

# Stocks drop amid fresh political turmoil

STAR BUSINESS REPORT

With another political outbreak looming large, investors yesterday went on a selling spree to safeguard the value of their investments.

DSEX, the benchmark general index of Dhaka bourse, finished the day at 3,515.95 points, after falling 9.17 points, or 0.26 percent.

Turnover dropped 24.94 percent to Tk 133 crore, the lowest in two weeks.

"The market ended flat amid topsy-turvy trading as institutional investors, fearing political instability, adopted a wait-and-see policy," a stockbroker said, preferring not to be named.

Moreover, the anticipation of underwhelming annual earnings report is holding some institutional investors back from making any new investment, he added.

A total of 0.54 lakh trades were executed during the day, with 4.24 crore shares and mutual fund units changing hands on the DSE floor.

Of the 270 issues that traded, 102

advanced, 138 declined and 30 remained unchanged.

Among the major sectors, pharma gained 0.37 percent, while non-bank financial institutions lost 0.66 percent, power 0.54 percent, telecoms 0.36 percent and banks 0.14 percent.

RN Spinning Mills topped the performance chart with its transaction of 33.77 lakh shares worth Tk 10.87 crore.

Bengal Windsor Thermoplastic and Summit Purbanchol Power Company were the next popular stocks of the day.

ACI Formulations was the biggest gainer of the day, posting a 9.90 percent gain, while Global Insurance was the biggest loser, plunging by 13.10 percent.

The Chittagong Stock Exchange also declined yesterday, with the CSCX, the selective categories index, dropping 55.99 points, or 0.80 percent, to close the day at 6,940.38 points.

Losers beat gainers by 122 to 43, with 25 securities remaining unchanged on the port city bourse that recorded a transaction of 61.19 lakh shares and mutual fund units worth Tk 17.59 crore.

# Dreamliner: Boeing starts replacing 787 batteries

BBC BUSINESS

Boeing has started replacing batteries on some of its grounded 787 Dreamliner fleet, moving a step closer to getting the planes flying again.

It comes after US aircraft regulators approved a revamped battery design.

Problems with the plane's battery had resulted in the entire fleet of the 787s being grounded and deliveries of the aircraft being halted.

Japan's All Nippon Airways and Japan Airlines are among the first carriers that will have the batteries replaced.

All Nippon Airways (ANA) and Japan Airlines (JAL) are the two biggest operators of the 787 Dreamliner.

"We began the work as we have received instructions from Boeing following the Federal Aviation Administration (FAA) approval," a spokesman for JAL said.

"But we have not decided on the timing of the 787 flight resumption."

Ryosei Nomura, a spokesman for ANA, said that the technicians had started installing new batteries on five of its 17

Dreamliner aircraft.

The carriers still have to wait for approval from various regulators before they can start to fly the planes commercially.

The FAA, which approved the battery design last week, has said that it will issue a final directive on the Dreamliner this week.

Other international regulators are likely to follow, but it may still be a couple of weeks before flights resume.

The plane is the first in the world to use the lithium-ion batteries, which are lighter, hold more power and recharge more quickly.

But after incidents in which some of the batteries emitted smoke, all of the 50 Boeing 787 planes in service were grounded in mid-January.

The problems sparked a battery fire on a parked JAL 787 at Boston's Logan International Airport and another incident in which battery smoke forced an emergency landing of an ANA 787 in Japan.

The grounding has cost Boeing an estimated \$600m (£393m).

Japanese carrier ANA lost some 1.4bn yen (\$15m; £9.5m) in revenue through January's disruption alone.



Shubhashish Bose, chief executive of the Export Promotion Bureau, attends a seminar on promotion and strengthening of export prospects for Bangladesh, jointly organised by Intertek, Tradegood International and Sourcing at MAGIC at the Radisson Blu Water Garden Hotel in Dhaka yesterday. Ronald Biswas, country manager of Intertek Bangladesh, was also present.

## BSRM makes EMF tested rod

STAR BUSINESS DESK

Bangladesh Steels Re-Rolling Mills Ltd has started producing EMF tested ductile rod, BSRM Xtreme500W, the company said in a statement yesterday.

