

Dividend expectations push up stock prices

STAR BUSINESS REPORT

Stocks gained yesterday as investors went on a fresh bout of purchases expecting positive dividend pronouncements from listed companies for the year that ended on June 30, 2012.

DGEN, the benchmark general index of Dhaka Stock Exchange, finished the day at 4,201.88 points, after gaining 77.59 points or 1.88 percent.

"Issues closed on an encouraging level across all the sectors, as retail investors were hopeful of positive quarterly declarations from listed companies," commented Green Delta LR Holdings.

A total of 227 issues gained out of the 259 issues that traded on the DSE floor, while 20 declined and 12 remained unchanged.

Although DGEN experienced volatility in the first one and half hours of trading, it has been a steady rise until the close of the session.

"Opportunist investors, who reduced their portfolio exposure earlier and were waiting for a good investment timing, got into the act as prices looked rewarding for most of the investment-grade stocks," said IDLC Investments in its market analysis.

Furthermore, half-yearly earnings

expectation of fundamentally sound companies added to the upbeat market sentiment, it said.

"Institutional investors find comfort in investing as the money market has eased further and call money rate has come down to single digit," said LankaBangla Securities in its market research.

Turnover stood at Tk 208 crore, a 14.4 percent rise from the previous day.

A total of 0.62 lakh trades were executed on the Dhaka bourse, with 4.19 crore shares and mutual fund units changing hands.

Square Pharmaceuticals which declared 25 percent cash and 40 percent stock dividend, was the turnover leader of the day, registering transactions of 5.58 lakh shares worth Tk 14.23 crore.

Grameenphone and Meghna Petroleum were the next popular stocks of the day.

All major sectors were on the green, with power, pharmaceuticals and telecommunications being the noteworthy risers, having gained by 3.94, 2.48 and 2.06 percent respectively.

The Dacca Dying and Manufacturing Company gained the most: 7.58 percent.

Third ICB Mutual Fund was the biggest loser of the day, having dropped 6.13 percent.

ICB stresses primary market for stability

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Equal importance has to be given to the primary market to maintain stability in the stockmarket, the state-run investment bank said yesterday.

If the primary market is not strong, it will put negative impact on the secondary market, said Md Fayekuzzaman, managing director of Investment Corporation of Bangladesh (ICB), which sat with state-owned banks to discuss the current market situation.

Chief executive officers of Sonali Bank, Agrani Bank, Rupali Bank and Janata Bank attended the meeting.

"Each bank finances different institutions, of which many are good companies. If we can bring them in the stockmarket through the primary market, they will perform better in the secondary market," he told journalists after the meeting.

The primary market deals with the issuance of new securities. Previously issued securities and financial instruments in the primary market such as stocks, bonds, options and futures are bought and sold in the secondary market.

The ICB managing director's com-

ments came after two companies recently suspended their IPO (initial public offering) subscription with regulatory approval from the Securities and Exchange Commission.

Lacklustre performance of the primary market has forced Summit Purbanchol Power Company and Envoy Textiles to postpone their IPO subscriptions.

"We have to give equal importance both to the primary and secondary markets, as both markets are inter-related," Fayekuzzaman said.

He said the meeting also discussed the interest waiver for small investors, who suffered losses during the downswings in January-February last year.

"The state-owned enterprises are implementing the interest waiver scheme under the government compensation package," he said

As per the compensation package, small investors will get 50 percent interest waiver on their margin loans.

At yesterday's meeting chief executive officers of Jibon Bima Corporation, Sadharan Bima Corporation and Bangladesh Development Bank were also present.



QATAR AIRWAYS
Akbar Al Baker, chief executive officer of Qatar Airways, poses with the Airline of the Year 2012 award, for the second consecutive year, at the annual Skytrax World Airline Awards, at the Farnborough Air Show in UK recently, Edward Plaisted, Skytrax chief executive officer, was also present.

