

Stocks continue falling trend

STAR BUSINESS REPORT

Stocks declined for the fifth day as investors were reluctant to make fresh investment in the market yesterday.

DGEN, the benchmark general index of Dhaka Stock Exchange, finished the day at 4,393.70 points, after falling 15.65 points or 0.35 percent.

The market got a flying start, as it gained more than 30 points in the first hour of trading but finally closed in the red.

Institutional investors took a break to make fresh investments in the market as four initial public offerings are scheduled to open their public subscription this month, market analysts said.

The IPOs belong to: Sunlife Insurance, Argon Denim, Premier Cement and Summit Purbanchal Power Company.

"Market tried to reverse from previous day's bearish trend with occasional bullishness, but gave away the gain during the last trading hour," said Lanka Bangla Securities in its daily market commentary.

"Top 10 companies dominated the turnover and most of them were in the green zone. Banks and financial institutions continued to get battered."

Turnover declined 1.97 percent to Tk 309 crore than the previous day.

A total of 0.84 lakh trades were executed with 7.63 crore shares and mutual fund units

changing hands on the Dhaka bourse.

Out of 269 issues traded on DSE, 83 advanced, 158 declined and 28 remained unchanged.

Among the major sectors, telecom and power gained 0.07 percent and 0.04 percent, while banks lost the most, 0.97 percent, followed by non-bank financial institutions 0.37 percent and pharmaceuticals 0.29 percent.

United Airways featured in the most traded stocks chart with 1.67 crore shares worth Tk 49.55 crore changing hands.

Apex Foods was the biggest gainer of day, as it registered a 9.97 percent rise, while Modern Dyeing was the worst loser, slumping by 9.74 percent.

China keen to invest in renewable energy

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A six-member Chinese delegation yesterday showed interest to invest in the renewable energy sector of Bangladesh.

The expert team on renewable energy led by Xie Jin Shu, consultant for the division of coordination and scientific and technological equipment of Yunnan provincial energy administration, is now in Dhaka to explore new market.

"We visited Bangladesh to realise the potential of the country's renewable energy sector," said Shu.

"I think this is the right time for us to partner with Bangladesh for the development of the sector."

He spoke at a discussion with the leaders of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) at the FBCCI's office in the capital.

Yunnan is one of the Chinese

cities that has close connections with Bangladesh, he said.

Shu said they will extend their all-out cooperation in the near future for the renewable energy sector.

"We are proud of our excellent relations with China with whom we have a strategic partnership," said Helal Uddin, acting president of FBCCI.

He said the discussion with the Chinese leaders will bring positive results for Bangladesh's power sector. Bangladesh took some project under public and private partnership to meet the power crisis, he said.

"We want more cooperation from China to export readymade garments to Yunnan," said Asif Ibrahim, president of Dhaka Chamber of Commerce and Industry.

China has been a good partner for developing business in both the countries in the last six to seven years, Ibrahim said.

StanChart senior official due today

STAR BUSINESS DESK

Vinod Aachi, global head for regional markets of Standard Chartered Bank, is scheduled to arrive in Dhaka for a two-day official visit today.

He will meet regulators, clients and senior officials of the bank, the bank said in a statement yesterday.

Aachi joined Standard Chartered Bank in September 2008. He provides leadership and direction for regional, country and product heads to execute the bank's overall WB strategy.

He is also responsible for maintaining client focus, ensuring implementation and supervision of the governance framework.

Aachi is also a member of Corporate Finance Management Group and Financial Markets Management Group.

Prior to joining StanChart, he served Deutsche Bank for 11 years. He joined the Global Relative Value Group in 1997, and led the Asia division from 2002.

Aachi has an engineering degree from IIT, Madras, and a management degree from IIM, Calcutta.



Md Abdul Kuddus, deputy managing director of First Security Islami Bank, poses with the participants of a training arranged by the bank for its new trainee assistants at the bank's training institute in Dhaka recently. Yousof Harun Abedi, principal of the institute, was also present.



