

# Stocks up as traders go on holiday

STAR BUSINESS REPORT

Stocks gained for the second day yesterday on an investors' buying spree in anticipation of good Q3 earnings of listed firms.

DSEX, the benchmark general index of Dhaka Stock Exchange, closed the day at 3,843.55 points, after surging 21.98 points or 0.58 percent.

"Investors bought shares expecting a better post-Eid market. Additionally, Q3 earnings expectations forced investors' sentiment to be positive on the day," IDLC Investments said in its daily analysis.

On the last day of trading before Eid closure, the market rallied, led by major sectors such as financial and textile sectors, LankaBangla Securities said in its analysis.

The textile sector accounted for 19.62 percent of the total turnover, which was assisted by news of 24 percent export growth in Q1 of this fiscal year.

A total of 0.66 lakh trades were executed with 6.06 crore shares and mutual fund units changing hands on the Dhaka bourse.

Of the 286 issues that traded on the DSE

floor, 147 advanced, 112 declined and 27 remained unchanged.

Turnover, the most important indicator of the market, declined 2.81 percent to Tk 219 crore from the previous day.

Most major sectors gained in prices: foods 2.61 percent, cement 1.51 percent, banks 1.11 percent and telecoms 0.87 percent.

However, life insurance declined 1.50 percent and non-bank financial institutions 0.64 percent.

Argon Denims featured in the most traded stocks chart with 21.46 lakh shares worth Tk 11.85 crore changing hands.

Central Pharmaceuticals was the biggest gainer of the day, as it posted an 8.97 percent rise, while Desh Garments was the worst loser, plunging by 9.89 percent.

The Chittagong Stock Exchange also gained on the day with its selective category index, CSCX, dropping by 29.34 points to 7,494 points.

Gainers beat losers 80 to 94, with 29 issues remaining unchanged on the port city bourse that traded 62.23 lakh shares and mutual fund units with a turnover of Tk 18.47 crore.

# Stop harassment: shipping agents

STAFF CORRESPONDENT, Chittagong

Bangladesh Shipping Agents Association (BSAA) yesterday urged the customs authority to stop harassing their agents on allegations of carrying goods under false declarations.

Recently, a shipping agent was sent to jail in the cases which were filed against some agents for their alleged involvement in such process.

Officials of the association also warned that they will go for work abstention from October 27 if the cases are not withdrawn by October 13.

The leaders of the alliance spoke at a press briefing at the BSAA office in the port city's Agrabad area after a meeting of the association.

The customs authorities are harassing the shipping agents unjustly, who, according to the international trade procedures, are not involved and responsible for the goods inside the carrier, they said.

"The real culprits are actually the importers and the clearing and forwarding agents."

BSAA Senior Vice President Kamal Hayat and Directors Sahed Sarwar, Rofiqul Islam and Syed Mohammed Arif attended the event.

# Uniqlo operator logs record profit

AFP, Tokyo

The operator of Japanese cheap-chic clothing chain Uniqlo on Thursday said its annual net profit jumped 26.1 percent to a record as it keeps up a rapid expansion drive.

Fast Retailing said it earned 90.38 billion yen (\$930 million) in its financial year to August, as sales surged 23.1 percent to 1.14 trillion yen, topping the trillion-yen mark for the first time.

Last month, the company said it was branching out to Australia, with a store in Melbourne next year, as it opened a huge branch in Shanghai.

The new store openings are part of an international expansion of the company, which has more than 1,200 outlets worldwide, and follows the establishment of branches all over Asia, as well as in London and New York. There are about 800 shops in Japan.

Uniqlo's sister brand, GU, will have a spot inside the Shanghai store, its first foray into foreign markets.

Uniqlo competes with likes of Spain's Inditex, operator of Zara, Sweden's Hennes & Mauritz AB and US giant Gap.

On Thursday, Uniqlo's operator said it expected to see profit rise by more than 30 percent in its mainland China, Hong Kong and Taiwan business.



Saeed Ahmed, head of human resources at Gemcon Group, and Shaheen Khan, chief operating officer of Meena Bazar, inaugurate an outlet of the chain store on Larmini Street in Wari, Dhaka on Wednesday.

# Pressure grows on RMG sector for compliance

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Reddy said since the collapse of Rana Plaza there has been an unprecedented amount of commitments from local and global partners for improving labour standards and factory conditions in Bangladesh.

"The matter of coordination of actions then becomes a challenge," he said, while calling for development of sustainable partnership among all stakeholders. Reddy assured that ILO stands ready to help Bangladesh solve the challenges the country is now facing.

"We also want to give out a message to the international community that the country respects compliance and standards and can take care of the challenges it is facing today."

Foreign Minister Dipu Moni said the government has been working actively with its international partners such as the US and the European Union since the collapse of Rana Plaza.

"In our engagement with them, we have been forthright, objective and transparent, no matter how unpleasant the facts are."

