

Stocks depressed by dismal earnings news

STAR BUSINESS REPORT

Stocks declined last week with the key index of Dhaka Stock Exchange slipping below 4,500 points as investors sold shares due to dismal earnings data from banks and non-bank financial institutes.

DGEN, the benchmark General Index of DSE, finished the week at 4,484.99 points, after falling 89.98 points or 1.97 percent.

"The market edged lower as the investors went for selling shares again with the slumping quarterly earnings of listed scrips," LankaBangka Securities said in its weekly market analysis.

"Most banks, non-bank financial institutions and manufacturing companies have witnessed negative growth in earnings compared to the same period of last year," the stockbroker said. "Some companies were absolutely in the losing zone in terms of earnings."

"Increasing provisioning by banks, deteriorating trading activities in stockmarket and declining economic activities (export and import) cut down companies' profits largely, putting a negative impact on investors' confidence," it added.

"Over the week, third-quarter earnings made some ripples across scrips, followed by some

scrips rational movements," IDLC Investments said in its weekly analysis.

Poor third-quarter earnings by banks and non-bank financial institutions kept investors bearish over the financial sector, the merchant bank said.

But mostly, the market was a bit slow in activity as the majority of investors are yet to rejoin the bourse, it added.

The participation of investors was low. Many investors were yet to return to Dhaka and most of the existing investors were reluctant to take fresh positions, said a stockbroker.

Daily average turnover declined 8.73 percent to Tk 342 crore, compared to the previous day.

The DSE witnessed another shortened week of three trading sessions instead of five as trading activities was suspended from October 24 to October 29 due to Eid-ul-Azha and Durga Puja holidays.

Of 275 issues that traded, 78 advanced, 189 declined and eight remained unchanged in the last week.

There was mixed performance in the major sectors. Telecomm posted gains for the second week in a row, up 0.85 percent and power 0.02 percent.

Banks lost 5.08 percent, the most among the major sectors as most of the banks reported poor third-quarterly earnings. The sector's earning dropped in

this third quarter by 40 percent year-on-year.

Meanwhile, non-bank financial institutions went down by 4.05 percent and pharmaceuticals by 0.57 percent.

The biggest gainer of the week among all sectors was tannery. It went up 5.08 percent as Bata Shoe gained 9.13 percent alone in the last week following its third quarter earnings.

United Airways continued to feature in the most traded stocks chart of the week with 3.30 crore shares worth Tk 99.60 crore changing hands.

Bangas was the biggest gainer of the week as it registered a gain of 16.42 percent, while Beacon Pharma lost 25.42 percent.



GLOBAL ECONOMIC FORUM

Enayet Karim, president of Global Economic Forum, a special consultative status organisation of the United Nations, meets Norlim Binte Othman, Malaysian high commissioner to Bangladesh, at her office at Baridhara in Dhaka recently. Malaysia will take around 5,000 garden workers from Bangladesh.

GM badly lags Ford in Europe restructuring

REUTERS, Paris/Detroit

Ford Motor Co, which clung to the road with a timely swerve before the 2009 crisis that bankrupted General Motors Co, may now be pulling a similar stunt in Europe.

The Dearborn, Michigan-based automaker is scrapping three European plants and thousands of jobs while its rival appears to be stuck on the starting grid. The speed of Ford's restructuring plan - and the comparatively slow pace of GM's - has become more important during a protracted slump in Europe's auto market, with sales down another 7.2 percent so far this year.

Both companies unveiled hefty third-quarter losses in the region and warned they could lose a combined \$6 billion or more in Europe in 2012-13.

The bad news weighs heavily on GM's troubled Opel unit, which has lost billions of dollars over the past decade, has a long history of ill will with its labor unions, has seen its products and brand image pummeled in the media and has shown the door to all but a handful of its top executives.

More than anything, however, the cost of making cars is simply too high, with too many workers still on the payroll given sagging demand in most of western Europe.

