

Stocks end flat Samsung Electronics' Q3 net profit slumps 52pc

STAR BUSINESS REPORT

Stocks ended the week flat amid choppy trading throughout yesterday's session. The DSEX, the benchmark index of the Dhaka Stock Exchange, declined 0.30 points, finishing the day at 4,682.90. Market insiders said some well-performing stocks saved the market from falling further at the end of the day. Yesterday, British American Tobacco Bangladesh Company (BATBC) alone contributed 8 points, causing the index of the DSE to go up. However, some foreign investors sold off shares at the end of the day, for which the index fell slightly, said market insiders. Last week the stocks fell 89 points but the average daily turnover of the market increased 8.30 percent. Turnover, another important indicator of the market, increased 16.71 percent to

Tk 405.43 crore. Of the traded issues, 185 advanced, 126 declined and 41 closed unchanged on the premier bourse. National Tubes dominated the turnover chart with transactions of Tk 18.79 crore worth of shares, followed by Sonar Bangla Insurance, Northern Insurance, Brac Bank and the BATBC. Mozaffar Hossain Spinning Mills was the day's best performer with a 12.67 percent gain while Golden Harvest Agro Industries was the worst loser, shedding by 17.24 percent. Chattogram stocks also went down with the bourse's benchmark index, the CSCX, decreasing 35.79 points, or 0.41 percent, to finish the day at 8,646.11. Gainers beat losers as 132 advanced, 106 declined while 22 finished unchanged on the Chittagong Stock Exchange. The port city bourse traded shares and mutual funds worth Tk 18.32 crore.

AFP, Seoul

The world's largest smartphone and memory chip maker Samsung Electronics saw net profits slump by more than half in the third quarter, it said Thursday, hit by an enduring downturn in the global chip market. Net profits in the three months to September were 6.29 trillion won (\$5.40 billion), it said in a statement -- down 52 percent year-on-year. "Earnings from the memory business slumped significantly year-on-year as memory chip prices continued its downward trend," the company said. The firm is the flagship subsidiary of the giant Samsung Group, by far the largest of the family-controlled conglomerates known as "chaebols" that dominate business in the world's 11th-largest economy. But in recent months it has been battered by falling chip prices as global supply increases. Samsung also faces challenges from the US-China trade war and tough export restrictions imposed by Tokyo on key supplies as part of a dispute with Seoul over wartime forced labour. The South Korean tech titan leads the global smartphone market with a 23 percent share, trailed by Chinese competitors Huawei and Oppo, with Apple in fourth place, according to sales tracker IHS Markit. The premium smartphone market has grown fiercely competitive and overall sales have cooled as a lack of major innovation has seen buyers waiting longer before upgrading to new models. But Samsung said profits in its mobile division had been boosted by strong sales of the Galaxy Note 10 and its A series devices, along with bigger margins for mass-market models. "The business also expanded its 5G product offerings and launched the Galaxy Fold, demonstrating Samsung's technology leadership," it added. Samsung released its top-end S10 5G smartphone earlier this year after South Korea won the global race to commercially launch the world's first nationwide 5G network. But in April it was embarrassingly forced to



A man walks past an advertisement for the Samsung Galaxy Note10 smartphone at a showroom of the company in Seoul yesterday.

delay the release of the hotly anticipated Galaxy Fold after reviewers provided with early devices reported screen problems within days of use. In another setback, earlier this month it also acknowledged a major flaw with its fingerprint system allowing non-users to open other people's top-end smartphones. But Tom Kang, research director at Counterpoint Research, noted Samsung's flagship Note 10 device had sold far better than previous models -- and that the firm would benefit from restrictions imposed by Washington on its key Chinese competitor. "From September, Huawei's devices have been unable to have Google mobile services," he told AFP. "This is also likely to continue giving Samsung's mobile phones a significant advantage." Increasing availability of 5G services next year in the US, Japan and China is likely

to boost Samsung's sales, added Mia Huang, an analyst at Taipei-based market intelligence firm TrendForce. "There is a good chance that 5G smartphones will occupy up to 10 percent of Samsung's product lineup, compared to around one percent this year," she said. Operating profit plunged 55.7 percent to 7.8 trillion won in the third quarter, the firm said, while sales fell 5.3 percent to 62 trillion won. But analysts voiced optimism for the coming months, noting that falling inventory levels for semiconductors -- which account for more than half of Samsung's profit -- will help stabilise chip prices after double-digit drops this year. Adding to the firm's difficulties, the retrial of its vice chairman Lee Jae-yong began last week over a sprawling corruption scandal that could see him return to prison.

