

WEEKLY REVIEW

# Political volatility shakes investor confidence

## Benchmark index falls 27 points

STAR BUSINESS REPORT

Stocks returned to the red last week as political volatility kept investors wary of fresh investments.

DSEX, the benchmark general index of Dhaka Stock Exchange, fell 27.20 points or 0.55 percent, to close the week at 4,968.71.

"Gloomy political frontier kept investors cautious of fresh fund injections, putting the overall market in a mixed state," said IDLC Investments.

However, some investors were also thinking differently with future macro-economic prospects, backed by stronger foreign exchange reserves, exports and remittances, the investment bank said.

Though the political front was shaky last week, investors went for some buying activity at the beginning of the year, LankaBangla Securities said.

Heavyweight stocks Olympic Industries, British American Tobacco, Lafarge Surma Cement and Grameenphone gained 3.9 percent, 2.5 percent, 1.3 percent and 0.2 percent respectively.

The week's daily turnover averaged at Tk 279 crore, which is 32.99 percent higher than the previous week.

Among the major sectors, pharmaceuticals retraced 0.16 percent last week. All the other large-cap sectors advanced during the week.

Food and allied registered the highest gain of 2.55 percent followed by power 1.78 percent, cement 1.08 percent, non-bank financial institutions 0.44 percent, banks 0.22 percent and telecoms 0.16 percent.

Of the 313 issues that traded on the DSE, 143 advanced and 142 declined, while 28 remained unchanged.

Lafarge Surma Cement dominated the week's top turnover chart for the third consecutive week with 50.89 lakh shares worth Tk 69.15 crore changing hands. It was followed by Agni Systems, Desco, Saif Powertec and RSRM Steels.

Alltex Industries was the week's top gainer, posting a rise of 31.97 percent following its promotion to 'A' category from 'Z' category, while Northern Jute Manufacturing was the worst loser, plunging 16.93 percent.

# Citi honoured as best bank in Asia

STAR BUSINESS DESK

Citibank has been awarded as the best bank in Asia in 2014 by the leading industry publication FinanceAsia, it said in a statement yesterday.

This is the sixth year in a row that Citi has won the accolade.

Citi also picked up the best merger and acquisition bank after leading over \$85 billion of such transactions in 2014.

"Citi wins our best bank award for its remarkable momentum in Asia," the Finance Asia editors said in its editorial.

"It also maintained a well-balanced split evenly amongst businesses and countries," the editorial said.

"Citi has managed to harness the grow-

ing importance of Asia in a region that now accounts for a third of Citi's global net income and a fifth of its global revenues."

"In a highly competitive market this independent recognition is greatly appreciated by all of us at Citi. Asia is at the heart of Citi's transformation and we are well placed to capture more of the growth opportunities in this region," said Stephen Bird, chief executive for Citi in Asia Pacific.

"By leveraging Citi's strong network, we strive to meet the expectations of our clients and this win demonstrates Citi's commitment to providing the best solutions to them in the Asia Pacific region," said Rashed Maqsood, managing director and Citi country officer for Bangladesh.

# Bafeda elects new office bearers

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Mohammed Nurul Amin, managing director of Meghna Bank, has been elected chairman of Bangladesh Foreign Exchange Dealers' Association for 2015-2016, Bafeda said in a statement yesterday.

Mohammad Abdul Mannan, managing director of Islami Bank Bangladesh, and Md Abdus Salam, managing director of Janata Bank, were elected vice chairman and treasurer, it said.



Mohammed Nurul Amin

# Western Marine to build ferry for Uganda

STAFF CORRESPONDENT, Ctg

Western Marine Shipyard has bagged an order to build a ferry for the Uganda government.

The 33-metre long ferry will be used to carry up to 120 passengers and 16 cars on the inland waterways of the African nation, especially in Lake Kyoga, Western Marine said in a statement yesterday.

The project is worth around Tk 24 crore and the ship-builder expects to deliver it in 12 months.

Western Marine delivered a passenger ferry to Tanzania in October 2014. The company also delivered similar ships to Denmark, Pakistan and to the Bangladesh government.

Currently, the company is building an offshore patrol vessel for the Kenyan Department of Fisheries.

# BASIS launches project to create skilled manpower

STAR BUSINESS DESK

Bangladesh Association of Software and Information Services has taken an initiative to create skilled manpower with a combined effort from the industry and educational institutions.

BASIS will form a students' forum with the students of all public and private universities of Bangladesh, according to a statement.

Shameem Ahsan, president of the trade body, made the announcement of launching the forum at a press conference at

BASIS auditorium in Dhaka yesterday.

Ahsan said, "The long-term goal of the forum is to create skilled and adequate manpower in the IT sector. The forum also targets to prepare the youth to face the challenges of the future IT world."

Ariful Hasan, BASIS director and convener of BASIS Students' Forum, said the forum in every university will include one mentor, one organiser and seven executive members.

