

Stocks eroded 14pc last week

STAR BUSINESS REPORT

Stocks declined 14.29 percent last week with turnover at a three-year low, while DGEN went below the 4,000-point mark as frustrated investors went for heavy sell-offs.

The benchmark General Index of Dhaka Stock Exchange, DGEN, the yardstick of the premier bourse, plunged 641.33 points, to close at 3,845.65 -- which was a 27-month low since November 15, 2009.

The market analysts said the country's overall economic situation, lack of investor confidence, high interest rates on deposits, tightened monetary

policy, ongoing liquidity crisis and relatively 'poor' performance reported by some companies in their half-yearly reports influenced the recent fall.

Most institutional investors remained inactive, as a result of which small investors went for panic sell-offs to save money, the analysts said.

In January, the benchmark general index of the DSE plunged about 1,500 points, as the bearish trend continued through the four consecutive weeks.

The ongoing liquidity crisis as well as inertia on the part of institutional investors also took heavy toll on the market, a stock broker said.

The fruitless meeting of the SEC with key stakeholders on Tuesday also hurt investors' confidence further, he said.

"The market suffered a massive fall on Sunday following the publication of the monetary policy statement," BRAC-EPL said in its weekly market analysis.

According to the statement, Bangladesh Bank (BB) will continue to maintain a tight monetary stance in order to tackle inflation and external pressures.

The market started the week declining sharply. Although the market recovered slightly, it declined on Monday again in the

last three sessions consecutively.

The BRAC-EPL analysis said: "The Standard & Poor's and Moody's rated Bangladesh 'BB' and 'Ba3' respectively indicating a stable economic outlook for Bangladesh. The government plans to float sovereign bonds in the international market to ease the pressure on the balance of payments."

Bangladesh Bank said the ratings will help the country float its first-ever sovereign bond.

All major sectors declined last week with financial sectors suffering the most losses. Non-bank financial institutions lost 19.50 percent, which was the highest loser. General insurers

lost 14.20 percent, banks 13.30 percent and life insurers 11.80 percent.

Among other sectors, telecoms lost only 2.40 percent last week, while cement, fuel and power and pharmaceuticals lost 15.60 percent, 13.90 percent and 12.10 percent. Out of the 266 issues traded, only five advanced and 261 declined during the week.

Grameenphone was the week's top turnover leader with shares worth Tk 60.36 crore changing hands. The week failed to fulfil the week's top 10 gainers list as well because only five companies gained during the week.



Shariful Islam, managing director of World Marketing Summit, and Nehal Ahmed, chief marketing officer of Qubee, pose for photographs after signing a deal in Dhaka yesterday. Qubee will provide internet services to the summit to be

Aviation academy in Sylhet

UNB, Sylhet

TAC Aviation Ltd, an aviation academy, was launched in Sylhet yesterday for producing airline pilots, aeronautical engineers, flight catering and ground handling personnel and cabin crew.

Speaking as the chief guest, Finance Minister AMA Muhith expressed his hope that TAC Aviation will play an important role to produce capable and skilled manpower.

The main administrative base of the new aviation academy will be in Dhaka while there will be training and operational bases in both Dhaka and Sylhet, said Captain Tasbirul Ahmed Chowdhury, managing director of TAC Aviation Ltd.

"After successful operation of United Airways (BD) Ltd, I felt we should unite once again to create a world class pilot training academy and commuter airlines in Bangladesh," he said.