Shaheen Iqbal, acting head of treasury and financial institutions and probashi banking of BRAC Bank, hands over a mobile handset to a customer as part of a remittance campaign of MoneyGram marking the ICC T20 World Cup.

Inflation falls for fourth month

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While World Bank's senior economist Zahid Hussain said that non-food inflation may be increasing due to the rise in remittance inflow.

The increase in remittance inflow has placed more money in the pockets of the consumers, who, while spending the amount, have been creating a demand pressure, which might have fuelled the non-food inflation, Hussain said.

The remittance inflow in the past several months has been on average \$1.2 billion, according to BB statistics.

But the month of October, during which the Muslim festival of Eid-ul-Azha took place, saw \$1.45 billion coming in, the highest in Bangladesh's history.

"Such a big inflow of remittance in a single month is a record in the history of the country," said a BB official, while adding that the remittance went to poor people, which brought about consumption spending.

The World Bank economist added that the power price adjustment is likely to increase non-food inflation.

Echoing Hussain, Zaid Bakht, research director of Bangladesh Institute of Development Studies, said the government may also increase the price of gas and petroleum products, which has created an inflationary expectation, and therefore, increased non-food inflation.

Bakht also said the scams recently unearthed in the banking system, through which huge amounts of money have been drained out of the banks, may also have an impact on inflation.

"The fall in imports is also likely to increase non-food inflation as the businessmen are hoarding and increasing the price artificially," said Bakht.

Last month, the World Bank released a report on Bangladesh's macroeconomic situation, where the main credit for the fall in inflation was given to rice price cuts, which, in turn, brought down food inflation.

Adequate production in two consecutive years, thanks to favourable weather and higher government procurement, resulted in increased stock levels of food grains and a steady supply situation.

The various safety net programmes for the poor, too, played a positive role in bringing the food inflation down, as per the report.

The report added that the comfortable stock level and the benign weather conditions suggest of stable food supplies for 2013 as well, meaning the food inflation, and thereby inflationary expectations, is likely to be low then.

BBS, which changed the inflation base year in July, has been releasing data using both the old and new base years. As per the new base year of 2005-06, inflation in October stood at 5.86 percent, up from September's 4.96 percent.

Food inflation, too, increased from 1.75 percent to 2.51 percent in October.

Non-food inflation for October stood at 11.28 percent, up from September 10.18 percent.

As per Satya Ranjan Mondal, the director of BBS, the sample basket of goods and services has been expanded in the new base year -- and hence the comparatively higher figures.

NBR reshuffles its top officials

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Firoz Shah Alam will take the charge of VAT Enforcement and Audit; his past responsibility was Customs Intelligence and Audit.

Md Alauddin, who was in charge of income tax wing's audit and intelligence, has been given the responsibility of Tax Survey and Inspection.

Md Shahjahan, previously in charge of Tax Survey and Inspection, has been conferred the responsibility of Audit and Intelligence.

BB gets new chief economist

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Zaman joined the BB as a senior economic adviser to the governor in August 2011. Prior to that, he spent 13 years at the World Bank, where, in his most recent capacity, he was a lead economist in a central economic management division in Washington DC.

He achieved a Phd in economics from the University of Sussex and an MSc in economics from the London School of Economics.

He also worked at BRAC during the early stages of his career.

Queen Sofia, Yunus to open social business summit on Thursday

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This year's summit will focus on emerging technologies and innovations, which will drive the social businesses of the future, according to the statement.

A special session will be devoted to celebrate the Nobel Peace Prize 2012 for the European Union.

Together with the EU representatives, discussion will centre on how the EU's experience can be combined with the potential of the social business concept of maintaining peace worldwide, preventing growing inequality and other social problems.

The expectation is that this will bring solutions of the most important social problems closer.

