

Subdued trading helps stocks end week in black

STAR BUSINESS REPORT

Stocks ended the week in the black amid cautious trading yesterday.

DSEX, the benchmark index of Dhaka Stock Exchange, rose 14.4 points or 0.3 percent before closing the last day of the week at 4,792.3 points.

The market saw lacklustre trading in the first hour as the investors were vigilant about the monetary policy that was announced yesterday, LankaBangla Securities said.

"The market continued to move sideways as there was no direct implication of monetary policy statement on the stockmarket," the stockbroker said.

Bangladesh Bank made some subtle changes with no cut in the repo rate.

After seeing a subdued trade in the morning session and mixed performance in earnings news, stocks continued to perform well following the announcement of accommodative stance from Bangladesh Bank, LankaBangla said.

IDLC Investments said half-yearly earnings were mixed and investors were

showing minimal reactions to favourable earnings as they were waiting for a confirmation of upbeat reversal.

Turnover, another important indicator of the market, fell by 0.1 percent to Tk 629.86 crore on transactions of 16.25 crore shares and mutual fund units.

Of the traded issues, 156 advanced and 117 declined with 41 securities closing unchanged on the premier bourse.

Lafarge Surma Cement dominated the turnover chart with 33.15 lakh shares worth Tk 41.66 crore changing hands, followed by Square Pharma, Shasha Denims, Beximco Pharma and IDLC.

BD Finance was the day's best performer with a gain of 9.7 percent, while BD Welding Electrodes was the worst loser with a 6.43 percent fall.

Chittagong stocks rose as the main index accelerated 38.4 points to 8,959.59.

Gainers beat losers as 114 advanced and 99 declined, while 35 finished unchanged on Chittagong Stock Exchange.

The port city bourse traded 1.42 crore shares and mutual fund units, generating a turnover of Tk 61.64 crore.

Facebook profit falls 9pc as costs soar

REUTERS

Facebook Inc reported quarterly revenue that beat forecasts but its profit fell 9 percent as the social media company sharply increased spending to boost mobile revenue and future growth.

Expenses will grow 55 to 60 percent in 2015 from last year, including an 82 percent jump in the second quarter to \$2.77 billion, it added.

"We're investing in the next set of services and what will be future investments like Messenger, WhatsApp and Oculus," Chief Operating Officer Sheryl Sandberg said in an interview on Wednesday after the earnings report. She was referring to Facebook's two messaging services and virtual reality headset maker Oculus Rift, whose first product for consumers has yet to be launched.

Messenger has more than 700 million users, and the app has been downloaded more than 1 billion times on Android, Google Inc's mobile operating system, Facebook said.

Over the coming months, Facebook will add new advertising formats to photo-sharing app Instagram, which was launched in Brazil, Germany and Japan in the second quarter, Sandberg added on a conference call.

Macquarie Research analyst Ben Schachter said the costs and spending met expectations. "We think the company has a lot of opportunities ahead of it so we want to see them investing quite heavily in those investments," he said.

Facebook shares fell more than 3 percent in after-hours trading. As of Wednesday's close of \$96.99, the stock has risen 24.3 percent this year, valuing the company at \$276.4 billion.

Facebook, the world's largest social network, continued to expand its reach, hitting 1.49 billion monthly active users as of June 30, up 13 percent from a year earlier. Of these, 1.31 billion accessed the service through mobile devices, a rise of 23 percent.



MAJUMDER GROUP
Syedul Haque Majumder, chairman of Majumder Group, and Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association, pose at a programme to mark the group's 50th anniversary at International Convention Centre in Bashundhara, Dhaka on Tuesday. The group also unveiled its new logo.



SME FOUNDATION
KM Habib Ullah, chairperson of SME Foundation, and Md Ihsanul Karim, managing director, meet a three-member delegation of India's National Small Industries Corporation led by Ravindra Nath, its chairman, at the SME Foundation's office in Dhaka yesterday.



EBL
Ali Reza Iftikhar, managing director of Eastern Bank, moderates a workshop on how EU members and financial institutions can together explore investment opportunities in Bangladesh, at the bank's Capacity Enhancement Centre in Dhaka yesterday. SK Sur Chowdhury, deputy governor of Bangladesh Bank; Pierre Mayaudon, ambassador of the European Union; Abdul Matlub Ahmad, president of the Federation of Bangladesh Chambers of Commerce and Industry, are also seen.

