**ASIAN MARKETS** 

MUMBAI

**V** 0.44%

\$84.71

**TOKYO** 

0.97%







REFAYET ULLAH MIRDHA

**STOCKS** 

DGEN

**CSCX** 

Exports grew 2.29 percent in September -- the lowest in nine months this year -- due to a financial crisis in Europe and lean season in business. Earnings in the month were \$1.44 billion, according to

COMMODITIES

\$1,674.95

DHAKA FRIDAY OCTOBER 14, 2011, e-mail:business@thedailystar.net

the latest data from the Export Promotion Bureau (EPB), released yesterday. Bangladesh clocked a staggering 40.25 percent growth in June this year, but the country's overseas sales have

started to slow down since then. The September figure is also 22.63 percent shy of the government's target of \$1.87 billion for the month.

Exporters said generally the months of July, August and September are considered as a lean season as the brands in the western countries spend busy times for developing designs and styles during the period.

Moreover, the country's main export destination, the EU, is now going through a debt crisis. As a result, the demand for apparel, Bangladesh's main export items, declined to some extent, the exporters said. The export growth was recorded at 32.40 percent in

August compared with the same month last fiscal year, the data showed. Export growth in the first quarter (July-September) of

the current fiscal year was recorded at 22.56 percent, compared to the same period a year ago. During the July-September period Bangladesh earned

\$6.17 billion from the exports against the periodical exports target of \$6.27 billion. Export growth of some major products such as knitwear, woven garments, jute and jute goods, home textile,

footwear and frozen foods slowed down during the period. In the July-September period, Bangladesh exported knitwear worth \$2.58 billion and woven worth \$2.23 billion, with an 18.26 percent and 24.82 percent rise

respectively compared to the same months a year earlier. Monoj Kumar Roy, joint secretary (export) of the commerce ministry, said the exports declined a bit mainly for the lean season. July, August and September months are considered as lean season in overseas trade.

"Still, we are keeping an eye on the sectors. We are taking measures for the major products that suffered a slowdown."

He said the double dip recession in EU might not be responsible for the slowed growth in the export earnings

#### MONTH-WISE EXPORT GROWTH



as the crisis in eurozone is a recent development.

The shipments of September were made at least three or four months ago, Roy added. "So, the crisis in EU might not be responsible for the slow growth in export."

However, Shafiul Islam Mohiuddin, president of Bangladesh Garment Manufacturers and Exporters Association, said externally the crisis in EU is responsible for the slowdown in exports. "Internally, the lack of skill manpower and poor infra-

structures is responsible for the dip. If we want to sustain in the business we will have to be cautious as the recession is haunting down the main export market in the EU. We have to develop the skill of management, production and workers," he said. Fazlul Hoque, former president of Bangladesh Knit-

wear Manufacturers and Exporters Association, said the fall in export was predicted earlier as the placement of orders from the international buyers was declining over the last few months. He said the exports might decline further in the com-

ing months as the demand for garment items in the international market is also declining for the crisis in the EU.

Moreover, manufacturers have lost competitiveness to some extent due to a rise in production cost following hike in the prices of petroleum products, power and energy, he added.

"However, both the government and exporters should watch the market trend carefully, so that the export growth can revive through diversifying the market during the crisis," he said.

reefat@thedailystar.net

## Let's not exaggerate the impacts

A senior Citi official discusses European debt crisis with The Daily Star

SAJJADUR RAHMAN

**CURRENCIES** 

**BUY TK** 

SHANGHAI

SINGAPORE

**0.04%** 

The present crisis in the European countries is a government debt crisis and it has not impacted people's purchasing power, says a Citi high official.

**BANGLADESH BANK** 

SUSD €EUR ÆGBP ¥JPY

75.55 104.18 118.99 0.97

Peter B Eliot, Citi country officer in Thailand, who oversees Citi's Bangladesh and Sri Lanka businesses, speaks to The Daily Star in an interview recently. "Don't underestimate

know how to diversify and make their products competitive," Eliot says. So the debt crisis will not affect

Bangladeshi businessmen. They

Bangladesh's exports, he says.