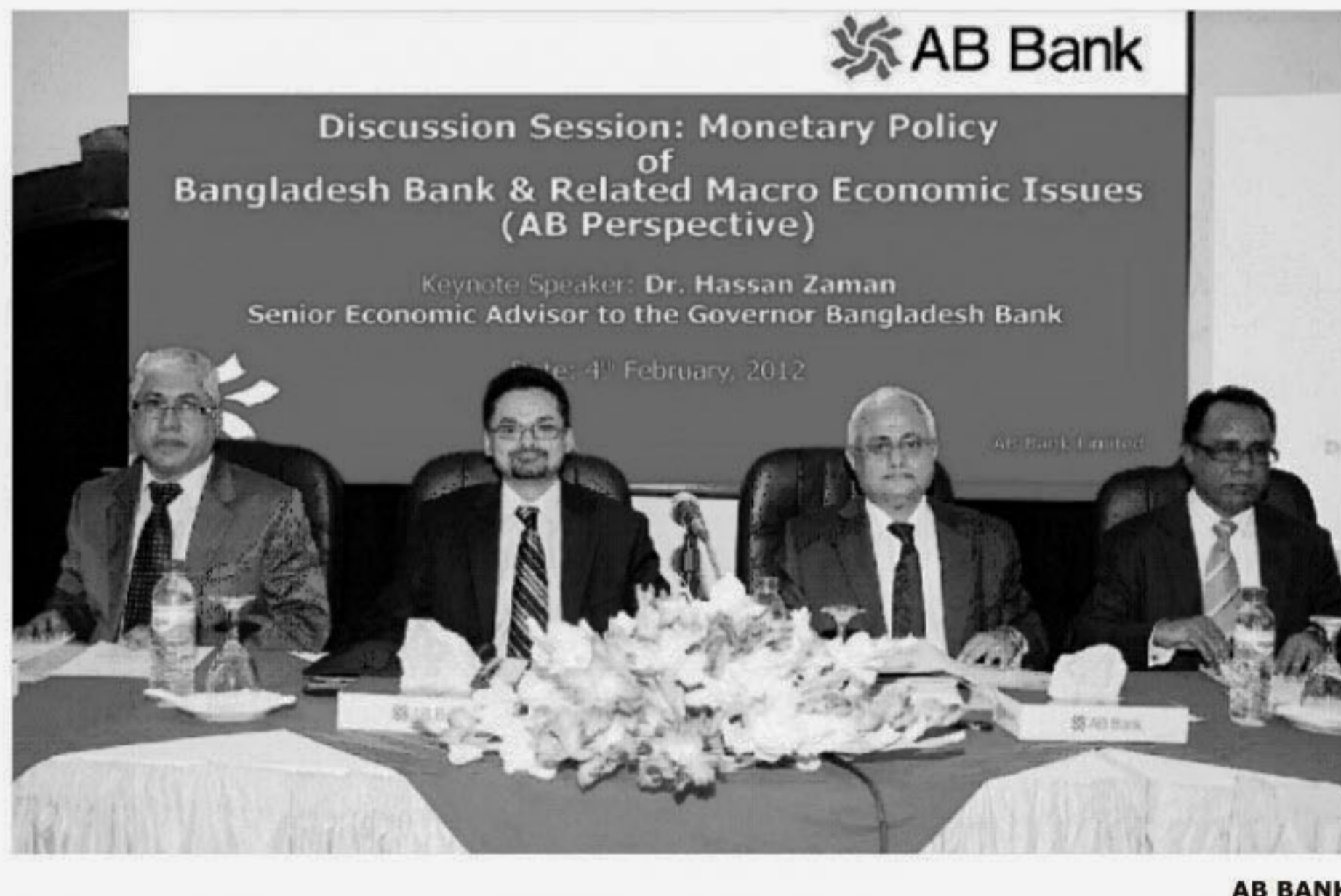
This new project will be implemented in two phases -- flying training academy and commuter airline operation, Chowdhury said.

The academy will be necessary to produce more pilots and cabin crew as the aviation industry marches ahead with the time, said Faruk Khan, civil aviation and tourism minister.

He said the government will take measures to further upgrade Osmani International Airport and build exclusive tourism zone in Sylhet to attract tourists from both home and abroad.



Towhid Samad, chairman of Bangladesh General Insurance Company, speaks at the annual business conference of the company's zonal and branch managers at Dhaka Ladies Club recently. AKAH Chowdhury, managing director, was also present.



