handling containers after five to six years," he said.

"We need more private operators to rise to future challenges."

In his speech, Salim Rahman, MD of KDS Logistics, has highlighted the salient features of the state-of-the-art ICD.

KDS Logistics stands out with modern features in construction, equipment, a security system, compliances and business process, Rahman said.

"It adheres to global standards of an off-dock facility."

"With an area of two-lakh square-feet, the CFS (container freight station) or warehouse of KDS Logistics is among the largest in Bangladesh," he said.

"Because of the nature of the cargo and their customer in this CFS, strict compliance about health and safety and business process is rigorously maintained," Rahman said.

The CFS has 42 bays and a fully-covered loading and unloading platform to accommodate 160 trucks and 63 containers.

Rahman urged the government to allow private ICDs to handle more import items to ease congestion at the Chittagong port.

FACTBOX

- Cost: Tk 300 crore
- Equipped to handle 35,000 TEUs of empty and laden containers
- Built on 46-acre land
- Location: Sonaichhari in Sitakunda
- Container freight station has 42 bays

Pubali Bank posts Tk 365cr operating profit

SAJJADUR RAHMAN

Pubali Bank Limited, a private commercial bank that was on central bank's watch list till 2007 for its poor performances, posted an upward in all major indicators in 2008 despite global financial slowdown and its adverse impact locally.

The bank's operating profit reached Tk 365 crore during the year ending December 31 from Tk 305 crore a year earlier, registering a 20 percent up.

Its total volume of loans and deposit also marked a significant rise last year.

"Non-performing loan (NPL) of the bank has come down to only 3.59 percent in the just concluded year, which was over 14 percent in 2005," said Helal Ahmed Chowdhury, the bank's managing director and chief executive officer.

He thinks strong monitoring and loan recovery as well as the management's commitment have helped salvage the bank and bring it into profitability.

Pubali Bank, set up by some private sector entrepreneurs in 1959, faced some tumultuous years till 2005. In 2005, it came out of the Bangladesh Bank's list of 'problem banks'.

However, it was under the purview of the central bank's early warning system up to December 2007. The BB withdrew the same month its observer from the bank, who was appointed in accordance with this system.

Pubali's senior officials now claim it is emerging as a giant bank with its network

countrywide. Numerous deposit and lending products with a quicker service are on offer, they said.

The deposit stood at Tk 7,306 crore in 2008 from Tk 5,802 crore a year earlier, a 26 percent up.

The bank credit also witnessed a 22.21 percent growth to Tk 6,178 crore last year. The credit was Tk 5,055 crore in 2007.

Import and export business also showed a significant growth. The bank dealt Tk 5,949 crore and Tk 2,480 crore worth of import and export orders respectively in 2008, while the figures were Tk 4,835 crore and Tk 1,991 crore a year ago.

"We have come out of the legacy of nationalisation. Employees have been given proper training to cope their mindset with today's demand," Chowdhury said, adding that recovery and lending targets have also been set for the bank branches.

Chowdhury, serving the bank for 32 years, pointed out that the bank's unique quality is its relatively lower lending rate.

The bank lends at 12.5 percent interest rate and there is no hidden cost, he said.

The bank CEO also spelt out this year's expansion plan, which includes opening of 15 new branches to take the number to 386.

Pointing to the fact that the toll of branches that have so far gone online is 10, Chowdhury said, "We have a plan to raise such branches to 90 by the year-end."

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