

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.

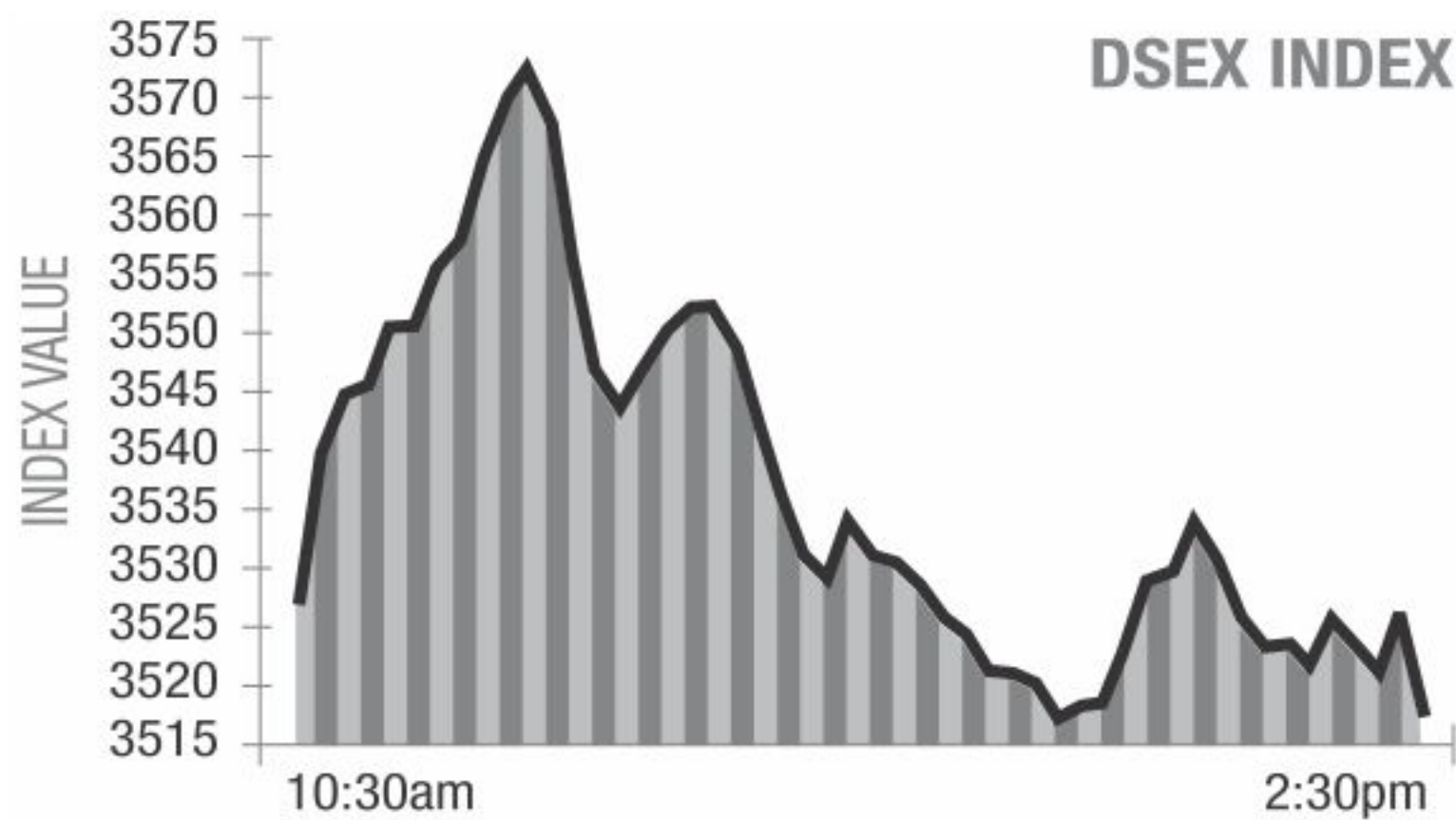
DSEX, the benchmark general index of the Dhaka Stock Exchange, closed the day at 3,516.92 points, after falling 9.8 points or 0.27 percent.

"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 stockbrokers 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.



AGRABAD HOTEL
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.



BB
Participants pose at a five-day workshop for economic reporters jointly organised by Bangladesh Bank and NCC Bank at the latter's training institute in Dhaka recently.



CITI
Syed Aminul Islam, head of finance at Delta Brac Housing Finance Corporation (DBH), and Md Moinul Huq, head of Citi Transaction Services, exchange documents of a deal to launch a payment option -- Direct Debit -- for DBH home loan clients in partnership with Citibank, at a programme recently.