GP gets time to inform SC how much it can pay now

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On October 17, an HC bench issued a two-month injunction on the BTRC's move to realise money from GP. The BTRC appealed against the injunction. The Appellate Division is hearing it. The HC order dealt a blow to the telecom regulator, which was all set to appoint administrators at GP and Robi to realise the dues. GP lawyer Sharif Bhuiyan told The Daily Star yesterday that the government is trying to realise the amount by exercising regulatory power which goes against the laws. In April, the commission sent a letter to GP demanding Tk 12,579 crore in "tax, revenue share, and late fees". Bhuiyan said 27 items in the letter were illogical and they raised the points in the court yesterday. In a statement, GP said as the Appellate Division adjourned the hearing until 14

November, the stay order passed by the HC is still in effect. "We are concerned about the BTRC's lack of cooperation in complying with the current stay order and we now urge the BTRC to act in good faith and adhere to the said order." The operator said it expects the telecom regulator to take necessary actions to process and allow the release of equipment from customs, import of equipment for network expansion, and offer products and services to customers. "We reaffirm our commitment to reaching a transparent and amicable resolution to the disputed BTRC audit claim through a constructive dialogue." Since July, the telecom regulator has refrained from issuing any kind of approval related to service and maintenance to GP and Robi in order to create pressure on the operators to clear the dues.



Joya Ahmed Kabir, chairperson of Sea Natural Food Ltd, a sister concern of the Rangs Group; Amiran Hossain, a director; TD Packir, CEO; Amanullah Chowdhury, managing director of Deep Sea Fishers Ltd; Enam Chowdhury, deputy managing director, and Ummehani Chowdhury, a director, open the first kiosk of Sea Natural Food's brand Roja that sells frozen ready-to-fry or bake seafood products, at Rangs Bhaban in Dhaka on Wednesday.

UK consumer sentiment drops

REUTERS, London

Britain's longest-running measure of consumer sentiment slipped back to its joint-lowest level since 2013 this month, as Brexit uncertainty weighed again on households' assessment of the economic outlook. British consumers have generally remained upbeat since 2016's referendum to leave the EU - partly offsetting weaker business investment - but in recent weeks morale appears to have softened, boding poorly for spending in the run-up to Christmas. The GfK consumer sentiment dropped to -14 in October from -12 in September, a slightly bigger fall than economists had forecast in a Reuters poll. The index was last this low in August, and has not been lower since July 2013. "The ongoing machinations in Westminster appear to be impacting

how we view our personal financial situation for the coming year with a notable fall ... in this measure in October," GfK strategy director Joe Staton said. The survey took place between Oct. 1 and Oct. 14, before Prime Minister Boris Johnson secured a new Brexit deal, which he has since abandoned trying to pass through parliament in favour of holding an early election on Dec. 12. Britain had been due to leave the EU on Oct. 31, but Johnson was forced by parliament to ask for a delay after failing to pass his transition deal in time and the Brexit deadline has moved back to Jan. 31. The GfK survey showed falls across all five measures it used to calculate sentiment, with the steepest decline coming in consumers' assessment of how their personal finances were likely to evolve over the next 12 months. British households declared

themselves insolvent at the highest rate in eight years during the 12 months to the end of September, according to official data on Wednesday. Separately, there were also signs that Brexit uncertainty has weighed on Britain's commercial property market. Some 62 percent of surveyors believe the market had entered a downturn in the three months to September, the most since the survey began in 2015 and up from 53 percent in the last quarter, according to the poll from the Royal Institution of Chartered Surveyors. Retail was the hardest-hit real estate sector, RICS economist Tarrant Parsons said. "It remains to be seen what impact the latest Brexit developments have on confidence across the sector, but with the picture unlikely to become clear until into the New Year it may well mean hesitation continues over the near term," he added.

