TOKYO

ASIAN MARKETS

MUMBAI

0.40%

\$52.31

সোস্যাল ইসলামী ব্যাংক লিমিটেড এর সকল শাখায় পবিত্র হজ্ব রেজিস্ট্রেশন ফি জমা নেয়া হয়। রেজিস্ট্রেশন ফি জমাদানের শেষ তারিখ: ৫ ফেব্রুয়ারি, ২০১৫ যে কোন প্রয়োজনে ০৯৬১২০০১১২২ সোস্যাল ইসলামী ব্যাংক লিমিটেড

DHAKA THURSDAY FEBRUARY 5, 2015, e-mail:business@thedailystar.net

COMMODITIES

\$1,264.39

Turmoil upsets forex market

BB mops up \$330m from banking system

REJAUL KARIM BYRON

STOCKS

0.25%

CSCX

0.34%

DSEX

The drawn-out political turmoil has started to bear down on the foreign exchange market, compelling the central bank to buck its dollar-selling spree and start purchasing instead to keep the exchange rate stable. So far this year, Bangladesh Bank has

purchased \$330 million from the open market, in contrast to the \$357 million sold in the last two months of 2014 in the face of high demand for foreign currency. Subsequently, the average dollar-taka

exchange rate has remained stable at Tk 77.8 since January 27.

"Just as the investment demand was picking up towards the end of last year, the reemergence of political turmoil from the beginning of the new year has totally spoiled the appetite," said the treasury head of a private bank preferring not to be named. The rising demand for dollars in the last two

months of 2014 can be attributed to the return for investment appetite then, he added.

Since the turn of the year, which coincided with the political upheaval, the number of letters of credit opened for capital

machinery and raw materials has dropped sharply, said another treasury head.

Not only that, the number of LCs opened for importing other goods too has slumped. The countrywide blockades and hartals, ongoing since January 6, have been hampering transportation, spiralling ferrying costs and consequently increasing the overall cost for imports, he said.

Subsequently, the demand for imported goods has dropped. January's non-food inflation figures also

support this view. Non-food inflation dropped to 6.01 percent last month, after rising for three consecutive months.

Kazi Saidur Rahman, a general manager of the BB, differed with the bank officials' views, saying it was just a seasonal effect.

Typically, at the beginning of the year, the demand for imports is low, he said. "If it is because of the political turmoil, we will know two to three months from now and not at this moment."

The central bank in its Monetary Policy Statement reassured that it would intervene in the forex market to keep the exchange rate stable and quell inflationary pressure.



Exports show a silver lining in gloom

CURRENCIES

BUY TK 77.20

SHANGHAI

V 0.93%

0.28%

REFAYET ULLAH MIRDHA

January's export figures delivered a ray of sunshine amid the doom and gloom brought about by the dragging political turmoil, registering positive growth in keeping with the uptick generated last quarter.

Last month, exports grew about 5 percent to \$2.89 billion year-onyear, according to Export Promotion Bureau. The figure is also higher, albeit slightly, than in the previous month: in December last year, some \$2.84 billion was received.

January's takings missed the export target for the month, which was \$2.97 billion.

Garment products, which typically account for more than 80 percent of the export earnings, also saw an increase. In January, garment exports fetched \$2.42 billion, up about 8 percent year-on-year and 3.86 percent month-on-month.

"We now have splendid export growth despite odds like Rana Plaza building collapse and Tazreen fire due to our aggressive marketing campaign. But our exports will stutter if the political upheaval goes on and on," Atiqul Islam, president of **Bangladesh Garment Manufacturers** and Exporters Association, said.

"We are not worried for today as we have work orders aplenty, but we are worried for tomorrow." He said the international retailers

have already started retreating.

They are not coming to Bangladesh to place orders for fear of getting caught in the violence,

EARNINGS FROM OVERSEAS

Jul-Jan of FY15; year-on-year growth



Pharmaceuticals \$41.17m

\$397.6m Agro-based Frozen

meet in a third country.

Jute and

Foods

Jute Goods

5.05% **Products** instead asking the factory owners to

garment makers would not be able

to execute the whole order timely

due to the production disruptions

The retailers say they are adopting

brought about by the political crisis.