According to him, Bangladesh has dealt with the 2007-08 global financial crisis quite well and the present one, which is a government debt crisis in some European countries, particularly Greece, will not impact Bangladeshi exports.

"Probably, Greece is a small market for Bangladesh...let's not exaggerate the impacts," says Eliot, who has been serving Citi for over 26 years in the US, Middle East and Asia.

The career banker spoke of a wide range of issues, including Bangladesh's growth potential, infrastructure constraints and how Citibank can help Bangladesh government in large project financing and advice.

He also focused on Citi's strengths and plans globally. Citibank is going to celebrate its 200th anniversary next year, but it is only 15 years old in Bangladesh.

Bangladesh is growing at a 6 percent plus rate, which most countries cannot think of. The country has huge human capital and competitive advantages. So, there is no reason why Bangladesh cannot grow further, says the banker.



**Peter B Eliot** 

"Infrastructure would be the key issue. You have to have your roads and highways," says Eliot. But he adds that infrastructure is a longterm project and takes time to build.

He says Citi is an experienced bank in project financing. Citi can play a role with its advisory services, expertise and financing, in the case of these large projects, he adds. Eliot cites examples from the Middle East where Citi was instrumental in providing assistance and services in building infrastructure.

"We know how to do it and we'll be more than happy to do it here," he

Citi has a well-developed financial institutions business, supporting the cross-border transactions of nationalised and private sector banks in the country. Global Trans-

action Citi Bangladesh provides corporate, financial and public sector clients with cash management, trade services, agency and trust, and direct custody and clearing solutions.

Citi is also the leading book run-

ner of capital market solutions for its clients in Bangladesh. Even though Citi considers Bangladesh as one of its growing mar-

kets, it has no retail and consumer banking in Bangladesh. "It is under consideration. We are still studying, and when we launch,

we want the product best in quality," says Eliot. He says things will improve next year when Citi Bangladesh will shift

to modern premises.

sajjad@thedailystar.net

# Govt moves cheer up stocks

STAR BUSINESS REPORT

............... Stocks gained sharply with cheerful trading of the investors as the general index gained 3.89 percent following initiatives taken by the securities regulator to boost investors' confidence.

DGEN, benchmark general index of Dhaka Stock Exchange, closed the week at 5,568 points, after adding 208 points.

Taking advantage of the low share prices, the institutional investors went for heavy buying, said a market analyst.

The buying pressures from the institutional investors should continue to stabilise the market for the long run as the central bank also wants a vibrant capital market, the analyst said.

M Khairul Hossain, chairman of Securities and Exchange Commission, sat with Prime Minister Sheikh Hasina and Finance Minister AMA Muhith on Tuesday to discuss the market situation, following a 4 percent plunge in the key index.

The SEC chief informed the government of the measures it took to improve the situation.

Hossain also sat with the National Board of Revenue on Wednesday. He requested the ratio to 0.1 percent from this from the regulator and central chief executive of the DSE.



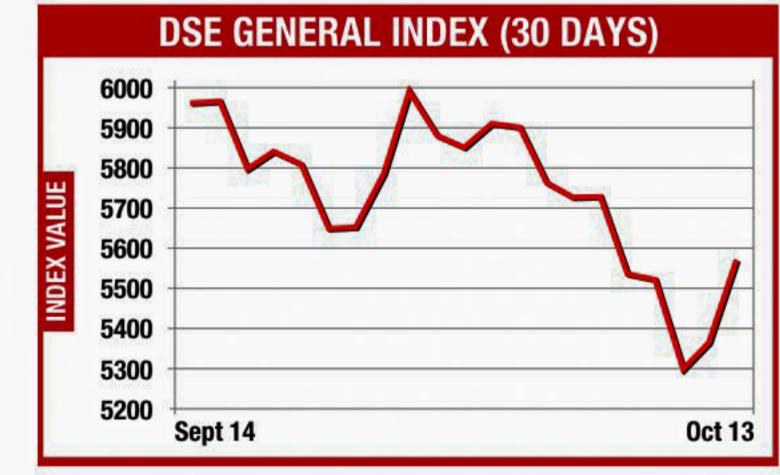
Tuesday 225 points

> RISE Wednesday

Thursday

NBR authorities to reduce tax at source on brokerage commis-

sion by half to 0.05 percent. The government doubled the



fiscal year.