"The rod is the only available EMF tested ductile rod in the country and it ensures better assurance of safety than that of any other rods in the country," according to the statement.

Elongation at Maximum Force (EMF) is the parameter of measuring of ductility of steel. In the developed countries, EMF is an essential feature of reinforcing steel.

## Philips profits down, LED sales jump

AFP, The Hague

Dutch electronics giant Philips announced Thursday first quarter profits that were down 12 percent from the same period a year earlier, and confirmed that it expected only "modest" growth in the first half of 2013.

Despite the drop in net profit to 162 million euros (212 million dollars), sales of energy-efficient LED lighting jumped 38 percent, and now account for 23 percent of total lighting sales.

The first-quarter figure was also slightly higher than predicted by analysts interviewed by Dow Jones Newswires.

Sales stood at 5.26 billion euros, down one percent from the first quarter of 2012 because of negative exchange rates, the company said in a statement.

"We reiterate our view of a slow first half to 2013, due to adverse market trends, especially in Europe and the US," chief executive Frans van Houten was quoted as saying.

Philips said that after undertaking a cost and job reduction programme it had now 116,000 employees, around 3,800 less than a year earlier.

The company wants to shed 6,700 jobs in total.

Meanwhile, core earnings before interest, tax and amortisation (Ebita) stood at 402 million euros, or 7.6 percent of sales.

Excluding restructuring and acquisition costs, that figure rises to 421 million euros, up 31 percent compared with the same period last year.

## ADB, Japan fund crop insurance for Bangladesh farmers

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"Extreme weather events are on the rise and the goal of the project is to develop a new affordable type of insurance product."

Bangladesh is one of the most climate-vulnerable countries in the world due to its geography, and there are estimates that agricultural gross domestic product from 2005 to 2050 will be 3.1 percent lower each year as a result of climate change, according to the statement.

In addition, no crop insurance has been available in Bangladesh recently due to huge financial losses incurred in the traditional agricultural insurance, the ADB added.

Weather index-based crop insurance, which incorporates historical weather and crop production data, is considered to be more cost-effective and efficient than traditional agriculture insurance, as it reduces farm-level monitoring and transaction costs, said the ADB.

Several countries in Asia have begun piloting or providing these products but this is the first time it is being trialled in Bangladesh.

The project will design and pilot crop insurance products over a three year period in selected districts, with the goal of providing coverage to at least 12,000 farm households, according to the statement.

At least 6,000 small and marginal farmers will be targeted for insurance literacy and climate risk awareness seminars. The project will also support the development of a regulatory and legal framework to accommodate the new 'untraditional' insurance products, the ADB said.

The project will be linked to the ADB-assisted second crop diversification project with the new products to be bundled with microcredit supplied by microfinance institutions to farmers shifting into higher value-added crops.

## Find alternatives to shutdowns: businesswomen

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She also announced that a help desk especially for women entrepreneurs will be set up by the federation.

Monowara also stressed the need for better representation and participation of businesswomen at the upcoming business conference to be organised by the FBCCI next Friday.



Rokia Afzal Rahman, president of Metropolitan Chamber of Commerce and Industry, attends a programme with a team of the chamber to discuss its budget suggestions with Md Ghulam Hussain, chairman of the National Board of Revenue, and other officials at the NBR office in Dhaka yesterday. Story on B1



Officials of GlaxoSmithKline Bangladesh attend the launch of Sensodyne, the company's toothpaste brand, into the Bangladesh market at a ceremony on Friday.

## Supply chain on the brink

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Meanwhile, the businesspersons are claiming that the transport owners have almost doubled the rent ahead of the 36-hour shutdown.

Normally, the truck fare from Chittagong port to Dhaka is Tk 14,000-15,000, but because of the shutdown it has gone up to Tk 25,000-28,000, Bakhtiar Uddin Ahmed, general manager of the Narayanganj-based Fakir Apparels, told The Daily Star.

SM Habibur Haque, convener of Chittagong Divisional Goods Carrying Transport Owner-Labour Coordination Forum, however, outright denied the allegation.

A recent study by the Dhaka Chamber of Commerce and Industry found a day's halt to be causing a loss of Tk 1,600 crore to the economy.