New top brass for Bangladesh Employers' Federation

STAR BUSINESS DESK

Salahuddin Kasem Khan has recently been elected as the president of Bangladesh Employers' Federation for 2015-2017, the federation said in a statement yesterday.

He is also the chairman of Coats Bangladesh Ltd and AK Khan Jute Mills Ltd, according to the statement.

Kasem also served AK Khan & Co Ltd as managing director and AK Khan Penfabric Company Ltd as vice-chairman, the federation said. The trade body also elected Golam Mainuddin, chairman of British American Tobacco Bangladesh, as its vice president for the same tenure.



Salahuddin Kasem Khan

Amari Dhaka's new director for sales, marketing

STAR BUSINESS DESK

Pranav Bharadwaj has recently been appointed as director for sales and marketing at Amari Dhaka.

Prior to the appointment, he was the director for sales and marketing at the Best Western Hotels India in its corporate office, the hotel said in a statement yesterday.

Bharadwaj brings more than 19 years of experience in sales and marketing, according to the statement.

He started his career in the hospitality industry in 1997 as sales executive with Intercontinental Eros Nehru Place, New Delhi, the hotel said.



Rate cuts hinge on inflation's downward curve

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The central bank has put emphasis on inclusive growth as part of the country's efforts to improve the quality of people's lives.

Owing to inclusive growth, which has created a huge number of jobs, there had been no social unrest in Bangladesh in spite of political turmoil, he said.

Besides the ongoing inclusive financing for farm and non-farm small and medium enterprises and the export development fund support for exporters, new medium to longer term financing windows will be opened in fiscal 2015-16, said the statement.

A fund for \$500 million will be created to support medium- and long-term projects, especially environmentally responsible investments at lower interest rates.

The World Bank will contribute \$300 million as credit, and the rest will come from the central bank.

The WB fund will be for medium to longer term foreign currency financing of manufacturing projects, while the central bank's part will be used for green initiatives in export-oriented textiles, apparel and leather sectors.

The central bank expects 14 percent growth in imports, 7.5 percent growth in exports and 10 percent growth in remittances this fiscal year.

The recent sustained pick-up in investment and consumption imports will ease the appreciation of the taka in the near-term, enhancing its export competitiveness, according to the statement.

It said the growth rate of foreign exchange reserves will slow down and the import coverage will fall before reserves turn out to be a liability.

The foreign reserves are projected to reach \$26 billion in fiscal 2015-16 from \$25 billion the year before, but the import coverage will marginally fall from 6.2 to 5.7 months.

The statement also touched upon the issue of classified loans, stating that the central bank will not be lenient in clamping it down.

While the cases of the credible borrowers with potential for better businesses will be reviewed, the central bank will not hesitate to take any stern measures against the habitual defaulters and bad borrowers with a track record of persistent delinquencies.

About keeping the policy rates unchanged, Paul gave the

example of repo rate of 7.25 percent.

He said it has remained the same for long, which may signal that it has remained stagnant. "But we have kept it unchanged in an effort to keep the inflation in check."

The chief economist said the central bank sits for a meeting every month on the monetary policy. "If we see there is demand for credit and inflation is stable we will accommodate the demand."

SK Sur Chowdhury, a deputy governor of the central bank, said the BB is aiming to lift people from the lower strata of society without bringing down those from the higher echelon.

Allah Malik Kazemi, change management adviser of the central bank, said the targeted private sector credit growth is enough to help the government achieve its GDP and inflation targets for the current fiscal year.

Deputy Governor Nazneen Sultana said the central bank, with support from the National Board of Revenue, is closely monitoring the foreign exchange transaction.

The system is now transparent, so there is no possibility for irregularities, she added.

Consumer spending bolsters US second-quarter growth

REUTERS, Washington

US economic growth accelerated in the second quarter as solid consumer spending offset the drag from weak business spending on equipment, suggesting a steady momentum that could bring the Federal Reserve closer to hiking interest rates this year.

Gross domestic product expanded at a 2.3 percent annual rate, the Commerce Department said on Thursday. First-quarter GDP, previously reported to have shrunk at a 0.2 percent pace, was revised up to show it rising at a 0.6 percent rate.

