

# Stocks weighed down by political shocks

STAR BUSINESS REPORT

Stocks ended flat yesterday as investors adopted a go-slow policy amid strikes enforced by main opposition BNP.

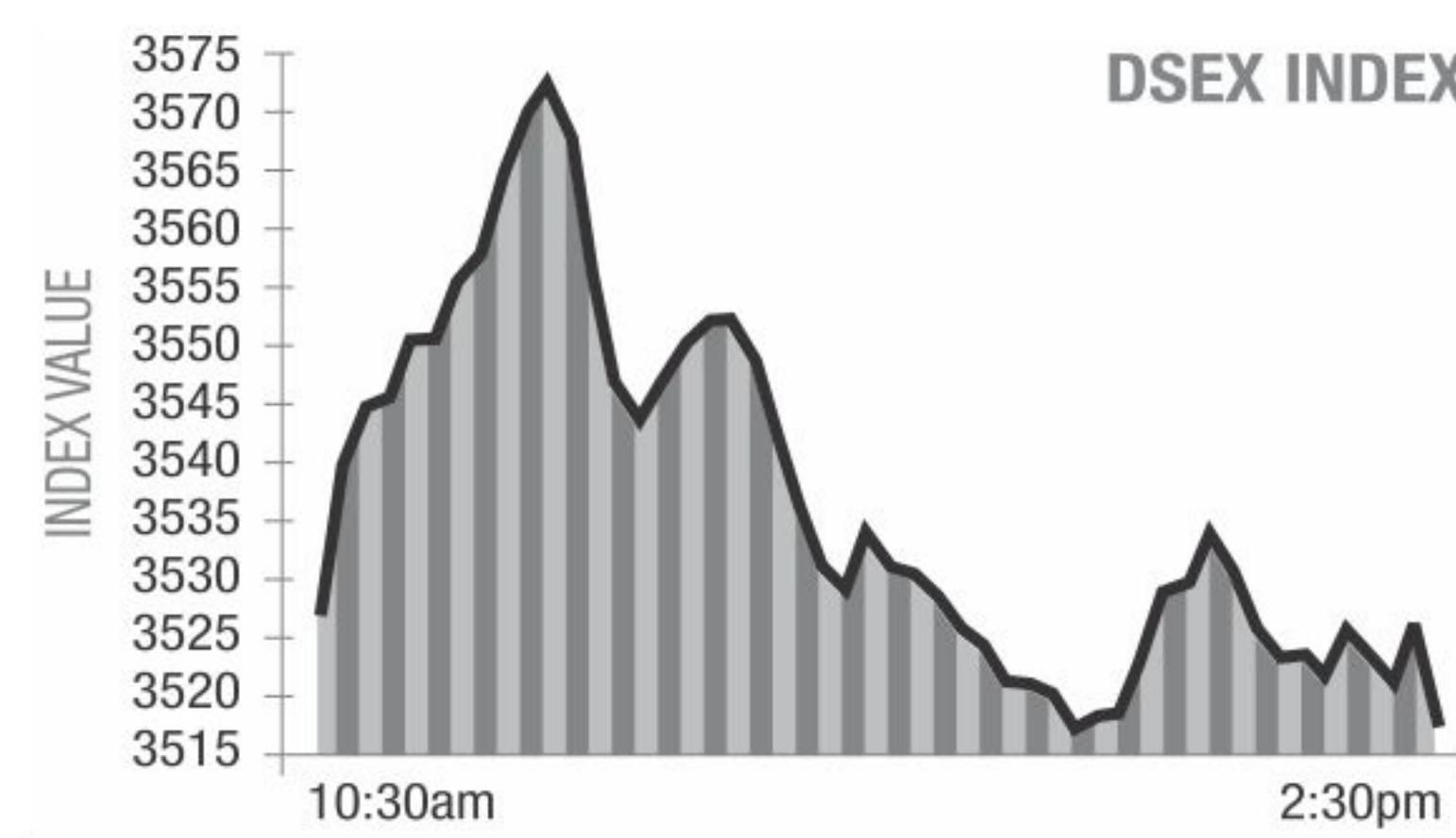
DSEX, the benchmark general index of the Dhaka Stock Exchange, closed the day at 3,516.92 points, after falling 9.8 points or 0.27 percent.

"Despite an upbeat start, the market eventually trailed back as worries once more condensed amid political volatility," IDLC Investments said in its regular market analysis.

Meanwhile, participation continued uptrend, as turnover crossed Tk 200 crore amid active investing fear of further volatility ahead."

While sentiment has not improved enough to absorb political shocks, it seemed that investors are waiting keenly for investing in stocks with lucrative prices and good earnings expectations, the investment bankers said.

Resultantly, as soon as politi-



cal arena gets cooler, the bourse observes a surge in both prices and turnover, IDLC said.

Yesterday's session can largely be explained as a natural reaction of investors to political volatility, it added.

Turnover, which is a major indicator for the market, advanced 11.26 percent to Tk 209 crore from the previous day.

The market started the day on a flying note following some good news on the economy, LankaBangla Securities said.

The foreign currency reserves crossed the \$15 billion mark for the first time on the back of steady remittance growth and slowing imports.

Also, the news about a probable refinancing scheme at low cost by the government for merchant banks and brokers also fuelled investors' sentiment, the stockbroker said.

However, inflation rose last month, compared to March, it said.

The Consumer Price Index, known as the main gauge to

understand the swings in the prices of food and non-food items, inched up to 7.93 percent last month from 7.74 percent in March, according to Bangladesh Bureau of Statistics (BBS) data released yesterday.