7.19%

a 'wait-and-see' policy, sitting back for developments -- one way or the And even then, they are not placother -- on the political deadlock. ing the full volume of orders: the retailers are putting in 50 percent of

\$366.19m

17.35%

Meanwhile, representatives of 65 international retailers, who altogether account for 88 percent of the export the orders now, as they think the orders, have demanded an immediate solution to the current crisis and an uninterrupted supply chain between Dhaka and Chittagong at the regular buyers' forum on Monday.

EXPORTS

5%

..................

"We are not wor-

ried for today as we

have work orders

aplenty, but we are

worried for tomor-

-- Atiqul Islam,

BGMEA president

SOURCE: EPB

in January

Apparel tech fair kicks off

STAR BUSINESS REPORT

Despite the political turmoil, nearly 900 garment and textile machine makers from 33 countries have gathered in Dhaka to show how improved technology could have an impact on the apparel sector.

Exhibitors have come with modern machines and technologies -- for textiles to accessories, bleaching and washing, dyeing, knitting, cutting and laying and computer software -- to the 12th Dhaka International Textile and Garment Industry Exhibition 2015.

Bangladesh Textile Mills Association in association with Taiwan's Chan Chao Int'l Company and Hong Kong's Yorkers Trade and Marketing Service Company organised the four-day event at the Bangabandhu International Conference Centre, which was inaugurated by Finance Minister AMA Muhith.

The local textile millers meet 80-85 percent of the demand for fabrics from the knitwear makers and 35-40 percent from the woven garment makers, according to BTMA President Tapan Chowdhury.

READ MORE ON B3

BCMCL eyes 3 untapped coal fields

OUR CORRESPONDENT,

Barapukuria Coal Mining Company (BCMCL), an affiliate of Petrobangla, has sought the government's permission to extract coal from three untapped coalfields in the country's northern region to bolster coal production in line with the national demands.

The fields -- Phulbari of Dinajpur, Jamalganj of Joypurhat and Khalashpir of Rangpur -- have 2,225 million tonnes of coal reserves.

Coal from the new mines could be used to generate 5,400MW power, the BCMCL said in its proposal to the energy ministry in August last year.

gas," said Md Aminuzzaman, managing director of the BCMCL. A techno-economic

"We need less stress on

feasibility study has already been conducted for Khalashpir and Phulbari coalfields, by Hosaf and Asia Energy respectively, but the other one need to be analysed for viability, the proposal said.

The Geological Survey of Bangladesh has so far found five coalfields --Parbatipur's Barapukuria, Nawabganj's Dighipara, Dinajpur's Phulbari, Joypurhat's Jamalganj and Rangpur's Khalashpur -whose combined reserves stand at 3,300 million tonnes, which is three times the country's known gas reserves.

Ctg port unfazed by political turmoil



DWAIPAYAN BARUA

The countrywide non-stop blockade and several shutdowns since January 5 have so far had little impact on the activities of the Chittagong port, as loading, unloading and delivery of export and import goods went on as usual.

So far, the port has faced no container congestion or disruption in departure schedule, a marked contrast to the scenario that prevailed during the last political unrest towards the middle of fiscal 2013-14, port officials said.

"This spell of political upheaval has had no impact on port activities," Nizamuddin Ahmed, chairman of Chittagong Port Authority, said.

During January 6 to January 31, 128,898 TEUs (twenty feet equivalent units) -- 64,100 TEUs of import and 64,798 TEUs of export -- were handled at the port, according to data from CPA.

In January, a total of 150,831 TEUs of export and import containers were cleared against 149,483 TEUs the previous month. The efforts of port users, officials and,

more importantly, transporters, who operated despite risk of arson, as well as the security measures on the Dhaka-Chittagong highway by law enforcers, helped keep port operations smooth.

So much that on January 19, a record 5,920 vehicles plied to and from the port. In times of political calm, 4,000-5,000 vehicles enter and exit the port.

In normal times, the port cleared 2,000 to 3,000 TEUs of import containers a day, with the number slumping 70-80 percent during shutdowns in previous years.

But in the last 26 days of January, when the political turmoil was in full swing, the average delivery of import containers stood at 2,300 TEUs a day. In contrast, in the first five days of the month, when the political unrest was starting to brew, 1,732 TEUs were dispatched a day.

