

WEEKLY REVIEW

Share netting move to boost stocks: analysts

STAR BUSINESS REPORT

Stocks returned to the black last week after the securities regulator decided to allow share netting.

Share netting is a financial adjustment facility that permits investors to buy and sell shares of the same company on the same day.

As per the regulatory decision, investors can now net shares of all companies under 'A', 'B', 'C' and 'N' categories; however, 'Z' category shares remain out of netting purview.

Week-on-week, DSEX, the prime index of the Dhaka Stock Exchange, crossed 4,900 points after three-weeks and closed at 4,941.52 points, gaining 117.94 points or 2.45 percent. DSES, the shariah index of Dhaka bourse, rose 35.32 points or 3.10 percent, to close at 1,174.02 points.

The regulator also extended the deadline to December 31 of 2015 for merchant banks and stockbrokers to provide for unrealised losses.

The consent for share netting, and extension of deadline for provisioning of unrealised losses will increase market turnover, said LankaBangla Securities.

The market observed a reversal last week as most of the stocks generated positive returns after consecutive sluggishness in the previous weeks, the stockbroker said.

In 2015, investors might be looking to reap benefits from falling commodity prices and interest rate, it said.

"The week remained volatile as nervous investors tried to set expectations anticipating better economic results in the new year," IDLC Investments said.

"Turnover remained weak throughout the week partly due to political uncertainty. The week observed two consecutive nationwide strikes which also played a role in setting the investors' mood," the investment bankers said.

The daily turnover for the week averaged Tk 209 crore, registering a decline of 6.66 percent over the

previous week of Tk 224 crore.

All the major sectors gained last week: cement appreciated sharply by 7.86 percent riding on the sector's heavy weight Lafarge Surma that gained 14.4 percent alone.

Pharma posted a decent return of 2.26 percent, followed by banks 1.79 percent, non-bank financial institutions 1.34 percent, food 1.35 percent, power 1.14 percent and telecoms 1.13 percent.

Gainers outpaced losers as 231 advanced, 58 declined and 24 remained unchanged out of 299 issues that traded on the DSE.

Lafarge Surma Cement dominated the week's top turnover chart for the second consecutive week with 34.06 lakh shares worth Tk 42.42 crore changing hands, followed by MJL Bangladesh, Beximco Pharma, Grameenphone and Desco.

Al-Haj Textile was the week's top gainer, posting a rise of 24.13 percent, while Shahjibazar Power Company was the worst loser, plunging by 16.86 percent.

Tycoon prince assails Saudi fiscal policy over deficit

AFP, Riyadh

Billionaire Prince Alwaleed bin Talal has lashed out at the Saudi fiscal policy after projecting the largest ever budget deficit for 2015 following the slump in oil prices.

"We have reached the danger point... after starting to withdraw from the reserves," to meet the budget shortfall, Alwaleed said in a letter addressed to the finance minister.

Last week, the world's biggest crude exporter announced an expansionary 2015 budget with the largest-ever deficit of \$38.6 billion.

It projected spending at \$229.3 billion, a slight rise from last year's estimates, and revenues at \$190.7 billion, sharply down from \$228 billion projected in 2014.



ASIAN TEXTILE MILLS
Tofail Ahmed, commerce minister, visits the pavilion of Asian Textile Mills at the ongoing Dhaka International Trade Fair in the capital. Md Harun-ur-Rashid, chairman of the company, was also present.

Coal selling at Barapukuria resumes

OUR CORRESPONDENT, Dinaipur

The sale of coal at Barapukuria mine resumed after a 7-month suspension yesterday.

The resumption of sales was delayed two days by the Jamaat-e-Islami's shutdowns on Wednesday and Thursday.

The mine stopped production and consequently sale of coal in May last year due to a technical fault in the underground production process. Production restarted on November 15, 2014.

The mine authority decided to restart coal sales amid constant demand for coal by different industries, especially the earthen-bricks industry, as they need coal to operate kilns.

The mine officials received 4,800 applications after inviting them on December 16, 2014. Of those, 594 applications including 427 brick fields were selected for supply under the first phase.

Each applicant will get 100 tonnes of coal.

Officials at the mine say at least 7 lakh tonnes of coal is needed to meet the demand from the applications received, but the mine's current stock is just 1.4 lakh tonnes. Moreover, half of the current stock is reserved for the 250MW Barapukuria Coal fired power plant, and only the rest can be sold.

As sale of coals has resumed, all buyers will get coal in phases, said Aminuzzaman, managing director of Barapukuria Coal Mining Company.

This year the price of each tonne of coal is Tk 12,000, higher by Tk 2,800 than the previous price.



EBL
M Nazeem A Choudhury, head of consumer banking at Eastern Bank, and Regina Nasser, director of sales and marketing of Dusai Resort and Spa in Sylhet, attend the signing of an agreement in Dhaka recently. EBL's priority, signature and platinum customers will enjoy special discounts at the resort in 2015.