Senior Vice-president Russell T Ahmed and General Secretary Uttam Kumar Paul also spoke.



Nazrul Islam Khan, education secretary, and Lee Yun-Young, Korean ambassador, pose with the participants of the advanced repair and industrial skill enhancement project organised by Samsung Electronics Bangladesh at the Dhaka Polytechnic Institute in the capital yesterday.



Mohammad Abdul Mannan, managing director of Islami Bank Bangladesh, presides over a two-day business conference of the bank at Sonargaon Hotel in Dhaka yesterday. Eskander Ali Khan, chairman of board executive committee, was also present.

# US jobless rate falls to 5.6pc in best year since 1999

AFP, Washington

The US unemployment rate fell to 5.6 percent in December, the lowest level in six and a half years, as the country capped its best year for job creation since 1999.

In a fresh sign that the United States is creating more distance from the weakness in Europe and elsewhere, the Commerce Department said Friday that the economy churned out 252,000 jobs last month.

Together with upward revisions of the previous two months -- 50,000 more jobs than previously reported -- December rounded out the best year for job generation in 15 years, with almost three million net new jobs added.

That helped push the unemployment rate down 0.2 percentage point from November. The jobless rate was 6.7 percent a year ago, and had peaked at 10.0 percent in October 2009.

"2014 ends with a bang," cheered Chris Low at FTN Financial, pointing out that even industries that might have suffered from the sharp oil price decline still showed strength.

The job gains were strongest in professional and business services, restaurants and bars, and the construction industry, underscoring the healthy growth in the US services sector, while job creation in manufacturing was weak.

But hourly earnings, another indicator of the strength of the labor market, almost totally reversed the previous month's surprise gain. Hourly earnings were up just 1.7 percent from a year ago, just keeping up with inflation.

"For the last five years, nominal wages have grown far slower than any reasonable wage target. The fact is that the economy is not growing enough for workers to feel the effects in their paychecks," said Elise Gould of the Economic Policy Institute. But other analysts downplayed the wage figures, saying the sheer number of jobs being generated in recent months will have to show up soon in higher pay.

# New captain of StanChart: a Bangladeshi

FROM PAGE B1

"Abrar is a hugely talented member of our team and he has already made a major contribution to our success, under Jim McCabe's leadership," Sunil Kaushal, CEO of Standard Chartered's South Asia operations, said on Anwar's appointment. "His deep knowledge of Bangladesh, a key growth market for us globally, and our customers and clients will take this exciting business to new heights," he added.

Anwar, who joined SCB in 2011, has more than 23 years of experience in international banking in Bangladesh, India and the UK. His elevation to the top of the largest foreign bank in the country is in line with the recent trend among multinationals to appoint Bangladeshi professionals to rudder their local operations.

In 2012, Unilever got its first local CEO and the following year, British American Tobacco appointed its first ever Bangladeshi managing director.

"This is a very big achievement for Bangladesh and its corporate professionals," Mukdesur Rahman, managing director and CEO of NRB Bank, said on Anwar's appointment.

Rahman previously worked in senior positions at Standard Chartered's franchises in Bangladesh and Nepal.

Anwar will continue to be based in Dhaka and has already taken up his new position on January 1.

# Japanese insurer threatens to pull out investment plans

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Insurance rules do not allow any reallocation or transfer of shareholdings in the first three years after licensing. "But Taiyo demanded it within a year," said M Shefaqe Ahmed, chairman of IDRA.

Now, IDRA is in a fix: while it wants to welcome Taiyo to the insurance sector, it does not want to make exceptions to the rule for the Japanese company.

Without elaborating, the Japanese insurer in the letter blamed several unexpected events for the revised offer. But officials close to the proposed joint venture insurance company said that Taiyo was hurt by political instability and communal attacks on the Buddhist community in Ramu, Ukhiya and Teknaf in Cox's Bazar in October 2012.

Subsequently, Taiyo in the letter to Muhith sought his appointment to discuss and settle the issue once and for all. IDRA in 2013 allowed 16 new insurers, including two non-life companies. All of them got registration and started business except Taiyo Summit Life Insurance. Taiyo has more than 50 lakh policyholders in Japan.

# Biggest fertiliser factory to be ready this year

FROM PAGE B1

Bangladesh has six urea fertiliser factories with annual production capacity of 1.8 million tonnes.

There is no fertiliser crisis currently as the government has ensured smooth supply to farmers, Amu said.

"There was no fertiliser crisis even in the peak season last year," he said, attributing the smooth supply to proper management and procuring by the government.

The construction of a central effluent treatment plant at the leather park in Savar is going in full swing, Amu said, adding that 55 percent of the civil work of CETP has been completed. A total of 145 tannery owners have already begun building their factories in Savar, he said.

