

Miners back in profit on recovering metals prices

AFP, London

Two of the world's top mining firms returned to profit with a bang on recovering iron ore and coal prices, higher output, cost cutting and asset sales, results showed Tuesday.

BHP Billiton, the world's biggest miner, posted net profit of US\$3.2 billion (3.0 billion euros) for the second half of 2016, a sharp contrast with the post-tax loss of \$5.7 billion posted in the same period in 2015.

At the same time, Anglo American said its full-year net profit came in at \$1.6 billion in 2016 compared with a loss after tax of \$5.62 billion during 2015.

Both companies reduced debt by billions of dollars but were cautious over the outlook, with iron ore prices set for more volatility.

"Looking forward, an uncertain economic outlook means BHP is not counting any chickens yet," said George Salmon, equity analyst at Hargreaves Lansdown.

Meanwhile, Anglo's focus "remains on ensuring the balance sheet is able to withstand expected price volatility", said AJ Bell investment director Russ Mould.

Following the results, BHP's share price rose 0.2 percent on the London market while Anglo fell 0.7 percent compared with Monday's close.

Describing BHP's performance as "strong", chief executive Andrew Mackenzie voiced confidence in the long-term outlook for commodities, particularly oil and copper.

The company had already reported record Australian iron ore production for the last six months of 2016 after a 28-percent surge in the price of the commodity year-on-year.

The BHP results represented what analysts hailed as an "impressive" turnaround after big drops in commodity prices forced the firm into an annual net loss of US\$6.39 billion, its worst-ever.

"While the recent improvement in commodity prices has provided a pretty strong tailwind, investors shouldn't ignore the group's excellent progress on cost control," said Salmon.

For copper, BHP said it would revise output guidance at Chile's Escondida mine, the biggest in the world, where 2,500 workers are on strike.

BHP added that "the (iron ore)

market is likely to come under pressure in the short term from moderating Chinese steel demand growth, high port inventories and incremental low cost supply".

Iron ore prices have risen from a low of \$40 per tonne in 2015 to around \$90 this month.

Metallurgical coal prices also surged in the last six months "driven by pronounced shortages in both domestic Chinese and seaborne supply", BHP said.

BHP's profit rebound comes amid ongoing settlement negotiations over the fatal November 2015 Samarco mine collapse in Brazil.

Samarco -- co-owned by BHP and Vale -- is facing massive legal costs for the tragedy, in which 19 people died, an entire village was destroyed and water and supplies were cut off to tens of thousands.

BHP said last month it had struck an agreement with Brazilian prosecutors to negotiate the settlement of a 155-billion-real claim (US\$50 billion) by June 30.

"Restart of (Samarco) operations remains a focus but will only occur if it is safe, economically viable and has community support," BHP said in its results.



Khondker Fazle Rashid, managing director of Premier Bank, and Md Shakawat Hossain, president of Oxford International School, open a collection booth of the bank on the Dhanmondi campus of the school to collect students' fees.

Daraz Bangladesh completes merger with Kaymu

STAR BUSINESS DESK

Kaymu has recently completed its merger with Daraz.com.bd, in an effort to combine the two e-commerce platforms into one and improve the quality of products.

Daraz Bangladesh merged in July 2016 and the transition has been suc-

cessfully completed recently to close its business as of February 28 this year, Daraz said in a statement yesterday.

"We are excited about being one team and one platform and look forward to building the most competitive shopping platform in the country," said Benjamin de Fouchier, managing director of Daraz Bangladesh.

"Daraz will still be the home of original, brand new and authentic products and we assure our customers that we will try to meet all their retail requirements followed by a seamless shopping experience."

Daraz has operations in Pakistan, Bangladesh, Myanmar, Sri Lanka and Nepal, according to the statement.



Industries Minister Amir Hossain Amu hands over the CIP (commercially important person) card for 2015 in medium-scale industry category to PRAN-RFL Group's Chairman Ahsan Khan Chowdhury at a programme in the capital.

Large firms investing in tea plantation

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At present, the industry is facing a shortage of talent, knowledge and technology, industry people said.

As a result, tea production in the country remains one of the lowest in the world.

In Bangladesh, the per hectare tea production is 1,200-1,300 kg, which is half of Sri Lanka's; in India, it is 1,600-1,800 kg.

"Tea is like agriculture and we need to introduce new knowledge and technology," said Bashir Uddin of Akij Group.

Better prices will also encourage owners to invest their money in tea plantation, he added.

Good quality tea is now selling at Tk 180-Tk 200 per kg in auction and the average quality Tk 140-Tk 150.

At the beginning of the season, quality tea sold at Tk 250 a kg, according to market players.

Gold drops as investors await hints on US rate hikes

REUTERS

Gold prices fell as the dollar gained on Tuesday, with investors waiting for clues on the timing of any increase in US interest rates from minutes of a Federal Reserve meeting and in a series of speeches by Fed officials this week.

The heads of five regional US Fed branches are scheduled to speak this week. In addition, Fed Board Governor Jerome Powell speaks on Wednesday, when minutes of the last policy meeting are also due.

Spot gold fell 0.4 percent to \$1,233.21 per ounce by 0550 GMT, while US gold futures lost 0.4 percent, at \$1,234.60.

"People are awaiting direction from the minutes of the last FOMC (Federal Open Market Committee) meeting. If it offers any significant indication that the Fed can raise rates in the next meeting, there will be a negative impact on gold," said Hareesh V, head of research at

Geofin Comtrade Ltd. "Otherwise, prices can go higher again because of global uncertainty."

Gold is highly-sensitive to rising US interest rates, as it increases the opportunity cost of holding non-yielding bullion, while also boosting the dollar. The dollar index was up 0.2 percent at 101.16 as of 0616 GMT.