M Wahidul Haque, chairman of AB Bank, attends the bank's workshop on "Monetary policy of Bangladesh Bank and macroeconomic issues" in Dhaka yesterday. M Fazlur Rahman, acting president and managing director, was also present. Hassan Zaman, senior adviser to the BB governor, was a keynote speaker.

IPO subscription of GPH Ispat begins

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Subscription to the initial public offering (IPO) of steel manufacturer GPH Ispat kicked off on Thursday.

The IPO subscription will remain open until February 9 for resident Bangladeshis and February 18 for non-resident Bangladeshis.

The company is raising Tk 60 crore from public through issuing two crore ordinary shares of Tk 10 each at an offer price of Tk 30 each, including Tk 20 as premium.

Earlier, on November 29 of last year, GPH received approval from the Securities and Exchange Commission for the IPO using fixed price method.

The Chittagong-based company will use the IPO proceedings to repay loans and pay taxes.

AAA Consultants and Financial Advisers is the issue manager of the IPO.

As per the latest financial report, earnings per share of the company is Tk 3.66 whereas net asset value per share is Tk 12.23.

The company is engaged in the manufacturing process of producing MS billet from steel scrap and MS rod

Govt may trim ADP

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The project aid is being cut to a large extent because its implementation rate has gone down sharply, said a planning ministry official. In the first half of the current fiscal year, the government was able to spend only 17 percent of the allocation under project aid, which is the lowest in the last four years.

The government's own fund in the ADP totalled Tk 24,795 crore.

The ministries' spending on the projects funded by the government has gone up compared to their spending in foreign-aided projects.

The ministries have demanded more than Tk 50,000 crore to implement projects financed by the internal sources.

The finance ministry has asked the planning commission to keep the allocation for the development projects to be financed by Bangladesh below Tk 28,000 in the revised budget.

The demand for funds from ministries has increased due to rise in the number of projects, said a planning ministry official.

When the ADP was approved, the number of projects was 1,039, which increased to 1,204 as of January. The number of the projects will go up further by June.

Besides, the spending of the government funds in the ADP is also higher. The ministries spent 35 percent of the government funds, which is the highest in the last four years.

Ctg Customs House to remain open round the clock from Mar 1

BSS, Dhaka

The government has decided to keep the Chittagong Customs House open round the clock from March 1.

"We have asked officials concerned to be on duty following the government order," said Customs Commissioner Mareful Islam.

The steps have been highly applauded by the business community hoping that it would expedite the country's overseas trade and reduce business costs.

"This move would expedite overseas trade enabling the port users to perform their customs-related jobs at any time and now they would not have to face any problem at Chittagong Port," Mareful said.

The businesses will no longer have to incur extra charges as a result of limited service hours, especially over the weekend because the government has taken the step to extend the CCH's operating hours to bolster economic activity and generate mutual long-term benefits with the private sector, said an official.

Syed Farhad Uddin Ahmed, secretary of Chittagong Port Authority (CPA), said after

launching the round the clock service, steps would be taken to ensure delivery of goods from the port timely and that would remove congestion at this premier port of the country.

"Especially, garments accessories and fabrics could be delivered within the shortest possible time," he added.

Hailing the government's move, first vice-president of BGMEA Nasir Uddin Chowdhury said round the clock service of the customs would certainly be helpful to for garments exporters.

President of C and F Association Akther Hossain said export and import charges of goods in the port will decrease following the launching of the service.

President of Chittagong Chamber of Commerce and Industries and President of Chittagong Port Users Forum Morshed Murad Ibrahim thanked the government for taking steps to keep open CCH round the clock, saying that country's business community, especially the exporters, would get benefits from this move.

According to the CCH, the extended working hours will enable the port to handle an estimated extra 600,000 containers a year leading to quicker

turnaround times for businesses. It would generate an additional Tk 11,000 million in net revenue from port activities.

The government has taken this new policy based on a business-case prepared by the Public Private Interface (PPI) group as part of a new initiative undertaken by the Prime Minister's Office (PMO) with support from the United Nations Development Program (UNDP).