"As a result, it is being recognised that the government of Bangladesh is trying its best to deliver on its promises despite various challenges," she said.

The minister called upon all stakeholders involved in the garment trade value chain to carry out their parts to promote compliance.

Dipu Moni also said manufacturers would have to ensure a decent job and environment and human rights of the workers, as the world is asking about various compliance issues at the factory level.

Toufiq Ali, chief executive of Bangladesh International Arbitration Centre, said the country's garment entrepreneurs would have to build on their success taking into account the fast changing global scenario.

He also said Bangladesh would have to develop standard in association with international institutions that sets the benchmark.

During his presentation, Syed Ferhat Anwar, a professor of Institute of Business Administration, Dhaka University, called for coordination among all parties and to stop the blame-game that invariably takes place when a tragedy strikes.

Nishat Shahid Chowdhury, deputy programme manager of Bangladesh Water Pact Programme of International Finance Corporation, said if the country's textile sector becomes eco-friendly the wastage and the consumption of water by the vast sector would go down tremendously.

Mrinal Sircar, programme manager of IFC, said eco-friendly and compliant factories are essential for the sector to survive and grow. "We need a business eco-system that complements natural system."

Bangladesh Garment Manufacturers and Exporters Association organised the discussion on the last day of its three-day BATEXPO programme.

Mikail Shipar, labour secretary, Ahsan H Mansur, executive director of Policy Research Institute, Atiqul Islam, president of BGMEA, were also present.

# Questions over Rupali's high loan growth

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Meanwhile, one of the reasons for the sparse loan growth in the other three banks is that the government has repaid some of its loans from them in the face of IMF pressure.

The three banks' loans to the government on August 31 stood at Tk 4,730 crore, down from Tk 12,176 crore on December 31.

The government paid Tk 2,500 crore to Sonali, Tk 1,800 crore to Janata and Tk 1,600 crore to Agrani for their loans to Bangladesh Petroleum Corporation, the central bank official said.

Pradip Kumar Dutta, managing director of Sonali Bank, told The Daily Star that the banks have pulled back from their aggressive lending stance and are now exercising caution over their lending activities, and hence the low loan growth.

"Moreover, many borrowers are taking fewer loans now due to political uncertainty. On one hand, loan recovery is good and on the other hand, demand for new loans is less," he said, adding that Sonali has recovered Tk 2,870 crore loans in the first nine months of the year.

A high official of Janata Bank, too, said their loan recovery is good. "We have almost recovered the whole year's target against classified loans. And on the other hand, the demand for fresh loan was less and so the credit growth fell."

The central bank official further said necessary actions would be taken against the banks which failed to bring down their loan growth in the quarter that ended on September 30.

# Eid rush hits banks

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The scene was the same in almost all the bank branches in the Motijheel area.

Meanwhile, the inter-bank call money rate reached as high as 8 percent yesterday, up slightly from 7.5 percent on Wednesday; but most deals were settled at 7.5 percent.

"There is a cash withdrawal pressure, but banks have huge funds in hand," said Abdus Sobhan, a treasury official of Jamuna Bank.

Banks have been sitting on a huge surplus of funds for the past several months due to sluggish investment demand from the business community ahead of the upcoming national elections.



Kanutosh Majumder, chairman of Jamuna Bank, inaugurates the bank's 86th branch at Chaukbazar in Faridpur recently. Nur Mohammed, chairman of Jamuna Bank Foundation, was also present.



Major General Hamidur Rahman Chowdhury, commandant, SI&T at Jalalabad cantonment in Sylhet, inaugurates Trust Bank's Golapganj branch in Sylhet on Tuesday. Ishatiahque Ahmed Chowdhury, managing director of the bank, was also present.

# Trade facilitation deal should be signed at next WTO meet: ICCB

STAR BUSINESS REPORT

The International Chamber of Commerce-Bangladesh (ICCB) has warned that failure to seal a deal on trade in services at the upcoming ministerial conference in Bali would raise questions on the WTO's role.

"If there is no deal in Bali, the risk for the WTO is that major trading powers, which are already spending much more energy on bilateral deals than on the push for a global agreement, would give up for good," the chamber said in an editorial of its latest quarterly news bulletin released yesterday.

Some experts say that these could foster the growth of rival trading blocs and deepen divisions, the opposite of what the WTO (World Trade Organisation) was meant to achieve, according to the editorial.

The four-day ninth biannual ministerial conference of the WTO will start at Bali in Indonesia on December 3.

The chamber made five recommendations: conclude a trade facilitation agreement, implement duty-free and quota-free market access for exports from least-developed countries, phase out agricultural export subsidies, renounce food export restrictions and expand trade in IT products and encourage growth of e-commerce worldwide.

The ICCB said the race to agree on a deal at the Bali conference is not only an opportunity to slash the cost of shipping goods around the world, it also represents what many experts see as the last chance to restore confidence in the WTO's ability to reform global trade rules.