Emirates' 20pc discount on air fares

STAR BUSINESS DESK

Emirates comes with a new offer of 20 percent discount on airfares for Bangladeshi passengers, the airline said in a statement yesterday.

Passengers can purchase tickets from any Emirates office or travel agent in Bangladesh to get the discount. The offer that includes travel on all classes of Emirates is valid until July 29 and travel must be on or before August 9, according to the statement.

The offer is valid for all online destinations of Emirates network in the Middle East, Europe, Africa and Americas. Jeddah and Medinah are not included in the offer.

"We are happy to offer such a big discount for our Bangladeshi passengers, who have always been supportive to us. I believe our valued passengers will avail this opportunity to experience our award winning service on board as well as on the ground," said Satish Sethi, Emirates area manager for Bangladesh.

Emirates presently operates 17 weekly flights to Dhaka and offers connections to over 100 destinations worldwide. The airline will launch flights to Washington from September 12.

Emirates passengers from Chittagong and Sylhet enjoy complimentary air-conditioned bus service

Hindustan Unilever's Q1 profit more than doubles

AFP, Mumbai

Consumer goods giant Hindustan Unilever, the Indian unit of Anglo-Dutch Unilever, Monday said its quarterly profit had more than doubled, helped by higher sales in key product groups.

The company said in a statement that net profit for the three months to June soared 112 percent to 13.31 billion rupees (\$242 million) from the same period a year earlier, outstripping market forecasts.

"We saw a quarter of strong volume-led growth with an improvement in margins," said HUL chairman Harish Manwani.

But he called the economic environment "challenging due to domestic inflation and the general economic slowdown".

Hindustan Unilever (HUL), India's biggest consumer goods firm by revenues, said sales in the first quarter rose 14 percent to 62.5 billion rupees despite a tougher retail climate in the face of a weakening economy.

The earnings by the company, which sells such brands as Dove soap and shampoo Clinic Plus, topped

Govt hears worries of RMG buyers tomorrow

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Bangladeshi garment factories have considerably improved workers' remuneration and benefits over the years, Rahman said, adding that the presence of globally renowned clothing brands only validates it.

The labour and employment ministry, however, is open to suggestions from the buyers to further improve upon the labour rights situation, Shipar said.

"If necessary we will also sit with the garment owners and trade union leaders for discussions to improve the situation."

The garment manufacturers in Bangladesh urged the government to step up diplomatic relationship with the US as the country is the single largest export destination for Bangladesh garment items.

In fiscal 2010-11, Bangladesh exported goods worth \$5.10 billion to the US, of which 90 percent comprised of garment items, while imports from the USA stood at \$676 million.

A total of 97 percent Bangladeshi goods enter the US market without any duty, but garments, the country's main export item, has been left out.

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BRAC BANK
Syed Mahbubur Rahman, managing director of BRAC Bank, poses at a programme to honour its employees who served the bank for the last 10 years, at its Town Hall Meeting to mark the bank's 11th anniversary in Dhaka recently.



BDB
Bangladesh Development Bank Managing Director Md Zillur Rahman hands a dummy cheque for Tk 5 crore to Finance Minister AMA Muhith as cash dividend for 2011. The bank's directors Santi Narayan Ghosh, Dewan Nurul Islam, Amalendu Mukherjee and M Ishaque Bhuyian were also present.

Spain says no full bailout needed

AFP, Madrid

Spain denied Monday that it needed a full international bailout as the economy shrank even faster and its long-term borrowing costs jumped to dangerous highs.

The Bank of Spain said the economy contracted 0.4 percent in the second quarter, worse than the 0.3 percent of the first, citing the impact of the debt crisis on consumer spending and confidence.

On Friday, the government said the recession would continue next year, instead of end with modest growth as it had previously forecast.

The bad data compounded Madrid's pressing problems, chief among them how to cut an unprecedented unemployment rate of more than 24 percent while at the same time stabilising a stricken banking system and the public finances.

Financial markets have turned increasingly against Madrid in recent weeks after an initial positive reaction to a massive 65 billion euros austerity package turned sour, with each new initiative failing to hold the line.