Dubai passes first deficit-free budget since crisis

AFP, Dubai

Dubai announced Saturday adoption of a balanced budget for 2015, the first time there has been no shortfall since the global financial crisis.

Spending and revenues are both projected at 41 billion dirhams (\$11.2 billion/9.3 billion euros), according to an official statement cited by the official WAM news agency. Spending is set at 9.0 percent higher, while revenues are projected to be up 11 percent.

Dubai is one of the seven emirates in the United Arab Emirates. Its non-oil economy has posted budget deficits since 2009 after

being hit hard by the global financial crisis and debt problems before being bailed out by fellow emirate Abu Dhabi.

The director of Dubai's finance department, Abdulrahman al-Saleh, said six percent of spending, or \$670 million, is tagged for servicing an estimated some \$80 billion in debt.

About 37 percent of spending is allocated for wages and salaries and another 44 percent for administrative and public expenditures, capital spending, grants and subsidies, Saleh said. The remaining 13 percent is for infrastructure projects, he said.

Tax revenue is projected to rise 12 percent to make up 21 percent of total revenues.

New chairman for PDB

STAR BUSINESS DESK

Md Shahinul Islam Khan has been appointed chairman of Power Development Board, it said in a statement.

He was serving as the member (production) of the board prior to the appointment. Khan replaced Md Abduhu Ruhullah.

The appointment came through an announcement of the power division under the power and mineral resources ministry, it said.



Iraq oil exports soar but low prices hit revenue

AFP, Baghdad

Iraq's oil exports reached their highest level in decades in December, the oil ministry's spokesman said on Saturday, but vital revenues were being hit by the plummeting prices of crude.

Iraq exported 91.141 million barrels of oil in December for an average of 2.94 million barrels per day, the highest daily average since 1980, Assem Jihad told AFP, citing initial figures.

December exports were far and away the highest in 2014, eclipsing the previous best month by more than 11 million barrels, according to ministry figures.

But revenues were \$5.247 billion, only up slightly on November and much lower than the early months of 2014 because of sharply declining oil prices.

Jihad said prices averaged \$57 a barrel in December, down from \$100 or more during the first half of the year.

The average December price was even lower than the \$60 per barrel used to calculate Iraq's 2015 budget, which already includes a more than \$19 billion deficit.

Oil producing cartel "OPEC must move to address this issue," Jihad said.

"Prices are falling now to abnormal levels, and it is up to the organisation to move instead of watching prices collapse to illogical levels," he said, adding that this was his personal opinion rather than that of the ministry.

Float-glass makers raising capacity

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Between 2005 and 2013, the demand was driven by urban consumers, but of late, it is being fuelled by rural consumers, who now prefer the low-cost float glass to the costly wood in their houses.

For instance, 60 percent of Nasir Group's float glass is now consumed outside of Dhaka, including rural Bangladesh. It was around 10-15 percent five years ago.

Nasir Group's new factory, which will be located in Mirzapur, Tangail, will produce 800 tonnes per day, once it starts commercial production in about three years' time.

Its existing factory in Gazipur also saw its production capacity double recently to 500 tonnes per day.

"We have also planned to double our capacity to strengthen our foothold in the market," said Mohammed Iqbal Hossain Chowdhury, managing director of PHP Family.

The scarcity of gas though is turning out to be a big headache for float glass makers, he said.

Silica and gas, the primary needs of float glass makers, are available in the country, while the secondary raw materials such as dolomite, feldspar and limestone are imported from neighbouring Bhutan, Nepal and India.

Investigate huge remittance outflow to India

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Most of them work in readymade garment and textile industries and non-governmental organisations, often without proper permissions and documentations.

Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association, tipped the remittance by the industry's Indian and Sri Lankan experts and technicians to cross the \$4 billion-mark soon.

The total number of foreign technicians in the garment sector now stands at upwards of 19,000, the majority of whom are Indian, he said.

"Our universities should introduce different technical subjects for producing skilled manpower for the garment and textile sectors," Islam added.

Middle-income country status won't affect EU trade benefit: Tofail

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The EU provides the zero-duty export benefit to all LDCs under the GSP (generalised system of preferences).

If Bangladesh gains the middle-income country status, it will not enjoy the duty-benefit under the same scheme; the country will enjoy the benefit under the 'GSP Plus' scheme, the minister said.

However, Bangladesh will have to sign four important international conventions on human rights, labour rights, environment and governance to enjoy the GSP Plus benefit from the EU.

"So, our exports to the EU will not be hampered," Ahmed said, in response to queries made by journalists at a press meet at Dhaka Reporters Unity in the capital.

The minister was explaining his government's ongoing initiatives to graduate to a middle-income country by the end of 2021.

He said every economic indicator is positive under the incumbent government's regime; the country's GDP growth has been continuing at more than 6 percent for the last couple of years.

He said the government has been constructing the Tk 36,000 crore Matarbari power plant, to generate an additional 1,200 megawatts of electricity, a deep-sea port, a new petroleum product refinery

and eight new special economic zones across the country.