"The NBR agreed to reduce the tax at source on brokerage commission," he said.

He assured that the invest-

ment of undisclosed money in stocks would be allowed and no one would question its sources. SEC also requested the NBR to

withdraw the 10 percent tax on mutual funds, which was also imposed from this fiscal year. The central bank would not

force commercial banks to increase their capital market sity. exposure to raise liquidity in the ailing stockmarket, Bangladesh Bank officials told the stock market regulator.

bank have had positive impacts on the investors, said a market insider.

Small investors had lost their buying power because of the recent bearish trend in the market, he said.

It looks like the investors regained some confidence as government high-ups and the SEC are now in a positive mood, to stabilise the bourses, said Prof Salahuddin Ahmed Khan, who teaches finance at Dhaka Univer-

Investors are now hopeful following the latest measures taken by SEC, including the tax rebate facilities by the tax admin-The initiatives and assurance istrator, said Khan, also a former

He also said the gain should continue for a week to let the market stabilise.

Participation of the institutional investors should also be ensured to increase turnover value, he added.

In another development, some investors under the banner of 'Bangladesh Capital Market Investors' Unity Council,' a platform of retail investors, formed a human chain in front of the DSE building in Motijheel. They demanded a stable market.

They also staged a token hunger strike and threatened to go on a fast-unto-death programme from Sunday unless the promised steps are implemented.

Turnover on the premier bourse stood at Tk 364 crore, which is 16.3 percent higher than the previous day.

The Chittagong Stock Exchange also gained with the Selective Categories Index, CSCX, closing at 9,955 points after adding 333 points.



### No crisis in economy, says BB governor

UNB, Dhaka

Bangladesh Bank Governor Atiur Rahman said yesterday there is nothing to be worried about the overall economic condition of the country.

"There's no crisis in the economy and nothing to worry about. The economy is now in a stronger position," Rahman told the news agency over phone.

On the government's bank borrowing, the central bank governor said there is no reason to worry about it either.

The chief of Bangladesh Bank (BB) came up with these observations in the wake of concern voiced by different quarters over the current state of the national

economy. According to BB officials, the government borrowed Tk 8,130.58 crore in the first quarter of the current fiscal year, which is higher than the same period last fiscal year.

A BB senior official said it is less than half of the targeted loan of the current fiscal year (Tk 19,000 crore).

The official, preferring not to be named, said it is untrue that increased government borrowing from the banking sector is contributing to inflation. "A major part of public sector expenditure, being used as subsidy, helps ease inflation."

Meanwhile, a BB report said there is no evidence of a low flow of credit to the private sector for the government borrowing from the banks.

The government has kept Tk 23,600 crore in deposits from the public sector's credit balance of Tk 79,267 crore, which is being used by the banks in providing loans to the private and public sectors.

The report also said the pressure of paying import bills mounts pressures on the exchange rate but it will not exceed tolerable levels.

## 'Entertainment restaurant' in the offing

STAR BUSINESS DESK

A new kind of entertainment reson October 27.

taurant -- Capricorn's -- is going to

Bashundhara City shopping mall square feet area will feature food restaurant.

court, sports zone and entertainment facilities, the company said in a statement yesterday.

Customers will be able to be launched in the capital's organise birthday party, marriage ceremony, fashion show, corporate event, product opening, The restaurant in its 12,000 conference and concert at the

rant, it is an entertainment restaurant," said Harun ur Rashid Chowdhury, managing director of the company, at a press meet in the capital.

"Capricorn's is not only a restau-

Azam J Chowdhury, chairman of East Coast Group, is scheduled to inaugurate the restaurant.

Elevate your home décor with designer furniture from



242 Gulshan Link Road, Dhaka 1208 t: 8822511-2. m: 01713 186 770-1 www.kubebd.com