The clearing and forwarding (C&F) agents, who clear the consignments from the port on behalf of the importers, said cargoes could be delivered to different parts of the country on the most part.

READ MORE ON B3

Marico profits slip amid volatility

The company suffered an 18.35pc year-on-year fall in profits in three months to December last year

GAZI TOWHID AHMED

The continuing political volatility is taking a heavy toll on the sales of Marico Bangladesh, as the violence is creating obstacles in sending its products to different parts of the country, said Aditya Shome, managing director of the company. "The political turmoil is hurting

our distribution network. The movement of goods to remote places has definitely become a challenge with certain pockets in the country being completely inaccessible." The fresh wave of political chaos

since January 5 has also made it difficult for the company to predict its future business performance, Shome said. Moreover, the company marked an

18.35 percent year-on-year fall in profits in the three months to



December last year, as it invested Tk 22.09 crore behind its product distribution network and marketing during the period, he said.

The fast-moving consumer goods producer's revenue grew 16 percent to Tk 157 crore year-on-year in the period, and it recorded Tk 644 crore in turnover in the year ending March 2014.

The company has also forayed into various business segments in the last year with the launch of hair oil brands

'Nihar Shanti' and 'Parachute Advansed Extra Care'.

"The consumer responses for both these brands have been very encouraging and in line with our business expectations." The company launched deodorants under the name of Set Wet, which became a huge hit in Bangladesh, he said.

"We had recently test-launched the winter range of Parachute Advansed Body Lotion. The initial response has been very positive," Shome said.

The flagship brand of the company is Parachute, he said.

Parachute was adjudged to be the most trusted brand in 2012 out of 1,796 brands across categories of consumer durables, non-durable products and services operating in Bangladesh by Bangladesh Brand Forum and Nielsen.

READ MORE ON B3

Foreign funds in stocks slide as unrest saps confidence

STAR BUSINESS REPORT

Net foreign investment in the capital market declined 18 percent yearon-year in January, as overseas investors followed a go-slow policy amid political instability in Bangladesh.

Their net investment reached Tk 228.21 crore last month, as foreign investors bought shares worth Tk 365.04 crore and sold shares worth Tk 136.83 crore, according to data from Dhaka Stock Exchange.

Net investment in January last year cal development.

was Tk 278.37 crore, after foreign investors bought shares worth Tk 403.15 crore and sold shares worth Tk 124.78 crore.

Foreign fund managers rated Bangladesh as one of the top-frontier markets for their investment due to its positive outlook, said Wali Ul Islam, chief executive of Unicap Securities.

"But the ongoing political turmoil that began early last month led foreign investors to adopt a go-slow strategy. They are observing the politi-

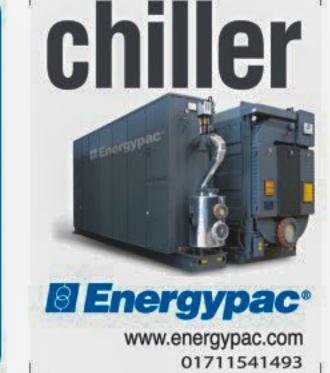
Foreign investors' participation will increase when the political situa-

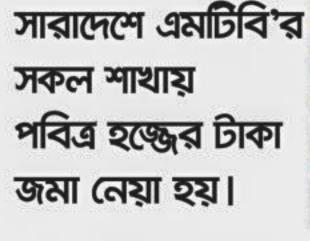
tion improves, Islam said. "There was a time when only USbased fund managers were investing in our markets. But now, fund managers from Europe are also coming to Bangladesh."

Also known as portfolio investment, foreign investment accounts for less than 2 percent of DSE's total market capitalisation, which was Tk 316,568 crore after the close of yesterday's trade.

READ MORE ON B3





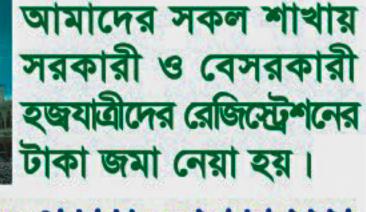


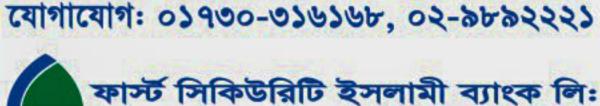
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