

Stocks slip into the red again

STAR BUSINESS REPORT

Stocks returned to the red yesterday as investors went on a selling spree to pocket profits ahead of the Eid festival.

DSEX, the benchmark general index of the Dhaka Stock Exchange, closed at 4,362 points after falling 14.10 points or 0.32 percent.

The new optimistic export target of \$34.5 billion for fiscal 2014-15 could not invigorate market participants, IDLC Investments said.

Rather, investors were stimulated with the cashing out tendency over upcoming Eid-ul-Fitr, the investment banker said.

As a result, turnover stayed below Tk 200 crore for the fifth consecutive session, it added. Turnover gained 3.85 percent to Tk 193 crore, compared to the previous day.

"Except bank, cement and non-bank financial stocks, all the sectors ended the day in the red, which might be a short-term correction as many investors have the eyes for newly listed and sector specific stocks," LankaBangla Securities said in an analysis.

The banking sector gained 0.2 percent, cement 0.9 percent and power 1.1 percent,

while telecom lost 1.32 percent and life insurance 1.19 percent.

Of the 292 issues that traded on the DSE floor, 124 declined, 123 advanced and 45 remained unchanged.

A total of 0.72 lakh trades were executed with 5.08 crore shares and mutual fund units changing hands on the Dhaka bourse.

Beximco featured in the most traded stocks chart with 64.04 lakh shares worth Tk 22 crore changing hands, followed by Shahjibazar Power Company, Square Pharma and Grameenphone.

Shahjibazar Power was the highest gainer of the day, as it posted 46 percent gain on its debut, while Bangladesh Services was the worst loser, slumping by 13.69 percent.

Chittagong Stock Exchange also declined yesterday with its CSCX, the selective categories index, falling 37.35 points, to close at 8,291.

Losers took a strong lead over gainers by 109 to 65 while 26 remained unchanged on the port city bourse that traded 59.37 lakh shares and mutual fund units with Tk 22 crore in turnover.

JPMorgan Chase profits dip on trading, mortgages

AFP, New York

US banking giant JPMorgan Chase Tuesday reported a drop in second-quarter earnings on lower mortgage banking profits and weaker trading revenues.

JPMorgan, the biggest US bank by assets, said earnings dropped 7.9 percent to \$5.99 billion compared with the second quarter last year.

The results reflected another quarter of weaker performance in mortgage banking, where net income fell by \$433 million to \$709 million. JPMorgan and other large banks have cut mortgage-finance staff as refinancings have slowed.

Also lower were results in stock and bond trading, with the latter suffering a 15 percent drop in revenues compared with the year-ago period. Trading was also weak at JPMorgan and other leading banks in the first quarter.

It also set aside \$852 million for credit losses, compared with a gain of

\$19 million a year ago.

Strong areas for JPMorgan included investment banking fees, which rose three percent from a year ago. The bank also pointed to higher credit card and auto loans.

JPMorgan chief executive Jamie Dimon said business conditions are on the upswing.

"Toward the end of the second quarter, we saw encouraging signs across our businesses including an uptick in wholesale utilization, strengthening pipelines in our commercial and business banking segments, and some improvements in markets activity," Dimon said.

"While it is too early to assume that this momentum will continue, we have confidence in the long-term growth of the economy."

JPMorgan's earnings translated into \$1.46 per share, well above analyst estimates for \$1.29.

Revenues dropped 2.3 percent to \$25.35 billion, more than the \$23.76 billion forecast by analysts.

JPMorgan shares rose 2.2 percent to \$57.50 in pre-market trade.



M Farid Uddin, managing director of Rupali Bank, receives the Srijon Barta Maitri Samman-2014 from Imdadul Haque Tayab, co-ordinator for Kolkata's Srijon Barta in Bangladesh, at a programme yesterday.

China's Xiaomi to invest in India

REUTERS, Mumbai

China's Xiaomi said it intends to invest heavily in India as the budget smartphone maker launched on Tuesday its flagship Mi phone and other products in the world's third largest smartphone market, currently dominated by Samsung Electronics Co Ltd.