Social business start-ups and universities will present their projects and programs in the summit.

Several side events, including Social Business Academia Meeting and Young Challengers Meeting, will also take place in the summit.

A panel discussion with artists will focus on the contribution art and culture can make to social business. A movie festival will show the most important documentaries made on social business.

Companies like Danone, Intel Corporation, SAP, Veolia Water, Uniqlo, Renault, McCain and Brizal Foods are expected to share their expertise and progress in developing innovative technology solutions within a social business framework.

Tanners, exporters continue to resist rawhide export

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"We will have to close down the factories where we have invested heavily, as we will struggle to get the raw materials from the domestic market," added Manzur.

Of Bangladesh's overall leather exports, finished leather goods account for 53 percent and finished leather 47 percent.

"The export pictures show that the value addition of rawhide is increasing in the country," Manzur said.

The green signal for rawhide export will also send a negative signal to the foreign investors, who come to Bangladesh for cheap labour and easy availability of raw materials.

The complaint of the ministry is that the seasonal traders are not getting the just price, said Rezaul Karim Ansari, a former president of the Bangladesh Tanners Association.

Belal Hossain, the chairman of Bangladesh Finished Leather, Leather Goods and Footwear Exporters' Association, echoed Ansari and Manzur's views.

Rawhide prices were 20 percent lower this Eid-ul-Azha as the tanners were sitting on unsold hide from last year, according to the sector leaders.

The commerce secretary, however, declined to comment regarding the issue after the meeting.

Waiting for housing to drive the US economy

REUTERS

The US housing market is on the mend, but the so-called "missing piston" of the world's biggest economy doesn't have enough power to get the broader recovery firing on all cylinders any time soon.

Construction and related activity will help rather than hinder U.S. economic growth this year for the first time since 2005. That was before the housing bust helped push the United States into recession, triggering the global financial crisis.

Higher sales, prices and building, albeit modest so far, are a welcome boost as other drivers of the economy falter.

Nonetheless, housing still accounts for only a small part of gross domestic product compared with the boom years.

The housing sector "would have to be on steroids to significantly boost GDP growth," Paul Dales, an economist with Capital Economics, wrote in a recent research note.

Neither presidential candidate has signaled any new plans to help housing, although the Federal Reserve, aware of the important role of the sector in underpinning the economy, is focusing



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its latest stimulus efforts in mortgage bonds.

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Housing's most direct impact on growth is via construction, remodeling and associated services, known as residential investment. Its contribution to GDP has shrunk from a historical average of about 5 percent, and over 6 percent in 2005, to 2.5 percent in the third quarter of this year.

Economists expect residential

investment will add two- to three-tenths of a percentage point to GDP in 2013, helping the economy maintain this year's pace of growth.

Americans are likely to spend more on home renovations - probably \$134.2 billion in the 12 months to June 2013, up from \$115.3 billion at the end of September this year, according to Harvard University's Joint Center for Housing Studies.

That would still be 8 percent off the peak in mid 2007 when borrowing against home values was

still soaring.

Now, homeowners remain wary of taking on debt. Most prefer to save for renovations rather than borrow, said Adi Tataro chief executive of Houzz, a home remodeling online platform.

Jim O'Sullivan, chief U.S. economist at High Frequency Economics says housing-related jobs have grown by an average of 11,000 a month this year. That contrasts with an average monthly decline of 1,000 in 2011 and they should speed up to 30,000 a month by early 2013 as new home construction picks up, he estimates.

Superstorm Sandy, which hammered the U.S. Northeast last week, could put more people to work in construction.

Analysts estimate the U.S. economy needs to create roughly 150,000 jobs a month just to hold the unemployment rate steady.

The influence of housing reaches further than just construction jobs; it can be a big jolt for consumer spending, which makes up two-thirds of the economy.

Michael Gapen, chief U.S. economist at Barclays Capital, said real estate wealth should begin to boost consumer spending again next year.