"Frequent haults have put the backs of businesspersons against the wall," said Ahmed, also a director of CCCL.

# Can business lead the recovery?

ROBERT PESTON

Economic recoveries led by private-sector investment are few and far between.

Companies, for understandable reasons, tend to wait till they see a consistent pattern of rising demand from customers before they embark on ambitious plans to expand capacity and hire lots of new people.

Which is why the weakness of the UK's disproportionately large consumer economy and the eurozone -- Britain's largest export market, if regarded as a homogeneous whole -- has meant growth in business investment has been significantly lower since the crash of 2008 than the government hoped (or, more precisely, than its Office for Budget Responsibility forecast).

History shows that retail-spending recoveries tend to lead economic recoveries, not investment revivals (which lag economic revival).

That is the respectable motive for the Treasury's attempt to revive the housing market, with taxpayer guarantees promised in the budget for £130bn of mortgages, in the sense that precedent indicates it should revive housing-related spending by consumers - although there is controversy

about the strength of a link between general retail spending and house-price rises.

The UK may have become too dependent in the boom years on retail expenditure that was in part fuelled by an unsustainable housing boom. And this flaw in the UK's economy may have been recognised by the chancellor and prime minister. But the government now takes the view -- as shown by its actions -- that a flawed, unbalanced recovery is better than no recovery.

And indeed it is striking that as George Osborne fends off criticism from the International Monetary Fund that he is not doing enough to steer the British economy from the doldrums, part of his defence appears to be that the IMF hasn't noticed the mortgage-guarantee scheme and the £12bn contingent liability the Treasury has said it will take on to protect banks from losses, should financially overstretched homeowners fail to repay their mortgages.

Of course it is not certain that a mini housing boom, if it materialises (not certain) would revive retail spending in the supposedly desirable way: although households have been saving more since the crash, they remain burdened by near-record debts. Many want or need to rebuild the strength of

their finances by spending less and, as today's Markit Household Finance Index shows, with wages stubbornly refusing to keep pace with inflation and benefit payments being constrained, most consumers feel poorer.

That said, there may be less squeezed times ahead, if the recent falls in oil and commodity prices are sustained.

But what about the Funding For Lending Scheme (FLS), whose extension for an extra year (to 2015) and to a wider range of borrowers will be announced in the coming days?

Will that supply a kick to the UK's stalled recovery?

Well most businesses would say that it can't do any harm, if it increases the availability of loans to small and medium size businesses and cuts the interest rate they pay.

And here's the thing: businesses in general continue to repay their existing debts to banks faster than they take out new loans, according to the latest Bank of England figures.

This reflects two trends, which you've read about here a boringly large number of times.

Banks won't lend to the riskier businesses that badly want and need to borrow, even with the benefit of cheap FLS money from the Bank of England, because the credit risk remains with the banks

and is not taken by taxpayers.

And stronger businesses are not desperate to borrow, and on balance would rather repay their debts, in the absence of a growing market for their goods and services.

So unless and until the British High Street and the economies of Spain, Italy, Greece et al are tickety-boo again, it is somewhat unlikely that British businesses as a collective will be adding new production lines or expanding into gleaming new offices.

So does that mean George Osborne has no levers to pull?

Well, at the risk of boring you witless, I would point to the one marked "infrastructure".

The government's critics argue that if private-sector enterprises can't or won't invest, he could and should do more on the Treasury's balance sheet. But the chancellor's riposte is that he is pulling the infrastructure lever as hard as those who lend to him will tolerate.

Or to put it another way, Osborne sees the government as one of those riskier businesses whose access to affordable credit cannot be guaranteed, whereas others would wish him to be a tad more bold and (ahem) entrepreneurial.

The writer is the business editor at the BBC



Md Nazmus Salehin, additional managing director of Standard Bank, and Mohammad Ibrahim Bahar, president of Hajj Agencies Associations of Bangladesh, exchange documents of a deal for collection of hajj deposits, at a programme recently.



FH Ansarey, executive director of ACI Agribusinesses, and Rajiv Pradhan, country director of International Development Enterprises Bangladesh, exchange documents of a deal for cooperation on agriculture related development, at a programme on Sunday.

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