Tannery owners are expected to start relocating hazardous factories from Hazaribagh in Dhaka to Savar soon, he said.

The industries ministry has already allocated more than 205 plots on 200 acres to 155 tannery owners through the BSCIC, a wing of the ministry.

The project, which took off in 2003 at an approximate cost of Tk 175.75 crore, came to a standstill over a decision on who would shoulder the lion's share of the cost and get the contract for a common effluent treatment plant.

The total project cost of the tannery estate now stands at the much higher Tk 1,079 crore, including the Tk 250 crore that will be paid in compensation by the government to the tanneries.

Initially, the 155 tanneries were to finance 60 percent of the cost and the rest was for the government.

However, later the government agreed to pick up 80 percent, or Tk 829 crore, of the core project cost, as per the second revised proposal passed by the Executive Committee of National Economic Council in August last year. The government now intends to complete tannery relocations by 2016.

Amu said the government will finalise a new industrial policy soon. "We have already made a draft of National Industrial Policy-2015. It will be finalised soon after taking opinions from the stakeholders," he said.

The new industrial policy has been developed in line with the government vision of becoming a middle income country by 2021, he said, adding that the new policy will focus on increasing the industry's contribution to the GDP to 40 percent from existing 28 percent.

# Large cap firms perform better

FROM PAGE B1

EBITDA is an indicator of a company's financial performance and it is an approximate measure of a company's operating cash flow based on data from the company's income statement.

The company's revenue from data services exhibited a staggering 72 percent growth year-on-year in the third quarter of 2014, contributing 5.2 percent to its total revenue.

Moreover, an increase in its corporate tax rate had depressed earnings in 2013, which did not occur in 2014, thereby amplifying profit growth last year, the stockbroker said.

The food and allied sector continued its rally for the second year with a 56.6 percent gain and stood at Tk 21,090.19 crore last year.

Two heavyweights -- Olympic Industries and British American Tobacco Bangladesh -- led the rally, gaining 108.6 percent and 65.3 percent respectively, it said.

An improved margin, higher consumption of fast-moving consumer goods (FMCG) and revenue growth of these companies led the rally in the sector.

For instance, prices of core raw materials of Olympic like sugar, wheat and palm oil went down, which helped the company expand its margin.

In addition, falling inflation had boosted consumption of such FMCG, as disposable income increased, LankaBangla said.

The pharma sector gained 43.8

percent last year. The sector was dominated by ACI, Renata, ACI Formulation, Square Pharma and Marico, which gained 173 percent, 70 percent, 62 percent, 56 percent and 47 percent respectively.

Most of the leading pharma companies registered revenue growth and margin expansion last year, according to LankaBangla.

Although the pharma industry grew at a single digit rate in fiscal 2013-14, leading pharma companies like Renata and Square Pharma saw double digit growth, it said.

Among the major sectors, banks lost 3.5 percent of market cap last year. Some major banks such as Islami Bank, Prime Bank and Pubali Bank lost 26 percent, 24 percent and 18 percent.

"The best performing companies came from the manufacturing sector. Stocks of healthcare, consumer goods, telecom, and construction and building materials saw the highest returns last year," the stockbroker said.

"We are expecting the manufacturing companies to drive the market movement in 2015, like in the previous year," said Md Mahfuzur Rahman, head of research at LankaBangla Securities.

Pharma and FMCG companies will observe higher demand for their products, if low inflation prevails in the country, Rahman added.

Construction and building material companies may overcome sluggishness with increasing government

expenditure in development projects and higher growth in remittance, he said.

"Simultaneously, gross profit margins will improve significantly due to falling commodity and crude oil prices. Many of the raw materials for manufacturing companies are derivatives of oil," he said.

The declining interest rate will also reduce the financing costs of highly levered companies, he said.

"Seemingly, manufacturing companies' market cap will go up as they improve their fundamentals in 2015."

Northern Jute Manufacturing Company posted the highest return of 392 percent among all the listed stocks in Dhaka Stock Exchange last year followed by Alltex Industries with 318 percent, Lafarge Surma Cement 267 percent, Summit Alliance Port 174 percent and ACI 173 percent.

Around 157 companies generated negative returns last year. Tallu Spinning Mills was the worst performer at the DSE with a fall of 60.1 percent, followed by Fine Foods with 55.04 percent and Delta Spinning Mills 54.35 percent.

The DSEX, the key price index of the premier bourse, gained around 14 percent to close the year at 4,864.96 points. The average daily trade stood at around Tk 500 crore in 2014, up 25 percent from the previous year.

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MA Hashem, chairman of United Commercial Bank, attends the bank's annual business conference at Radisson Hotel in Dhaka yesterday. Muhammed Ali, managing director, was also present.



Nur Mohammed, chairman of Jamuna Bank Foundation, opens a free eye check-up facility for the pilgrims of Biswa Ijtema recently.