"Fed chief Janet Yellen recently signalled that the US economy was prepared for an early increase in key interest rates. Economic data confirming this assessment will put a strain on the gold price in the coming weeks and months," Heraeus Metal Management said in a note.

Political uncertainty including lingering doubts over US President Donald Trump's policies and the potential impact on the Fed's strategy, as well as elections in France and Netherlands, has offered broad support for the yellow metal, which has risen about 7 percent this year.

Slump in interest rate on deposits worries BB

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Given the development, the Bangladesh Bank issued a notice to banks early this month asking them to keep the interest rate on deposit at a reasonable level.

"In recent times it has been noticed that the banks' interest on deposit decreased quicker than the interest rate on loans. And in many cases, it has come down to below 5 percent," according to the notice.

The severe cut in interest rate on deposit is encouraging wasteful consumption as people are put off by the idea of saving.

"If the trend continues it may create imbalance in asset and liability management in the banking and financial sector, which is not desirable," the notice added.

"There is no one to look into the interest of depositors," said Nurul Amin, managing director of Meghna Bank.

Amin welcomed the central bank directive, saying the interest rate on deposits must be higher than the inflation rate.

BB Executive Director Subhankar Saha told The Daily Star that the central bank cannot issue a direct order and hence an attempt has been made to send out a message to banks such that they consider the best interests of depositors.

On the one hand, default loans are on the rise and on the other the businessmen's pressure to reduce the rates of inter-

est on loans has resulted in the lowering of returns on deposits.

At the same time, banks are sitting on excess liquidity due to the low investment demand -- a development that also had a part to play in the downward trend of interest rates on deposits.

To lower the interest rate on loans, the banks are taking the easy way out by slashing the interest rate on deposits, said Helal Ahmed Chowdhury, independent director of Islami Bank.

Banks should keep in mind that there will soon come a time when the credit demand will increase, given that Bangladesh is on the way to implementing large infrastructure projects.

"In such a situation, if the deposit base is lost it will be very difficult for banks to get it back," said Chowdhury, also supernumerary professor at Bangladesh Institute of Bank Management.

He went on to cite a case in the past when banks had to attract savers by offering 14 percent interest.

For cutting the lending rates, the cost of fund has to be lowered; banks should speed up realisation of default loans by forming a taskforce, he said.

Chowdhury also suggested banks should come up with new products with a view to utilising the excess liquidity.

Industrial units setting up solar panels on rooftops

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Installation of solar panels on the rooftop will also be instrumental in keeping the temperature inside the farm low and protecting the poultry birds from a heat stroke.

Paragon aims to go for the project using finance from IDCOL, he added.

Md Shariful Islam, general manager for power generation at Youth Group, also said the company is looking to produce 2MW from solar energy at its Comfit Composite Knit Ltd, which has 180,000 square feet of rooftop space.

Reliance Jio to offer bargain rates, crosses 100m customers

REUTERS, Mumbai

Reliance Industries' Jio telecoms unit will charge a tariff for its services from April, but will offer sharp discounts for a year to those who sign up by the end of March, billionaire Indian owner Mukesh Ambani said on Tuesday.

In a speech broadcast live on Reliance Industries' social media accounts, Ambani - India's richest man - said the Jio unit already had 100 million subscribers and that the network was expected to cover most of the

country's population by end 2017.

Reliance Jio Infocomm Ltd, launched in September 2016, has roiled India's telecoms market by offering free voice and cut-price data plans that are slated to run through March 2017, forcing rivals such as Bharti Airtel to respond with price cuts of their own.

"Jio promises to provide world-class data at prices affordable to all Indians," Ambani said. Customers signing up by the end of March will be able to use unlimited data and free voice services for a year at a rate of 303 rupees per month under a special plan.

Bangladesh connected with second undersea cable

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The country currently receives 200 Gbps of bandwidth from its first connection, SEA-ME-WE 4, which

was linked in 2016.

Bangladesh joined the consortium in March 2014 at a cost of Tk 660 crore. Of the total amount, the gov-

ernment provided Tk 166 crore, BSCL Tk 142 crore while the remainder was borrowed from the Islamic Development Bank.

Apparel summit begins in Dhaka on Saturday

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At the summit, the sector people will discuss issues related to achieving the \$50 billion garment export target by 2021 when the country will celebrate its 50th year of Independence.

The sector needs a lot of investment, adequate supply of gas and power and improvements in infrastructure to reach the target in time, Rahman said.

Garment accounts for more than 80 percent of the country's annual exports. The overseas sales need to grow by 12.25 percent per annum to reach the goal.

Proposal on postal bank awaits PM's nod

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The postal department had been a losing concern for a long time but Tarana said things have changed in recent years.

It clocked about Tk 6 crore in profit in 2015-16 after turning over Tk 294.05 crore as revenues, up 16.52 percent year-on-year.

In the first six months of the current fiscal year, the department's income stood at Tk 129 crore, a growth of 41.75 percent over the same period a year ago, said Susanta Kumar Mandal, director-general

of the department.

"We are preparing ourselves for introducing financial services. We already provide some sort of financial services," he added.

Post Offices offer savings instruments that carry interest rate of more than 10 percent, a rate no banks offer at the moment.

The post offices also provide financial services such as life insurance, electronic money transfers, ATM services under postal cash cards, money orders and postal orders.

Erik Aas, CEO of Banglalink, and Nazifa Butt, manager for environmental assessment, World Wide Fund for Nature (WWF) in Bangladesh, pose at a ceremony at Banglalink's head office in Dhaka. The mobile operator achieved the Green Office certificate from WWF.

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