Merchant banks get more financial clout

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The ministry on Sunday asked the Bangladesh Bank to manage refinancing fund and National Board of Revenue to waive interest on the fund.

"The government has agreed to this scheme to boost the efficacy of its original stimulus package for the stockmarket," said Ahmed Rashid, senior vice-president of DSE.

The government on November 23, 2011 announced a stimulus package for investors to restore stability in the market.

As part of the package the government on March 4, 2012 decided to give 50 percent waiver on interests of loans of small investors.

To implement the directive, Bangladesh Merchant Bankers' Association on September last year asked for Tk 900 crore from the government.

The country's stockmarket has been on a downward trend since the crash in early 2011. The benchmark index of the Dhaka Stock Exchange stood 3,515 points yesterday, down from the 8,304 points recorded on January 2, 2011.

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Market for feature phone apps is low-tech goldmine

MICHAEL MILLAR, BBC News

The next time you are standing at a bus stop, cursing the late-running service, spare a thought for Milind Dahikar.

This Mumbai resident is probably enduring more extreme weather conditions than you, and there's a chance the road his bus should be on might not even be there.

His city's streets change constantly with new construction, while the traffic is notoriously unpredictable (the population of more than 20 million puts it on a par with all of Australia).

"My house is nearly 15 minutes away from the bus stop - I have to take an auto rickshaw - and I have to time it carefully to get to the bus stop just in time," says Dahikar.

"Often, I would arrive too early, especially during the monsoons when the buses regularly got delayed, or too late, and have to stand in the summer heat or heavy rains waiting for a bus or looking for alternate means of transport."

Running late

In the West, you might deploy a bus tracking app on your smartphone to inform you when that errant bus will arrive.

But in India the mobile infrastructure is less developed.

Even if it were available, many people don't have smartphones to take advantage of such apps.

To help rain-drenched and

sun-parched staff such as Dahikar, his employer, the IT outsourcing provider Mastek, came up with a solution.

"For our employees, the buses that we deploy to collect them and take them to work are a great asset, and our bus management mobile application, a simple and cheap GPS-enabled mobile device, is placed on the dashboard of each bus," says Steve Latchem, vice-president of solutions and strategy.

"Our server polls this device for the exact location of the bus at all times and then provides this data to our mobile app."

"For those with basic handsets, an SMS service is provided that texts them when the bus is 15, 10 and five minutes away."

Feature phones

Feature phones, which perhaps boast basic forms of GPS, camera, MP3 player and some kind of internet access, as well as the ability to run simple apps, have become increasingly popular in the developing world.

They occupy the middle ground between basic phones that simply make, and receive calls and text messages, and smartphones.

Many Westerners might turn their nose up at such things, but they are often cheap, handy and tend to have exceptional battery life.

In short, they can be perfect for people in emerging economies.

Research firm Gartner estimates worldwide feature phone sales totalled 264.4 million units in the fourth quarter of 2012, easily outstripping smartphone sales of 207.7 million.

Such massive markets, because of the nature and sophistication of the target devices, would appear in theory to be quick and easy to exploit.

"Because of the comparative dearth of apps aimed at this market, there is a better chance of receiving attention," says Paul Roberts, founder of ForgetMeNotAfrica.

The company has created a platform that allows users of basic and feature phones to update their Facebook accounts, send and receive email and chat over the internet, using either SMS or via an app.

So why do feature phone holders seem to be ignored by many developers?

"Because we work in technology we naturally get excited by what's new and your clients do too. That's our world," says Ashley Bolser, director of mobile app development firm Bolser.

"We often forget that there is this huge group of people who want to look at the internet and download, and the only access they have to that is through their feature phone."

So rather than work out ways to create apps that offer an ever-richer and interactive experience,

Bolser has been working hard on doing just the opposite.

Back to basics

The key, Bolser maintains, is to keep a focus on simplicity, accessibility and usability.

The company recently created a feature phone version of the BBC's Top Gear news app, which was particularly successful in south-east Asia.

"What we did with this was simplify a lot of the data that came from the BBC," he says.

"We made sure any photography worked on the phones. You can't have hi-definition."

"We removed the video and generally made the way you look at it - the interface - really simple."

Outsmarted

There are a couple of tough issues for those offering apps and other services through feature phones.

The first is getting people to realise they exist.

"There can be limited opportunities for uptake if they are not promoted by the network fully," says Roberts.

"They can be viewed as less than sexy so may not receive the promotion required."

Then companies need to work out how to actually get them onto the phone.

"The problem is that app stores tend to require credit or debit cards for setting up app purchases," says Rob Hodges, of e2Save, part of Carphone Warehouse.



SINGER
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.



UCB
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.