

Stocks go down over political uncertainty

STAR BUSINESS REPORT

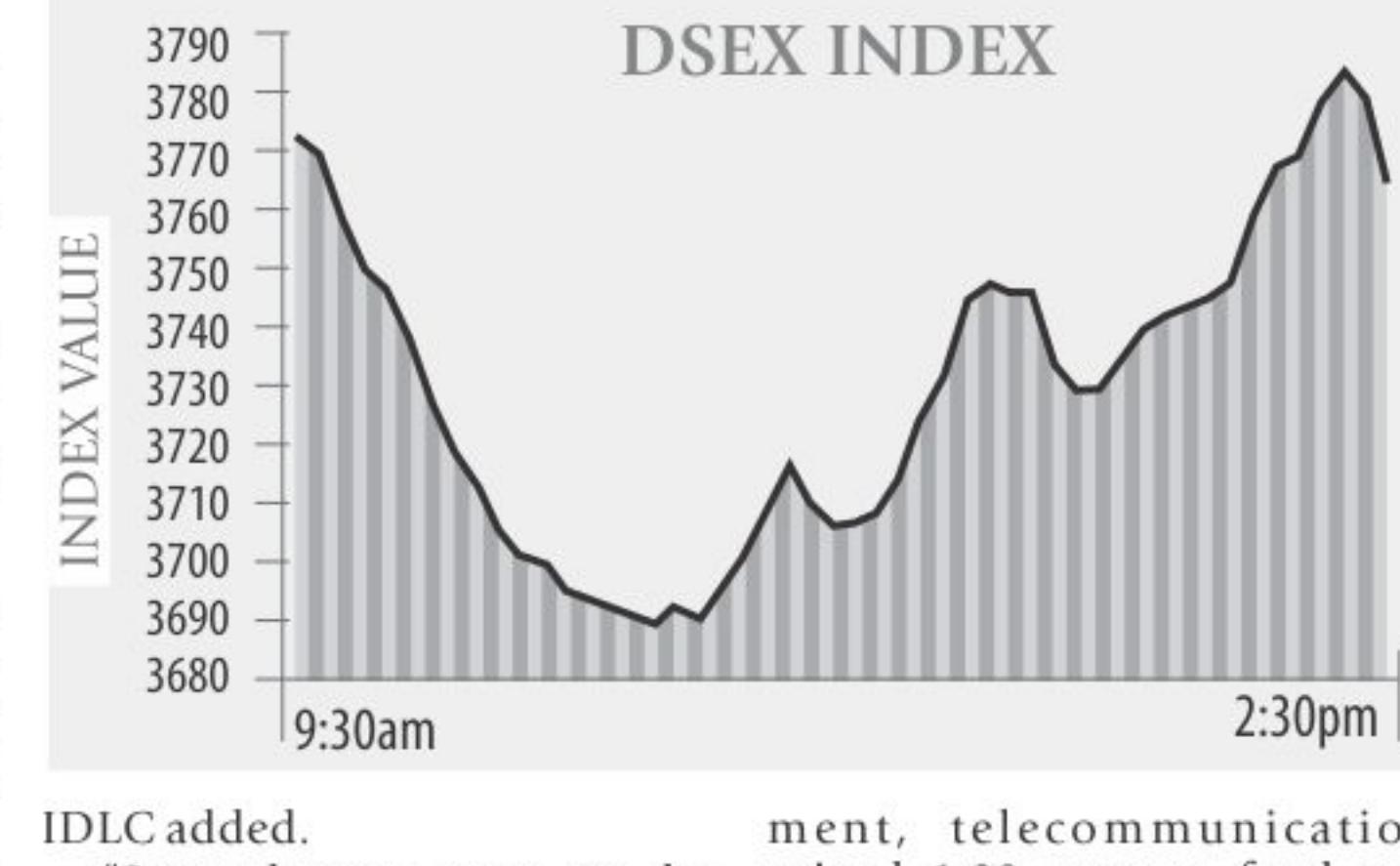
Stocks dropped for the second day, as the fear of political instability continues to loom large over investors' mind.

