

# Stocks pass a week in the red

STAR BUSINESS REPORT

Stocks returned to the red last week, breaking a gaining streak of three weeks.

Turnover also declined as investors booked profit from their previous purchases.

DGEN, the benchmark General Index of the Dhaka Stock Exchange, finished the week at 4,646.07 points, after declining 36.12 points or 0.77 percent.

"The market started with a negative note, but made a quick rebound," said IDLC Investments in an analysis.

The government's plan to increase capital market exposure limits for banks and the upcoming visit of a World Bank team raised hopes, said the merchant bank.

Over Monday and Tuesday, the DGEN restored 162 points.

"The upbeat trend continued till Wednesday morning, boosted by news on allowing mutual funds to declare stock dividend."

However, the trend subdued to profit taking pressures, according to the analysis.

"The market edged down as the investors were confused following excessive volatility over the last two weeks, putting pressure on the investors' bullish sentiment," said Lankabangla Securities in its weekly analysis.

Apparently, they are waiting for the consolidation at the current level of the market, it added.

The week witnessed five trading sessions -- two gained, three lost.

Some news items on the government's plan to raise the banks' stockmarket exposure, the Anti Corruption Commission's probe into money laundering, and the securities regulator's 10-year master plan have created hopes, analysts said.

Small investors went for sales to book profits, they said.

According to the draft Banking Companies Act 2012, the maxi-

mum limit of a bank's exposure to the capital market will be 40 percent of its total paid-up capital.

Now a commercial bank can invest 10 percent of its total liability in the stockmarket.

The World Bank said last week that a two-member team will visit Bangladesh this month to formulate a framework of new arrangements to implement the Padma bridge project.

Mutual funds dominated the list of top gainers following a draft guideline that allowed such funds to offer stock dividend.

According to the draft guideline, mutual funds will be allowed to offer bonus share as dividend and 70 percent of profit must be distributed as cash dividend.

However, the daily average turnover lost 20.61 percent and stood at Tk 850 crore, compared to the previous week.

Three out of five major sectors were in the red last week. Fuel and power gained the most at 1.81

percent, while banks 0.05 percent.

Pharma lost 2.18 percent, followed by non-bank financial institutions at 1.46 percent and telecom at 0.74 percent.

Out of 282 issues traded on the DSE, 114 advanced, 163 declined and five remained unchanged.

Two companies, Aamra Technologies and Delta Spinners, declared 20 percent and 50 percent stock dividends.

United Airways featured in the top traded stocks' chart with 11 crore shares worth Tk 332 crore changing hands, followed by Titas Gas and Jamuna Oil.

Prime Finance First Mutual Fund was the biggest gainer of the week, as it posted a rise by 39.90 percent, followed by ICB Employees Provident Mutual Fund and Sixth ICB.

The Aamra Technologies was the worst loser of the week, slumping by 23.83 percent, followed by Imam Button and ICB.

## Moves underway to cut egg price

BSS, Dhaka

The government plans to take measures to bring down egg prices soon, said the officials of the fisheries and livestock ministry yesterday.

The ministry has already requested the finance minister to provide subsidy on poultry feed as the prices of feed ingredients like soybean and maize increased globally, Mossadeque Ali, director for administration of the Department of Livestock Services, told the news agency.

The ministry also recommended the government to withdraw all sorts of taxes on import of poultry feed ingredients, said Ali. "These steps will help making a positive impact to bring down egg prices in the shortest



TRANSCOM

Jafurul Alam Khan, general manager for electronics and appliances business of Transcom Electronics, and Choudhury Ziaur Rasul, director of Ahsania Mission Cancer Hospital, attend a programme where the organisations signed a deal recently. Transcom will supply and install air-conditioning systems to the hospital.



UNITREND

Boris Gorella, chief executive officer of Becker Group, and Rupali Chowdhury, managing director of Berger Paints Bangladesh Ltd, attend the launch of Berger Becker Coil Coating, in the capital on Thursday.

## Air India receives first South Carolina-made Boeing 787

REUTERS, South Carolina

Representatives from Air India took delivery on Friday of the first Boeing Co 787 Dreamliner made in South Carolina and the first manufactured outside Boeing Commercial Airplane's headquarters in Washington state.

The delivery marks another milestone in Boeing's efforts to broaden its production base beyond Washington, where all of its other jets have been built. The 787 is largely outsourced to other countries, with wings and other parts shipped in for final assembly to Boeing facilities in Washington and now, South Carolina. Boeing's corporate headquarters are in Chicago.