Separately, food inflation and non-food inflation rose, from 8.30 percent and 6.81 percent in March, to 8.57 percent and 6.81 percent in April.

An aggregate of 0.82 lakh trades were executed with 6.58 crore shares and mutual fund units changing hands on the Dhaka bourse.

Of the 274 issues that traded on the DSE, 109 advanced, 144 declined and 21 remained unchanged.

Titas Gas topped the most-traded stock chart with 16.56 lakh shares worth Tk 12.14 crore changing hands following the government's plan to give new gas connections to households.

Easter Housing was the biggest gainer of day, posting a rise of 9.78 percent, while Phoenix Insurance was the worst loser, plunging 20.08 percent.

Bangladesh gets second tranche of Indian grant

DIPLOMATIC CORRESPONDENT

India yesterday handed over the second tranche of \$50 million of the \$200 million grant committed by the country to Bangladesh last year to implement development projects in Bangladesh.

Indian High Commissioner to Bangladesh Pankaj Saran handed the grant to Finance Minister AMA Muhith, the Indian high commission said in a statement.

India, which provided \$1 billion line of credit (LoC) to Bangladesh for implementation of various development and infrastructure projects, later declared \$200 million as grant from the total LoC.

Saran also briefed Muhith on the preparations for the review meeting on the Indian LoC scheduled for May 13 in New Delhi.

Wahid Malek, executive editor of The Daily Azadi, inaugurates the fourth floor of Hotel Agrabad, consisting of royal suite and deluxe rooms, in Chittagong on Tuesday. AHM Khurshed Ali, chairman of the hotel, was also present.

## ArcelorMittal chief urges Europe to cut energy costs

AFP, Luxembourg

The head of steelmaking giant ArcelorMittal on Wednesday called on European decision-makers to cut the costs of energy prices to make the steel sector more competitive as the group faces another tough year owing to slumping demand.

Speaking at a shareholders meeting in Luxembourg, Indian-born tycoon Lakshmi Mittal said his company expects steel demand to fall between 0.5-1.5 percent this year, while warning that the first financial indicators for 2013 were already looking dire. ArcelorMittal's first-quarter results are to be published on Friday.

"We think the contraction will continue and that the eurozone will stay in recession in 2013," Mittal said, noting demand has plummeted by 30 percent since 2008. "The question is... how to make existing activities more profitable" in Europe, he said. "We need a clear plan for improving the very high energy prices in Europe."

In the beginning of this year, the company announced plans to close six cold-processing facilities in Belgium, eliminating 1,300 jobs, and last month, it also began mothballing blast furnaces at a plant in western France.

The company employs 98,000 people in Europe. The group has chiefly blamed weaker demand for cars for the morose steel-making climate. For the full year 2012, ArcelorMittal recorded a loss of \$3.7 billion.

But Mittal also tried to reassure the company's stockholders, saying the group would try to counter Europe's "recession" with emerging market growth, given that demand for steel was expected to grow between 3.5-4.5 percent in China and 3-4 percent in Brazil.

In the United States, he said the market is still "prudent", but is picking up somewhat thanks to the recovery in the construction and auto sectors.

In terms of company debt, which stood at \$21.8 billion at the end of 2012, Mittal said it should be cut to \$17 billion by the middle of 2013 and to \$15 billion "in the mid-term".

## Shutdowns take buzz off Moulvibazar market

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The same scenario is evident in the adjacent Chowk Bazar and Imamganj areas.

The violent nature of the hartals discourages bulk purchasers from outside Dhaka from carrying goods by road due to higher transportation costs, said the president of the Moulvibazar association.

"We are now only getting orders from areas that are connected by waterways," Razzaque said.

Truck owners almost stop transporting goods from North Bengal and Chittagong for fear of arson during hartal, he said.

Truck fares have almost doubled in recent times, Razzaque added. He gave the example of a truck owner charging Tk 30,000-Tk 32,000 to carry goods from Chittagong to Dhaka, which was Tk 15,000-Tk 17,000 a few months ago.

A recent study by the Dhaka Chamber of Commerce and Industry showed that one hartal day causes a loss of Tk 1,600 crore to the economy.

## European envoys stress joint efforts to ensure factory safety

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Appreciating the outcomes of an ILO mission to Dhaka recently when a tripartite agreement was signed to improve the safety and rights of the workers, Hanna said the EU is ready to help Bangladesh meet the required international standards.

The German ambassador said international buyers, rights groups, governments, ILO and GIZ (German International Cooperation) are preparing a draft to address the challenges and ensure transparency in the production of apparel by controlling subcontracts and building structures.

Hanna appreciated Bangladesh's performances as the country saw record exports to the EU in the last two years despite economic challenges in Europe, but he stressed trade is linked with human rights.

## Sovereign bonds come with risks

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The fall in imports and increase in remittance inflow propelled the foreign currency reserves to cross the \$15 billion mark for the first time on Tuesday.

The committee also recommended taking into consideration the overall macroeconomic situation before entering the international bond market.

Citing Sri Lanka, Vietnam and Thailand as examples, the committee said the ministry should seek approval of the parliament before issuing sovereign bond.



Mahbub Jamil, chairman of Singer Bangladesh, attends the company's 33rd annual general meeting at Trust Milonayaton in Dhaka yesterday. Singer declared 150 percent dividend for 2012, and raised its authorised capital to Tk 100 crore. AM Hamim Rahmatullah, managing director, was also present.



Muhammed Ali, managing director of United Commercial Bank, and Amjadul Ferdous Chowdhury, managing director of Imperial Hospital, exchange documents of an agreement for a syndicated term loan of Tk 200 crore, at a programme recently.



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