DSEX, the benchmark general index of Dhaka Stock Exchange, closed the day at 3,763 points, after declining 7.79 points, or 0.2 percent.

The market lost 82 points in first one and a half hours, which created a price advantage for savvy investors, IDLC Investments said in its market analysis.

"Consequently, a buying spree started, the beneficiary of which were the small-cap securities," the merchant bank said, adding that it helped the day's turnover to increase 51 percent from the previous day to Tk 167 crore.

But the fear stemming from political instability extended till yesterday's trading session,



IDLC added.

"Some buyers came at the close-session to spur rally in sector specific companies like jute, paper and printing and textile. However, it could not sustain until the end of the trading session, thereby parking the index flat in red zone," said LankaBangla Securities.

Amid yesterday's mixed move-

ment, telecommunication gained 1.39 percent, food and allied 1.29 percent and textile 1.07 percent, while life insurance dropped 3.09 percent, cement 1.47 percent and miscellaneous 1.16 percent.

A total of 0.59 lakh trades were executed, with 4.56 crore shares and mutual fund units changing hands on the premier bourse.

Of the 283 issues that traded on the DSE floor, 166 advanced, 95 declined and 22 remained unchanged.

Bangladesh Submarine Cable, which transacted 4.32 lakh shares worth Tk 7.56 crore, was the day's top traded stock.

Legacy Footwear was the biggest gainer of the day, posting a 9.64 percent rise, while Modern Dyeing and Screen Printing was the worst loser, plunging by 9.78 percent.

Chittagong stocks, too, dropped marginally with the bourse's selective category index, CSCX, declining by 7.19 points, or 0.16 percent, to close at 7,361 points.

Gainers however beat losers by 89 to 75, with 25 securities remained unchanged on the port city bourse that traded 55.11 lakh shares and mutual fund units at a turnover of Tk 16.88 crore.

France keen to invest in Chittagong, envoy says

STAFF CORRESPONDENT, Ctg

France is interested to invest in the proposed specialised industrial zone in Chittagong, French Ambassador Michel Trinquier said yesterday.

France is also interested in increasing investment in Bangladesh to help grow skilled human resources for eco-tourism.

He spoke at a meeting with the Chittagong Chamber of Commerce and Industry (CCCI) leaders at its office in Agraab in the port city.

The envoy also emphasised political stability to continue the economic development in Bangladesh.

Mahbubul Alam, president of CCCI, sought the ambassador's personal initiative for attracting more French investment to Chittagong.

CCCI's Senior Vice-President Md Nurun Newaz, Vice President Syed Jamal Ahmed and officials of French embassy of Bangladesh were present.

Senior StanChart official arrives in Dhaka today

STAR BUSINESS DESK

Alex Manson, group head of wholesale banking geographies at Standard Chartered Bank (SCB), will arrive in Dhaka today, the bank said in a statement.

Manson joined SCB in 2012 from Deutsche Bank where he worked for 12 years, notably as global head of lending and corporate banking coverage and member of both corporate finance and transaction banking global executive committees. Prior to that, he worked as head of global banking coverage in Asia Pacific and Japan.



Alex Manson

His experience includes product, client coverage and COO functions spanning fixed income origination and structuring, corporate banking and investment banking advisory and capital raising in New York, London, Frankfurt, and Hong Kong. He had previously worked 7 years at Credit Suisse both in New York (Asset Finance Group) and in Europe (derivatives and structured products).

Alex holds an MBA from INSEAD and an engineering degree from the Polytechnic of Zurich.

Standard Bank picks EC chairman

STAR BUSINESS DESK

Mohammad Shamsul Alam, a sponsor director of Standard Bank, was elected executive committee (EC) chairman of the bank's board, according to a statement.