"Airplane built, airplane completed, airplane flown and now today, airplane delivered," said Jack Jones, chief executive of Boeing South Carolina whose \$750 million final assembly plant in North Charleston was started in fall 2009. Production began in the summer of 2011. The first plane was completed in April.

Boeing South Carolina also makes and assembles the mid-body and aft-body fuselage sections for all 787s at the plant.

"Three years ago, nothing was here," Jones said. "Some of these employees - a year and half of experience. That's unprecedented. It's also historic."

Today's delivery was the third 787 for Air India. It took delivery of two more last month, both made in Washington.

By March 2013, the state-owned air-

line will have taken eight of the 27 Dreamliners it ordered in 2005.

"We should have had all 27 aircraft by 2008," said Air India board member KM Unni, speaking at a delivery ceremony in North Charleston.

Boeing's new, lightweight, fuel-efficient passenger jet was plagued by years of supply chain problems and production delays.

Delivery of Air India's completed 787s was further delayed this summer by talks between Boeing and the Indian government over compensation for the production delays and by bureaucracy, said Dinesh Keskar, Boeing's vice president of sales and marketing for Asia-Pacific and India.

"These airplanes were late," Keskar said. The decision to accept compensation "had to go all the way to the cabinet of the country."

The 787 is a key component of the troubled airline's turnaround strategy, officials said. The jets are now in domestic service and also fly to Dubai, and by mid-October, the airline will open 787 routes to Frankfurt, Paris and London, Unni said. Next year, Air India will open 787 routes to Kuala Lumpur, Singapore, Hong Kong, Osaka and Australia, he said.

By 2031, India will have the fourth-largest economy in the world, Keskar said. "No place in the world, including China, has a greater rate of growth," he said. Boeing forecasts that India will need 1,450 airplanes in the next 20 years, Keskar said.

"Roughly 234 of those airplanes will be the 787, 777 type of airplanes," Keskar said.

## BB wants more control over state banks

FROM PAGE B1

The finance minister came up with comments that the central bank cannot make such recommendations, which surprised many.

The governor also said the financial sector has fared in terms of resilience and stability under BB's evolving supervision approach outlined above.

Non-performing loans as percentage of total assets are at single digit levels, liquidity stresses arising from unduly high advance deposit ratios in some banks last year have eased off, according to Rahman.

"Stress testing exercises conducted by us and by World Bank and International Monetary Fund financial sector assessment missions have assessed Bangladesh's financial sector as resilient against moderate shocks," he said.

Rahman however said this fairly reassuring overall view does not however mean that the country has now no issue in financial sector stability and resilience to be concerned about.

"The overall picture masks considerable variation in capital adequacy and solvency positions between bank groups."

Foreign banks maintain capital cushions well above prescribed minimum and local private sector banks generally meet requirements but state banks fall well behind in asset quality and capital adequacy, he said.

"Even in local private sector banks, the reported low nonperforming loan levels are due in part to somewhat looser local loan classification and provisioning requirements relative to international best practices," he said.

"On the whole our financial sector

continues suffering from (and to some extent sharing) the general deficiencies of local business culture in respect of corporate governance and financial disclosures."

Although not serious immediate threats to institutional resilience and financial stability, these deficiencies limit capacities of banks in forging strong, deep relationships in international financial markets to attract investment inflows in volumes needed for realising the nation's growth aspirations, Rahman said.

The recent BB revision of instructions on loan classification, rescheduling and provisioning are intended to address this shortcoming, by aligning local standards with international norms.

The governor also said much of the country's growth related new investments will have to be attracted from abroad, which would heighten the country's financial sector's exposure and vulnerabilities to market volatilities in the global scene.

"In step with rising external exposures, our financial sector will need to build up and bolster resilience against shocks from perennial volatilities and instabilities of the international markets."

Besides external shocks, there are demand and supply shocks of domestic origin to build resilience against.

Rahman said preparatory work for Basel III implementation in Bangladesh financial sector is ongoing, for full implementation by the 2018 deadline or earlier.

Rahman said fallout on financial sector from two stock market price bubble collapse episodes of 1995 and 2010 were likewise limited and easily contained.