For the past 60 years, the chamber said, trade has been a driver of growth and employment.

This engine of the world economy is threatened by the stalemate in multilateral trade negotiations, according to the chamber.

"The increase in trade and investment restrictions fuelled by the global economic downturn is damaging the business climate and prospects for recovery, precisely when global trade and investment liberalisation could provide a debt-free and much-needed boost to world economic growth."

Trade facilitation is a series of measures whereby countries reduce red tape and simplify customs and other procedures for handling goods at borders.

An agreement on trade facilitation should significantly reduce costs, speed up and streamline administrative and other official procedures as well as create a more transparent, predictable and efficient environment for cross-border trade.

A WTO trade facilitation agreement would, thus, add significant momentum to these initiatives, leading to even greater reductions in trade costs, according to the statement.

The ICC is committed to a strong and effective WTO, one whose members collectively negotiate the lowering of trade barriers and the strengthening of global trade rules.

The ICC's world trade agenda initiative includes a longer-term proposal that governments should begin discussions towards a multilateral framework on investment.

"With more than 3,000 agreements on investment already in place, it is time to move towards a single multilateral framework to facilitate cross-border investment, which will encourage to economic growth and job creation," the editorial added.

# WB to fund India investment

BBC NEWS

The International Finance Corporation (IFC), the World Bank's investment arm, plans to raise \$1bn (£630m) by selling Indian rupee-linked bonds.

IFC will use the proceeds to finance "private sector investment in India".

It said the bonds, which will be sold outside India, will strengthen the country's capital markets and attract greater foreign investment.

Foreign investors have been sceptical of entering India amid uncertainty over policies and a slowdown in growth.

Analysts said the IFC bonds were likely to help attract investors who have been looking to enter India but needed assurance.

"This lends the weight of the credit rating of the World Bank to the potential investment," Vishnu Varathan, a senior economist with Mizuho bank told the BBC.

"By co-working with the World Bank you get some of the credit risks involved with India off the table."

'Attractive proposition'

The IFC move also comes at a time when the Indian currency has seen its value decline sharply. The rupee fell more than 25% against the US dollar between May and September this year.

Though it has recouped some of those losses over the past weeks, it continues to remain weak - still down nearly 14% from its value in May.

Analysts said that given its weakness, a rupee-linked investment may be even more attractive to foreign players. "From an investment point of view it is an attractive proposition," said Mr Varathan

"It looks like the rupee is beginning to turn a corner and any rupee denominated investment now is likely to benefit when it matures."

# Bangladesh still top choice for RMG buyers

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Another reason the retailers prefer Bangladesh is that the country now manufactures diversified and value-added products, Hossain said. Value-added and high-end products account for almost 30 percent of Bangladesh's total apparel exports.

The demand for such items is growing among the Western customers, he added.

However, turnout at the show was poor compared to the previous years as the exhibition is taking place ahead of the Eid festival, the participants said.

Many foreign buyers did not join the show as Bangladesh Garment Manufacturers and Exporters Association, the garment makers' platform, opened it early this year fearing political unrest in November and December, they said.

"The business is so-so. Response from the buyers is not so good this year," said Zhang Hua, a Chinese entrepreneur who came to Bangladesh to take part in the show. "Bangladesh's competitiveness is increasing as China is losing its business," he said.

Nurul Ain, deputy general manager (marketing) of Nassa Group, a leading garment maker of Bangladesh, said buyers have become cautious about compliance after the factory disasters.

"But they (the buyers) are also offering higher prices to help the local makers comply with standards," he said.

Bangladesh exported garment items worth \$21.51 billion in fiscal 2012-13 registering a 12.70 percent growth compared to the previous year. China's apparel exports stood at \$159.9 billion in 2012.

# Ford expands in Asia

AFP, Detroit

Ford is catching up to its competitors in key Asian markets and expects to sell more than one million vehicles there for the first time this year, a senior executive said Wednesday.

Key to that growth is China, where Ford's sales were up 51 percent in the first nine months of the year to 647,849 vehicles, said David Schoch, Ford's group vice president for the Asia Pacific region.

"We're gaining a lot of traction with the new products we've brought into China," Schoch told reporters in Detroit.

The second largest US automaker expects to double its market share in China to nearly five percent by the end of this year from 2.5 percent in 2012, he said.

"We expect Ford Asia Pacific to be a major contributor to Ford profits by the middle of the decade," added Schoch.

Schoch acknowledged that Ford was "slow" to enter the Asian market and the current plan to expand in China wasn't put in place until four years ago.

Prior to that, Ford was distracted by a lengthy period of serious financial problems and major reorganization.

Rival General Motors was much faster to move into the Asian market and is expected to sell more than three million vehicles in China alone this year.



Md Abdur Rahman, chairman of the audit committee of Social Islami Bank, inaugurates the bank's 94th branch on Mukti Joddha Saroni in Mymensingh yesterday. AMM Farhad, deputy managing director, was also present.