Mohammad Shamsul Alam

Alam is the owner of Radio Vision and also serves as director of different banks, insurance companies and financial institutions.

New RMG wage to be announced on Oct 27

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"The garment makers are also in favour of implementing the new salary structure from November," Dipu told journalists after the meeting, which went on for hours.

Meanwhile, the wage board members visited Vietnam, whose garment industry is said to be similar to Bangladesh's, to gather first-hand information on the Southeast Asian nation's pay scale and incorporate it into the new wage structure.

"The productivity of the workers there [in Vietnam] is much higher than ours," Dipu said, adding that Vietnam exported \$17.56 billion worth of garment items in 2012 with only 1.5 million workers, while Bangladesh exported around \$21 billion with its 3.5 million workers.

Originally, the workers' representative bargained for a minimum salary of Tk 8,114 per month, while the owners' representative was willing to provide a 20 percent raise to Tk 3,600. The labour and employment ministry formed the six-member wage board in June.

Bangladesh-India move to improve customs efficiency

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Bangladesh loses huge amounts in revenue every year as importers do not declare the correct price and volume of goods imported from India and dodge customs duties.

"If Indian customs officials share their assessment of imported goods and prices, we can detect cases of misdeclaration and under-invoicing," he said.

A trader who imports 100 tonnes of products from India declares 80 tonnes at lower prices to evade duties, he gave an example. Various issues related to bilateral trade, non-tariff barriers and infrastructure development at the land customs stations were also discussed at the meeting to enhance the trade facilitation mechanism.

NBR Chairman Ghulam Hussain led the Bangladesh part, while Indian Revenue Secretary Sumit Bose led his side.

Foundation Course For Probationary Officers

Training Institute
Plot # 12, Block # A, Bashundhara R/A, Dhaka .



AAM Zakaria, managing director of First Security Islami Bank, attends the inauguration of a foundation training course for the bank's new recruits at its training institu-

tion in Dhaka recently.

Software giant SAP reports quarterly profit rise in clouds

"SAP had a very strong performance in the third quarter, considering the mixed macroeconomic environment and the strong currency headwinds," said chief financial officer Werner Brandt.

SAP's revenue with subscriptions and support for cloud computing, Internet-based data storage and management tripled to 191 million euros.

The company continues to see full-year operating profit of 5.85 billion to 5.95 billion euros. Shares rose almost five percent on the news in mid-morning.

LBBW analysts praised SAP's guidance confirmation and earnings results.

"We regard SAP's success on the margin level as more important than the revenue miss which was predominantly caused by currencies," said LBBW. "We also regard the confirmed full-year forecast as positive."

Oil hits 3-month low

AFP, London

Crude oil prices hit three-month low points on Monday as dealers awaited long-delayed US economic data for clues about the health of the world's largest crude consumer, analysts said.

New York's main contract, West Texas Intermediate for delivery in November, dropped to \$99.77 a barrel -- the lowest level since early July. It later stood at \$99.95, down 86 cents compared with Friday's close.

Brent North Sea crude for December dropped 33 cents to stand at \$109.61 a barrel in midday London trading on Monday.

"The US inventory data may be able to shake the oil market out of its lethargic state this afternoon when the US Department of Energy releases the figures for crude oil and oil product stocks that were not published last week because of the US budgetary

dispute," said Commerzbank analyst Carsten Fritsch. A slew of US data delayed by the 16-day US government shutdown will be released this week.

The US September jobs report out on Tuesday will be particularly in focus as investors try to get an idea of when the Federal Reserve will start to reel in its \$85 billion-a-month bond-buying scheme.

The stimulus programme has been credited with fuelling a global equities rally for most of the year. The Fed said in September that it would not wind down the programme if there was no broad improvement in the economy. "The US economic data that came out before the shutdown was quite lacklustre, and people will be watching this week's numbers to see whether they should go back into risk assets," Kelly Teoh, market strategist at IG Markets in Singapore, told AFP.