GENWEB2

Akther Ahmed, chairman of Genweb2, an IT services and solutions provider of Bangladesh, and N Ganapathy Subramaniam, president of TATA Consultancy Services (TCS), a global IT firm, shake hands after signing a partnership deal, at Sonargaon Hotel in Dhaka yesterday. The alliance will allow Genweb2 to offer a strong solution suite to the local market in Bangladesh.

## South Africa miners rally after 12,000 sacked

AFP, Rustenburg, South Africa

Some of the 12,000 miners sacked by the world's largest platinum producer in South Africa on Saturday gathered to protest their dismissal and mourn a colleague killed in clashes with police.

Around 100 miners started arriving at a stadium in the northern town of Rustenburg, to debate how to respond to the mass dismissal by Anglo American Platinum.

"Last night I received a message to say I've been dismissed because of the illegal strike," said Mkhari, 23, who only started work two months ago.

"It's not right. I've a lot of debt, a child, rent..." said his friend Mpoti, also 23.

Police armoured vehicles parked outside the stadium, while a helicopter circled the area.

Meanwhile, in the nearby town of Marikana a union branch leader at a different mine was shot

## Use of jute sacks still limited

FROM PAGE B4

This dependence on exports makes up the whole industry, providing jobs to 150,000 workers and tens of thousands of farmers, who are vulnerable to price shocks when global demands fall.

Some government agencies, including the food division, now use jute sacks. But the private sector businesses remain mostly noncompliant mainly because of the high prices of jute sacks compared to the synthetic ones.

The rules will give a boost to the jute industry, said Najmul Huq, chairman of Bangladesh Jute Mills Association. "Domestic consumption of jute will increase. It will also allow us to reduce dependence on exports," he said.

"The law was passed two years back but still drafting and redrafting of rules continues. We see the draft gets finalised at a meeting, but the next meeting finds that the draft requires further changes," said Huq.

Quazi Anwarul Haque, vice president of Bangladesh Plastic Goods Manufacturers and Exporters Association, said they want the government to frame the rules so that interest of all remains protected.

"We had requested the government to consider the overall impact while enforcing the law," he said.

He also said firms may face unnecessary harassment by law enforcing agencies if the rules do not clarify related issues, including what proportion of commodities of a trader should be packed by jute bags.

He said the ministry did not include plastic goods makers while preparing the first draft of the rules. Later representatives from plastic goods makers were co-opted on the committee responsible to prepare the draft.

Md Ashraful Moqbul, secretary to the jute ministry, said the committee has been restructured by

## Brand Forum selects two teams for Cannes Festival, Spikes Asia

FROM PAGE B1

More than 9,000 delegates from 90 countries will attend workshops, exhibitions, screenings and high-profile seminars.

The Spike Asia Awards are the region's oldest and most prestigious awards for creative communications. The entries are judged by leading international and regional creative professionals during the festival.

Rajeeb Bhattacharjee, marketing director (commercial division) of Grameenphone, Kazi Inam Ahmed, director of Gemcon Group, Preema Nazia Andaleeb, visual artist and creative director of Bangladesh Brand Forum, Shahriar Amin, marketing manager of Philip Morris Services India SA, were the judges of the Young Lions Competition in Bangladesh.

Bangladesh Brand Forum will bear all costs, including air tickets, accommodation and regis-

## Red tape holds up RMG park

FROM PAGE B1

Meanwhile, the garment owners are urging the government to accelerate the construction of the park.

"If the garment factories are relocated from the city, the living cost of the workers will come down significantly," said Siddiqui Rahman, vice-president of Bangladesh Garment Manufacturers and Exporters Association, while adding that traffic movement in the city would improve, too.

He said the leaders of the association plan to meet with Industries Minister Dilip Barua again after October 10, when the minister would be free from his D-8 commitments.

The park, to be built on 300 acres of land with Tk 438 crore, would come with infrastructure like drainage system, uninterrupted utility supply, central effluent treatment plant, waste-dumping yard and fire-fighting equipment.

reefat@thedailystar.net



P&G

Market Manager of P&G Bangladesh Golam Mohammad Raihan and models Emon and Sarika pose at the launch of the company's latest product, Gillette Guard, in the capital on Friday.



AGORA

Shams Haider, general manager of Agora, cuts a cake to launch a sales campaign on the occasion of the chain superstore's 11th anniversary, at Simanto Square in Dhanmondi Agora in the capital on Friday. The campaign ends on October 20.