He said a Chinese firm has agreed to develop a "garment village" at Bausia, Munshiganj at a cost of \$1.5 billion.

"We have also set a target to export garments worth \$50 billion by the end of 2021. I hope Bangladesh will successfully achieve the target by the stipulated time as buyers' confidence has been improving due to strong safety measures in the workplace after the Rana Plaza building collapse."

"Rana Plaza is not everything. We have a lot of success stories in the garment sector," he said.

On regaining the GSP to the US market, Ahmed said the trade privilege is currently suspended for all countries.

"So, Bangladesh is not gaining the trade privilege. But I am hopeful that Bangladesh will regain the GSP to the US market once the programme is re-launched in the US."

Bangladesh is a model in eliminating child labour from the garment sector, Ahmed said. Regarding foreign relations, he said different people explain it in different ways.

"Some say that Bangladesh is following a 'look east' policy and some say it is a 'look west' policy. But we say our foreign policy looks in all directions."

Youth must acquire skills for industries: analysts

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The minister criticised the current education system. "Under this system, students strive to learn how to make a living, but not how to make a life," he said, referring to last year's admission test at Dhaka University where a large number of candidates with top academic results failed to get minimum pass marks.

"We have to focus on the quality of education. We are trying to improve the quality, but we have a long way to go."

Haripada Das of the ILO said the current generation is fortunate as they have vast opportunities in front of them.

According to the United Nations, Bangladesh will have a population of 18 crore in 2030. Of them, 12 crore will be of working age.

"While the number of working-age people in other countries is decreasing, it is increasing in Bangladesh. It is a huge strength for the country, and it has to be utilised properly to tap the country's potential," Das said.

Rotary International Bangladesh, said Rotary Bangladesh works with the youth as they are the future of the country.

"And you will have to have skills that cater to the requirements of the industries," she said.

Habib K Sattar, president of Rotary Club of Dhaka Buriganga, said students will have to plan their career in a smart way, whether they seek jobs or want to create jobs for others, as new fields of opportunities are opening up.

AKM Bari, chairman of the Industry Skills Council for Tourism and Hospitality, said the educated youth will not succeed if they do not have skills that the industries require.

He said the country's tourism sector could create opportunities for the graduates. "The government needs to take some bold decisions to help the sector flourish."

Bari said if Bangladesh provides on-arrival visas to the Indians, the country would be able to earn \$1 billion annually in revenue.

CPD denounces govt stance on banking sector

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About the rescheduling of Beximco Group's loans amounting Tk 5,269 crore, CPD said: "This is an unprecedented measure."

Beximco sought to reschedule its loans from seven banks for repayment to 2026.

In November last year, Sonali rescheduled loans of the group amounting Tk 982.44 crore at 10 percent interest rate for 12 years till 2026, which is now awaiting approval from the Bangladesh Bank.

Inspired by Sonali, Janata has also decided to reschedule Tk 1,849 crore given as loan to five garment and textile units of Beximco Group for 11 years, till 2025 at 11 percent interest rate.

Rupali has followed suit too.

The other four banks - Agrani, National, Exim and AB -- are likely to offer similar facility to the group, the report said.

"None has ever been given such a long time for repayment in the history of Bangladesh," CPD said, citing the interest rate charged on the loans, which is far below the market rate of 13-14 percent.

"This is also a violation of rescheduling norms set by Bangladesh Bank, which says that no default loan can be rescheduled more than three times. However, Sonali Bank has so far rescheduled Beximco's loans seven times."

Citing Beximco's rescheduling example, CPD went on to mention of special benefits extended to a select few in the private sector.

"This is yet another example of a biased lending decision-making. Ironically, such political favours to the chosen sections of

the society further encourage lenders to engage in malpractices, which, in turn, weaken the banking sector."

The think tank also said the concentration of outstanding loans in the hands of a few business groups indicates the high level of risk and vulnerability in the sector.

With a view to establishing discipline in the sector, the central bank has to work independently without external pressure, it said.

The think tank also criticised the private banks.

"Private commercial banks are not unscathed either. Fraudulent activities are also observed in these banks where owners and the management have been party to," it said in the report.

Officials cannot go against the wishes of the management for fear of losing their jobs. But on the other hand, some are rewarded through high salaries for facilitating malpractices of the owners of private banks.

By and large, the banking sector suffers from supervision and oversight weaknesses, Rahman said.

"It is in a very vulnerable situation -- and it is time to address these issues. But instead of doing that, we see a lot of opportunities being offered to state banks to make up their losses created through various financial malpractices," he said.

The think tank went on to call for an independent commission for the financial sector to identify the inherent problems and the emerging challenges and make recommendations for an efficient banking system.



METLIFE
M Nurul Islam, MetLife's head of South Asia, attends a programme announcing MetLife Alico's rebranding as MetLife, recently. The registered name of the company has not been changed.