Bangabandha land port resumes work after 11 days

OUR CORRESPONDENT from Thakurgaon

Export-import activities through Bangabandha land port resumed yesterday after eleven days of public holidays on the occasions of Durga Puja and Eid-ul-Azha.

Assistant Commissioner of Customs, Excise and VAT of Panchagarh Arefin Zahedi said all trades including export and import started in full swing since 11am yesterday. The port had been shut since October 10.

The number of businessmen present at the port for unloading their goods was as usual, Zahedi said.

Political unrest to hurt economic outlook

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But it will be the retail sector that would be hurt the most by street agitation.

Rahman of the CPD said political unrest will have short-, medium- and long-term impact on the economy. In the short-term, he said trade and commerce and investment will be affected and there will be disruption in transportation that will escalate costs.

In the medium-term, the country will miss more and more export orders and foreign investments, which are expected to come to the country due to a rise in cost in China. And, the long-term effect will be on the economic prospect.

"Bangladesh has the potential to grow by 8-10 percent, which is being undermined for political uncertainties," said the CPD boss.

Greenspan fears US government set for more debt stalemate

Former US Federal Reserve chairman Alan Greenspan has said that a repeat of the crisis that brought the country close to default is "perfectly conceivable". He told the BBC that he had not seen another situation in Washington where "compromise" seemed so far away.

Greenspan confessed to sympathies with the aims of the Tea Party, the Republican faction that fought the government during debt ceiling talks.

But the former central banker said the movement's tactics were "undemocratic".

In a wide-ranging interview to be broadcast on Radio 4's Today programme and the World Service's Business Daily, the former Fed chief had strong words for those who thought the eurozone crisis was over. The crisis is likely to continue until the eurozone sees "consolidation politically. I think that's where we are going".

He said: "The culture of Greece is not the same as the culture of Germany, and to fuse them into a single unit is extremely difficult.

"The only way you can do it is by political union, like with East and West Germany, and even that is not working as well as it should be."

But he was optimistic about the UK's attempt to revive its economy. "What Britain has done with its austerity programme has worked much better than I thought it would," Greenspan said.

"As far as I can judge, it [the economy] is coming out pretty much the way they [the coalition government] had expected."

Greenspan also defended his record at the Fed

going up all through 2009 and 2010."

There is a difference between predicting economic bubbles, and predicting when they might burst, he said.

He rejected suggestions that he was not clear enough in warning that the financial markets might be teetering on the edge of collapse.

However, his words of warning had to be couched very carefully in order not to unsettle the markets, he said. "I was very worried about what the impact would be."

Greenspan, 87, who now runs his own consultancy business, also criticised a growing "crony capitalism" in the US. He said: "Crony capitalism is essentially a condition in which... public officials are giving favours to people in the private sector in payment of political favours."

He said it was prevalent in China and Russia, but had not been common in the US or the UK. But he added: "I am beginning to worry that we are starting in that direction."

On China, he said that growth rates would begin to slow unless the country could be more innovative. "One of the major problems with China is that its innovation is largely borrowed technology." There was a recent Reuters study where they listed the top 100 most innovative companies. Forty were American, none were Chinese. "Chinese productivity is the highest in the world but the way they do it is by borrowing the technology from abroad, either by joint ventures or other means."

"What they are going to find, I suspect sooner rather than later, is that... unless they pick up innovation very specifically, their growth is going to slow down," Greenspan said.



Alan Greenspan

against criticism that easy-credit policies and light-touch regulation had contributed substantially to the 2008 financial crash. He also declined to criticise the financial derivatives market.

He said: "One thing that shocked me is that not only did the Federal Reserve's very sophisticated model completely miss (the crash on)

September 15th, 2008, but so did the IMF, so did JP Morgan, which was forecasting the American economic growth three days before the crisis hit."

Greenspan also defended his record at the Fed

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