The revision to first-quarter growth reflected steps taken by the government to refine the seasonal adjustment for some components of GDP, which economists said left residual seasonality in the data, as well as new source data.

The Fed on Wednesday described the economy as expanding "moderately" while upgrading its view of the labour market and saying housing had shown "additional" improvement. The Fed's assessment left the door open for a possible hike in interest rates in September, which would be the first rise since 2006.

A separate report showed first-time applications for state unemployment benefits increased 12,000 last week to a seasonally adjusted 267,000. However, claims remained not too far from their cycle lows. The dollar extended gains against a basket of

currencies, while prices for US Treasury debt fell slightly.

Though second-quarter GDP growth was a bit below economists' expectations for a 2.6 percent rate, the growth composition pointed to firming domestic fundamentals.

A measure of private domestic demand, which excludes trade, inventories and government expenditures, increased at a 2.5 percent rate after rising at a 2.0 percent pace at the start of the year.

Growth in the second quarter was boosted by consumer spending as households used some of the windfall from cheaper gasoline in late 2014 and early this year to go shopping. The strengthening labour market also encouraged consumers to loosen their purse strings.

Consumer spending, which accounts for more than two-thirds of US economic activity, grew at a 2.9 percent rate from a downwardly revised 1.8 percent pace in the first quarter. Consumer spending was previously reported to have increased at a 2.1 percent rate at the start of the year. The saving rate fell to 4.8 percent from 5.2 percent.

Housing also supported the economy in the second quarter, as did exports, and state and local government spending.

However, the energy sector continued to weigh on growth as it struggles with the lingering effects of deep spending cuts by oil-field companies like Schlumberger (SLB.N) and Halliburton (HAL.N) in the aftermath of a

more than 60 percent plunge in crude oil prices last year.

Business spending on structures fell at a 1.6 percent rate after stumbling 7.4 percent at the start of the year. Investment on equipment fell at a 4.1 percent rate.

Spending on mining exploration, wells and shafts plunged at a 68.2 percent rate, the largest decline since the second quarter of 1986. This category dropped at a 44.5 percent pace in the first quarter.

But there are signs that the energy spending rout might be nearing an end. Data last Friday showed US energy firms added 21 oil rigs last week, marking the third increase over the past 33 weeks.

Schlumberger said last week it believed the North American rig count may be bottoming and that a slow rise in both land drilling and completion activity could occur in the second half of the year.

Exports rebounded in the second quarter, despite a strong dollar, while imports rose moderately. That left a smaller trade deficit that added 0.13 percentage point to GDP growth.

Inventory investment slowed after the first quarter's brisk pace. Businesses accumulated \$110.0 billion worth of merchandise, down from \$112.8 billion in the first quarter, good news for the remainder of the year. With oil prices rising during the second quarter and consumer spending picking up, inflation accelerated sharply.



MTB
Md Sayedul Islam Bhuiyan, head of sales and marketing of Grand Sultan Tea Resort and Golf, and Mohammed Sami Al Hafiz, group chief communications officer of Mutual Trust Bank, attend the signing of an agreement at the bank's head office in Dhaka recently. The bank's privileged customers and gold credit cardholders will get exclusive benefits, including 55 percent discounts on room rents, at the resort.

Procter & Gamble sales fall for sixth straight quarter

REUTERS

Procter & Gamble Co, the world's largest consumer products maker, reported its sixth straight fall in quarterly sales, as it continued to be weighed down by a stronger dollar that stripped the value of overseas sales.

The company's net income fell 80 percent to \$521 million, or 18 cents per share, in the fourth quarter ended June 30, the maker of Tide detergent and Pampers diapers said.

P&G, which named David Taylor chief executive on Tuesday, said revenue fell 9.2 percent to \$17.79 billion.

The company said it took a \$2.03 billion charge for a change in the accounting method of its Venezuelan operations.



BDBL
Md Zillur Rahman, managing director of Bangladesh Development Bank, and Md Fayekuzzaman, managing director of ICB, exchange documents of a trust deed for the launch of a closed-end mutual fund -- CAPM BDBL Mutual Fund 1 -- at a programme on Wednesday.