In early afternoon trade, the yield -- the rate of return investors earn -- on the benchmark Spanish 10-year government bond jumped to 7.487 percent from 7.225 percent on Friday, well above the 7.0 percent danger level for long-term funding.

"There are fears that Spain is edging closer to being forced to seek a full scale bailout," said Joshua Raymond, chief market strategist at City Index traders.

Borrowing costs for other struggling eurozone states were also under pressure as the debt crisis returned with a vengeance despite an EU bank rescue deal worth up to 100 billion euros (\$122 billion) for Spain which was finalised Friday.

The Italian 10-year bond yield jumped to 6.357 percent from 6.149 percent.

Any yield over 6.0 percent is widely seen as unsustainable for long-term funds, with 7.0 percent the level at which Greece, Ireland and Portugal had to ask for outside help from the EU and International Monetary Fund.

Spanish Economy Minister Luis de Guindos insisted Monday that the country did not need a full bailout but noted that the crisis appeared more than any one state could cope with.

"Spain is a solvent country and this solvability will allow us to get through the difficulties we are facing right now," the minister said.

De Guindos will hold talks with his German counterpart on Tuesday, a German government spokeswoman said, adding that Berlin had "no information" that Spain was poised to make an application for a full-blown state bailout.

Regent gears up for overseas flights

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Not least, the difficulty is sustaining an airline solely upon domestic operations, he said.

Meanwhile, the airline has completed all other preparations, including IATA-standard electronic ticketing, participation in the Global Distribution Systems, participation in IATA Billing and Settlement Plan, Clearing House and appointment of General Sales Agents, he informed.

"And by the end of August, Regent is likely to finalise the brand of aircrafts it's going to bring on lease," said Asif.

Regent Airways, the newest among local private airlines, has emerged as the preferred carrier for domestic passengers, with routes to Chittagong, Cox's Bazar, Jessore and Sylhet.

"We would like to consider ourselves successful by the confidence shown by our passengers, rather than on purely commercial terms, which is sustainable only if we uphold our air travel quality," Asif said. Owned by Chittagong-based Habib Group, the airline transported more than one-third of the total domestic traffic last year.

"As of June, we have carried more than four lakh passengers in domestic routes. And we hope to enhance the number to five lakh by this November," said Asif.

According to data from CAAB, local airlines transported 627,000 passengers on domestic routes in 2011, up 20 percent from the previous year -- and the highest since 2008.

CSE launches 'disaster recovery system'

STAR BUSINESS REPORT

The Chittagong Stock Exchange yesterday launched a disaster recovery system (DRS) to ensure continuity in trading even during catastrophic natural disasters or national emergency.

The system was introduced at the head office of bourse along with its Dhaka office, the port city bourse said in a statement yesterday.

The system refers to specific steps taken to resume operations in the aftermath of a catastrophic natural disaster or national emergency, according to the statement.

In information technology, such steps may include restoring servers or mainframes with backups, re-establishing private branch exchanges or provisioning local area networks to meet immediate business needs.

The central bank mandated introduction of DRS for



MARICO
Vijay Subramaniam, chief executive officer of Marico International Business Group, attends Marico's 12th annual general meeting at Army Golf Club in Dhaka recently. The company announced 100 percent interim cash dividend for the year ended on March 31, 2012. Rohit Jaiswal, managing director, was also present.



RAHIMAFROOZ
Mudassir Murtaza Moin, group director of Rahimafrooz, attends the launch of the company's new product -- Truck Bus Radial (TBR) Tyre -- at a ceremony in Dhaka recently. Rajesh Uday Kumar, regional head for international sales of Apollo Tyres, was also present.



PUBALI BANK
Helal Ahmed Chowdhury, managing director of Pubali Bank, attends the inauguration of an orientation programme for the bank's newly recruited officers and senior officers, at its head office in Dhaka recently. MA Halim Chowdhury, additional managing director, was also present.