The first area of focus for the PPI group was Chittagong Port, the country's principal seaport which handles 92 percent of the country's foreign trade.

In 2009 Chittagong Port handled more than 30 million tons of cargo, one million containers and over 2,000 vessels, the official said, adding that research conducted by the PPI group found that while the total cargo handled compared favourably to the nearby Mumbai Port in India, the average detention time per vessel was almost nine times higher.

"This suggested that the port could make impressive gains in the speed of service provided to businesses and revenue generated for the government if existing bottlenecks could be removed," he added.



KM Akhtaruzzaman, managing director of Akhtar Furnishers, and Sharmin Akhtar, director, receive an award for the first place in the best premier pavilion category from GM Quader, commerce minister, at the closing ceremony of Dhaka International Trade Fair-2012 in the capital recently.



Shiro Sadoshima, Japanese ambassador to Bangladesh, and Kazuo Kaneko, president of Association of Overseas Technical Scholarship, Japan, attend a seminar on "Corporate management-the Japanese way" at Ruposhi Bangla Hotel in Dhaka on Friday. Bangladesh-Japan Training Institute, an enterprise of Bangladesh AOTS Alumni Society, organised the event.

A sobering look at Facebook

REUTERS, San Francisco

It's the year's hottest initial public offering, but some wealth managers find themselves having a hard time recommending Facebook to their clients.

The world's biggest social network is expected to seek a \$75 billion to \$100 billion valuation in its IPO, the most anticipated stock offering from Silicon Valley since Google Inc went public in 2004.

At Granite Investment Advisors in New Hampshire, Chief Investment Officer Scott Schermerhorn has already been fielding queries from clients eager to get in on the action.

"We had some clients call and once we step them through the numbers, they sober up," he said. "The valuation is 100 times earnings in a stock market that is trading at 12."

"At the end of the day, if you have a small amount of money that you are in a position to lose a chunk of it and you want to speculate on Facebook, go ahead," he added. "But don't use money that you really need to save to do it. I would put it in Microsoft, which is dirt cheap right now."

To be sure, most technology analysts would argue that Facebook's growth potential far exceeds that of Microsoft Corp, whose stock has largely traded between \$20 and \$30 in the past decade. It is taking its first steps toward content streaming for instance, and has yet to make a serious overseas thrust.

And a \$100 billion valuation for Facebook at the top end - while huge in absolute terms - is not that out of whack in Silicon Valley IPO tradition. Facebook is seeking a multiple of up to 27 times annual revenue, or up to 100 times earnings.

Apple Inc, the world's most valuable technology corporation, went public at a valuation of just \$1.19 billion in 1980, equivalent to 25 times revenue and 102 times earnings. Google -- to which Facebook is most often measured against in terms of potential -- was valued at \$23 billion at the time of its 2004 debut, or 218 times earnings.

Kingfisher puts plans to join oneworld alliance on hold

REUTERS, Mumbai

Kingfisher Airlines Ltd has put on hold plans to join the global oneworld alliance, in the latest blow to the financially troubled carrier.

It had hoped this month to become the first airline from the subcontinent to join the alliance in a move that the Economic Times of India estimated would allow it to boost earnings by 5 percent by connecting it to over 800 cities around the world.

"In light of the many priorities centred around Kingfisher Airlines' recapitalisation efforts, we felt it prudent to defer our entry into the alliance for a little while," Chairman Vijay Mallya was quoted as saying in a joint statement with oneworld late on Friday.

Cash-strapped Kingfisher, controlled by liquor baron Vijay Mallya, has so far failed in efforts to attract fresh equity. Its banks own about a quarter of its shares and State Bank of India, its lead bank, refuses to lend more without an equity injection.

"We have been working with Kingfisher over the past months and it has become clear that the airline needs more time to resolve the financial issues," oneworld chief executive Bruce Ashby said.

The oneworld alliance serves more than 850 airports in nearly 150 countries and includes American