Opel is lagging Ford in Europe because it "totally missed the golden opportunity" to make deeper cuts during the last crisis, said Mirko Mikelic, portfolio manager at Fifth Third Bank, who oversees assets including GM preferred shares and Ford debt. "Most investors would like to see some capacity cuts" at GM, he said. "It doesn't necessarily have to be the same timing as Ford... but we hope GM will take similar steps."

The euro zone crisis has exacerbated the auto sector's overcapacity, locking companies into paying high fixed costs to build fewer vehicles. GM and Ford plants in Europe operate at less than 75 percent of installed capacity, analysts say.

Unlike Opel, Ford of Europe now has a clearer path to recovery after announcing 6,200 job cuts with the closure of a major assembly plant and two smaller factories, starting next year. Ford will shutter a British van factory and associated stamping plant in 2013, with the bigger site in Genk, Belgium to close the following year.

More cuts may follow if these prove insufficient to achieve regional profitability by mid-decade and a 6-8 percent operating margin in the longer term, the company added.

GM, by contrast, has been preoccupied with forging an alliance with struggling French automaker PSA Peugeot Citroen that likely will not generate significant gains before 2016. Opel is also mired in union negotiations to close a plant in Bochum, Ger-



CITI

Md Moinul Huq, head of transaction services at Citibank, NA, Bangladesh, attends an event organised by the bank to promote the Bangladesh Electronic Fund Transfer Network at the bank's branch in Chittagong recently. Latif Hasan, head of Chittagong business, was also present.



MERCANTILE BANK

Md Abdul Jalil, chairman of Mercantile Bank, hands a cheque for Tk 2 crore to Prime Minister Sheikh Hasina for the premier's relief and welfare fund at the Prime Minister's Office in Dhaka recently.

China to prioritise economic growth

REUTERS, Beijing

China's central bank will prioritise supporting the economy above other needs, its latest policy report showed, affirming expectations that the recovery in the Chinese growth engine is feeble at best.

The People's Bank of China said in its third-quarter monetary policy report that subdued economic activity was keeping a lid on price pressures and the inflation trend was "stable".

However, it cautioned that government measures to stimulate growth could add more pressure on consumer prices.

"In the next stage, we will make it a more important task to stabi-

lise economic growth," the central bank said in the report released on its website.

China's export- and investment-powered economy sunk into its seventh straight quarter of slowdown between July and September as domestic and foreign demand waned, though many analysts are hopeful that the worst has passed.

The central bank was more cautious, however.

It warned that global demand could slump again if Europe failed to tackle its debt crisis, pushing the world economy into a second successive, or double-dip, recession.

"China's economy still needs to foster its internal strength and

the foundation of an economic recovery is not yet solid," it said.

Official and private-sector factory surveys showed this week that the world's No. 2 economy is finally regaining some traction, albeit at a sluggish pace as private factories faced their 12th straight month of cooling growth.

The central bank said monetary policy would be kept "prudent" and "fine-tuned" accordingly, a refrain it uses to describe policy even when it cuts or raises interest rates.

"Prices are still sensitive to increase in demand and pro-growth stimulus policies," the bank said, adding that rising domestic energy prices and labour costs

could also fan inflation pressures.

Super-loose US monetary policy also renders China vulnerable to surges in imported inflation, the central bank said.

China's consumer price inflation eased to 1.9 percent in September from August's 2 percent, a benign outcome that showed Beijing has scope to relax policy if it so wishes.

But the central bank steered clear of dropping any hints that looser policy could be on the way.

It did not mention any plans to adjust the level of interest rates, and banks' reserve requirements, only saying instead it would use all tools available - including open market operations - to set policy.

Four commodities to face export ban

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The new policy has expanded the sectors in which a certain portion of the export earnings can be spent under the retention quota, as well.

The retention quota is the percentage of export earnings that an exporter can deposit in banks abroad.

Another highlight of the proposed draft is that to secure the 'stimulus incentive' for exporting non-traditional and new products the rate of value-added tax has to be a minimum of 40 percent.

In the existing policy it was 40 percent for the first two years and at least 50 percent for the later years.

Hasina calls for deeper trade links with Vietnam

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"I believe that your presence is also important for us to realise our 'Sonar Bangla' or 'Golden Bangladesh' as was envisioned by Bangabandhu Sheikh Mujibur Rahman, the Father of our Nation," she added.