Xiaomi's International Vice President Hugo Barra, a former Google Inc executive who joined last year, said the company does not expect to turn a profit in India any time soon.

He said the privately owned Xiaomi was planning to build India-specific features for its phones and set up a local team to help penetrate one of the world's fastest growing smartphone markets.

"We realise this is a market where we have to invest heavily in," Barra told Reuters. "There's no point in thinking about profits at this early stage," he said by telephone from New Delhi, where Xiaomi launched the Mi 3, the cheaper Redmi and its Redmi tablet.

Banks make attempt to rescue debt-ridden Mostafa Group

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Some of the banks alleged that Mostafa Group bought huge lands by diverting funds from bank loans.

The late Mostafizur Rahman of Chittagong founded Mostafa Group in 1952. Initially it was engaged in commercial trading and export and import. Later, it started manufacturing steel products, iron and MS rod and got involved in shipbreaking, artificial leather making, and shrimp cultivation, processing and export.

The group also has business in textile and readymade garments, paper, refined palm and soybean oil, coconut oil, iodised salt, tea, rubber plantation, transport, IT and the financial sector.

StanChart raises \$190m for Summit power plant

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Summit's equity investment of \$117.6 million also makes it the single largest investor in a project by a local company.

The project is a landmark for Summit, given that the company completed the simple cycle part with local finance as international financiers did not feel confident initially about the project.

A good part of the \$190 million will be used to repay the loans borrowed from the local banks.

Ayesha Aziz Khan, a director of the group, said her company was convinced of the economic viability of the project. "So, we started the project with the help of local lenders and our own money before we got the long-term financing."

She said the combined cycle power plant is likely to go into operation in December.

The loan tenure is 12 years, with 18 months' grace period and less than 5 percent interest. Ayesha said foreign investors have already started to see Bangladesh as a place for long-term investment. "This is the beginning."

Operating power plants since 1998, Summit last year built three rental power plants ahead of schedule. It now contributes 850MW electricity to the national grid from a dozen of plants. Standard Chartered has been a long partner of the group in its power sector projects, Ayesha said.

"The local lenders helped us for faster construction of the project. Now the long-term lenders are helping us make the project sustainable."

Bangladesh to harvest more rice: USDA

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South Asia and Sub-Saharan Africa are also projected to harvest a near-record crop, it said.

In Bangladesh, the Department of Agricultural Extension has set targets for aus and aman crop productions at 24 lakh tonnes and 1.34 crore tonnes respectively for the year starting July. Targets for boro, the main crop, is yet to be fixed as the production estimate for boro in the recently concluded fiscal year is not done yet.

A senior DAE official said the total rice production target may be set at 3.48 crore tonnes or above for fiscal 2014-15.



Helal Ahmed Chowdhury, managing director of Pubali Bank, attends a press briefing at its head office in Dhaka recently. The bank lowered its loan interest rate and launched an SMS-based banking service. MA Halim Chowdhury, additional managing director, was also present. Story on B1.



Public relations officials in the banking sector attend a get-together organised by the Public Relations Association of Banks at The Daily Star Centre in Dhaka yesterday.

Google's Nest launches network technology for connected home

REUTERS, San Francisco

Google Inc's Nest Labs on Tuesday unveiled an industry group to encourage makers of smart home gadgets like locks and light bulbs to use Thread, a new standard for devices to communicate on a network.

The attempt by Nest, a smart thermostat maker that Google bought in January for \$3.2 billion, to lead the way on how future household devices to speak to each other, underscores the importance Google puts on areas like cars and the home.

It follows similar initiatives by Qualcomm Inc, Intel Corp and other technology companies.

The new Thread Group includes Samsung Electronics and chip companies ARM Holdings, Freescale Semiconductor, and Silicon Labs. Big Ass Fans and lock maker Yale are also members of the group, which will certify Thread-compatible products.

Thread is a networking protocol with security and low-power features that make it more suitable for connecting household device than others, such as Wifi, NFC, Bluetooth or ZigBee, said Chris Boross, a Nest product manager who heads the new group. Nest's products already use a version of Thread, he said.