Hasina said many countries were availing themselves of Bangladesh's preferential status as an LDC and its skilled, affordable manpower to invest in producing exportable goods.

"Indeed, our duty-free and quota-free access of products to the EU, Canada, Australia, New Zealand, Japan and other developed countries provides a competitive edge to investors," she said.

Hasina also mentioned that her government had adopted a

public-private partnership scheme to build infrastructure such as highways, monorail, railroads, power stations, a deep sea port and an international airport.

"In addition, we are establishing six special economic zones in different parts of the country with all facilities for FDI," she said. To ensure uninterrupted supply of power the government was setting up new power stations, including nuclear power plants with foreign investments.

"By the end of 2013, we are determined to become self-sufficient in energy," Hasina said.

For the last four years, Bangladesh's GDP growth rate had been around 6.5 percent with inflation below 5 percent, per capita income had increased by 34.6

percent, annual exports by 20 percent and inflow of remittance by 10 percent.

Hasina also mentioned the liberal investment policies taken by her government, including equal treatment for local and foreign investors, legal protection against nationalisation and expropriation, guarantee of repatriation of capital and dividend, corporate tax holidays from 5 to 7 years, concessionary duty on the import of machinery, export incentives, allowing 100 percent equity, and unrestricted exit policy.

She said Bangladesh with its market of 160 million stood between India's 1.2 billion and South Asia on one side, and Myanmar and South East Asia on

the other.

"With the development of connectivity with roads, railways, waterways, and air with our neighbours, Bangladesh is destined to become a regional economic hub of bustling economic activity in the near future," the prime minister added.

Foreign Minister Dipu Moni, Vietnamese Agriculture and Rural Development Minister Cao Duc Phat, President of Federation of Bangladesh Chambers of Commerce and Industry AK Azad, President of the Vietnam Chamber of Commerce and Industry Vu Tien Loc, Vietnamese Ambassador to Bangladesh Quang Thuc and Bangladesh Ambassador to Vietnam Supradip Chakma also spoke.



ACCA

Mohua Rashid, country manager of the Association of Chartered Certified Accountants (ACCA) Bangladesh, and Mahbubur Rahman, chief financial officer of The City Bank, attend a discussion on a report on maximising people power by ACCA and KPMG, organised by the ACCA, in Dhaka recently.



IBBL

Abu Nasser Muhammad Abdus Zaher, chairman of Islami Bank Bangladesh, attends a business development conference for the bank's Chittagong north and south zones, in the port city on Friday.

Executive Recruitment

Premier Group of Companies which have diverse interest in Banking, Finance, 5-Star Hotels, Real Estate, Manufacturing and Services Industry is looking for a competent **Chief Financial Officer** as mentioned below:

Qualifications

- A quality professional accounting qualification e.g. CA / FCA / ACCA / ICMA and /or a business degree (e.g. MBA), practical experience in managing similar business and at least 5 years senior management experience at Board level.
- A pleasant personality with at least 10 years experience, strategic planner with broad managerial accounting, budgeting, cost control, SAP system experience(s) and Financial IT handling.
- Must have sound knowledge of computer and Microsoft Office operations.
- Must have good command over English language.
- Age not exceeding 50 years.

Roles & Responsibilities

- Responsible for the Company's entire financial accounting and financial IT activities.
- Oversee the day-to-day financial operations of the Company through efficient/effective budgetary and cost control objectives of the Company.
- Develop best practices in the accounting and financial processes and systems of the Company in line with the aid of information technology solutions and also in accordance with the updated accounting, auditing and financial policies of the Company.
- Prepare periodical financial statements & MIS for senior management.

Attractive pay & compensation package and designation will be offered based on the experiences and background of the selected candidate. Experience may be relaxed for deserving and outstanding candidates.

Interested candidates who meet the above criteria are requested to send CV, 02 (two) copies of recent passport size color photographs, contact numbers and experience & latest salary certificate to the Chairman, Premier Group at the following address within **Tuesday, November 20, 2012**.

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