The radio chips used for Thread-compatible smart devices are already in many existing connected home products that use ZigBee, like Philips Hue smart light bulbs.

Those Zigbee devices could potentially

be updated with software from their manufacturers to work with Thread after a product certification program starts next year, Boross said.

"Around that time I imagine that Thread-compliant products will start hitting the market, but people can start building Thread today," he said.

Companies including Silicon Labs, Freescale, NXP and Atmel make chips that could be used in Thread-compatible products, which Boross said will be easy to interconnect and offer improved security.

In June, Nest said it partnered with Mercedes-Benz, Whirlpool Corp and light bulb maker LIFX to integrate their products with its thermostats and smoke detectors.

Its Thread Group goes even further and adds to a growing field of companies and industry consortia trying to standardize how household connected devices from different manufacturers interact. Last week, Thread Group member Samsung Electronics also joined Intel and Dell Inc to form a new consortium.

Earlier in July, Microsoft Corp became the 51st member of a competing group called AllSeen Alliance, which is led by Qualcomm and also includes Sharp Corp and other consumer electronics manufacturers.

Apple Inc, known for strictly controlling how other companies' products interact with its own, in June announced plans for HomeKit, its own framework for connecting household gadgets.

Airbus nets \$25b of Farnborough plane orders

AFP, Farnborough, United Kingdom

European aircraft maker Airbus won orders for its passenger planes from leasing companies worth about \$25 billion at the Farnborough airshow on Tuesday, far outpacing its US rival Boeing.

Airbus won memoranda of understanding for its new long-haul A330-900neo, which was launched at Farnborough on Monday, as well as a major contract from Japanese aircraft leasing company SMBC Aviation Capital.

It sealed a sale also with a Bank of China leasing company -- helping to bring Airbus' total orders for the day to about \$25 billion (18.5 billion euros).

Among Boeing's orders was a \$3.9 billion deal to sell planes to US group Air Lease Corporation.

SMBC Aviation Capital meanwhile said it had signed an order for 115 single-aisle A320 Airbus planes costing \$11.7 billion.

"This new order is the industry's largest ever single firm order by a worldwide leasing company for single-aisle aircraft," SMBC said in a statement.

"This is a landmark order for SMBC Aviation Capital and indeed for the wider aircraft leasing industry, and I am delighted to be continuing the close and long-standing relationship that our business enjoys with Airbus," said SMBC chief executive Peter Barrett.

BOC Aviation, the Singapore-based aircraft leasing subsidiary of Bank of China, announced an order for 43 A320 planes worth \$4.1 billion at Farnborough.

"It's great to see one of the world's leading lessors, BOC Aviation, based in the fast growing Asian market, continuing to invest in our market leading A320 family," said Airbus president Fabrice Bregier.

US leasing company CIT said it planned to buy 15 A330-900neo planes and five short-haul A321 jets for a combined value of \$4.67 billion.

Telefonica says completes sale of Irish unit for 850m euros

AFP, Madrid

Spanish telecoms giant Telefonica said on Tuesday it has completed the sale of its Irish subsidiary to Hong Kong's Hutchison Whampoa for 850 million euros (\$1.2 billion).

The total deal amounted to 850 million euros, including an initial cash payment of 780 million" that has been received, and a supplementary 70 million euro instalment, Telefonica said in a statement to the Spanish exchange.

Telefonica announced the deal last year as part of efforts to lower its debt burden but it only received EU approval in May.

The European Commission had been worried that the deal would remove an important competitor from the Irish market to the disadvantage of consumers.

Hutchison Whampoa is a global ports-telecoms conglomerate with operations in more than 50 countries.



Abu Bakr Chowdhury, director of NRB Commercial Bank, inaugurates the bank's 18th branch on OR Nizam Road in Chittagong recently. Dewan Mujibur Rahman, managing director, was also present.



Haider Ali Miah, managing director of Exim Bank, and Mofizur Rahman, managing director of Novoair, attend the signing of an agreement at the bank's head office in Dhaka on Monday. The bank can now book air tickets from its own office through a Novoair software.

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