Yes Bank gets \$1.2b offer from global investor

REUTERS, Bengaluru

Yes Bank Ltd said on Thursday it has received a binding offer of \$1.2 billion from a global investor as the private-sector lender looks to raise capital through a fresh issue of shares, sending its stock 39 percent higher. The bank said it was in advanced talks with other investors as well. The lender's Chief Executive Officer Ravneet Gill had said in September that the bank was close to securing a deal to sell a minority stake to a global technology company. News channel CNBC TV18 said citing sources that Hong Kong-based SPGP Holdings was the investor and that the bank's board was likely to consider all proposals on Nov. 1, when it is due to report quarterly results. Yes Bank did not immediately respond to Reuters' request for details on the offer. In August, Yes Bank raised nearly \$275 million via a qualified institutional placement, a capital-raising tool commonly used in India, to improve its capital adequacy ratio. The Bank's shares have lost 68.8 percent of their value so far this year, weighed down by its exposure to Jet Airways, infrastructure conglomerate IL&FS, a multi-fold rise in provisions for loan losses and as its asset quality deteriorated sharply.

Saudi's new tourism industry faces huge training challenge

AFP, Riyadh

Saudi Arabia has opened its doors to tourists, but faces huge challenges to train an estimated one million staff needed to operate the sector, according to the head of one forthcoming mega-project. The ultra-conservative kingdom announced in September that it would offer tourist visas for the first time, relaxing rules that had largely restricted visits to business travellers and Muslim pilgrims. But despite a slick global advertising campaign, Saudi tourism infrastructure is still scant -- in contrast to its ambitions to welcome 100 million visitors by 2030. The Red Sea Project, to be built across an archipelago of 90 islands and stretching into nearby deserts and mountains, will open for business in 2022, its CEO John Pagano said at a major investment forum in Riyadh. "The challenges are going to be related to investing in our people, training the workforce that we need for the future," he told AFP on the conference sidelines. "A million people will be working in the tourism sector, so we need a country-scale initiative to train tourism professionals."

The first phase of the mega-project off the Saudi port city of Jeddah envisages 14 luxury hotels built on five islands, with resorts in the mountains beyond. Unlike other destinations around the Red Sea, led by Egypt and Israel, Saudi Arabia is opting for a luxury tourism model along the lines of the successful industries in Oman and the United Arab Emirates. "We are going to limit the number of visitors because over-tourism is a major cause of environmental damage," Pagano said. But he added that the Red Sea project alone promises to deliver 70,000 jobs and \$5.9 billion towards Saudi GDP annually.



Polish tourists listen to a guide as they visit the King Abdulaziz museum of Masmak in the old quarter of the Saudi capital Riyadh.

"In Saudi Arabia, tourism makes up just 3.4 percent of GDP so there is a huge opportunity to grow in an industry that currently doesn't exist," he said. Developing tourism is one of the major planks of Crown Prince Mohammed bin Salman's drive to wean the economy off its decades-long dependence on oil revenues. The Crown Prince has sought to shake off his country's ultra-conservative image, lifting a ban on cinemas and women drivers as well as allowing concerts and sporting extravaganzas.

Banks' account maintenance fees slashed

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Lenders will be allowed to impose a maximum charge of Tk 300, if the deposit of a client crosses Tk 1,000,000. The central bank has also brought down the maintenance fee for current accounts as clients will have to pay Tk 300 for such accounts against the previous charge of Tk 500. The central bank asked banks to bring the changes into effect immediately. A senior official of a commercial bank said profits of commercial banks might decline for the time being but it would help banks mitigate their liquidity crunch. People will also feel encouraged to keep their funds in the banking sector, which will widen banks' loan disbursement capacity, he said. This will leave a positive impact on the private sector, he added.

Rescue plan for farmers

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"But, we will ensure that none face hassle in selling their produce in the next boro season." He said his ministry also plans to send proposal to the finance ministry for reducing the prices of fertilisers to bring down the production cost of growers. At the meeting, the food minister said the government would increase the distribution period of rice at Tk 10 a kg to seven months next month to provide support to fishermen.



Azharul Islam, CEO of Ace Autos (Pvt) Ltd, an authorised dealer of Haval in Bangladesh, and Syed Rafiqul Haq, deputy managing director of Mutual Trust Bank Ltd (MTB), exchange documents after signing a deal at MTB Centre in Dhaka recently. The bank's clients and employees will get discounts at Ace Autos.

China's factory activity shrinks

REUTERS, Beijing

Factory activity in China shrank for the sixth straight month in October and by more than expected, while service sector growth eased as firms grapple with the weakest economic growth in nearly 30 years. The world's second-largest economy is facing heightened risks from slowing global demand and the Sino-US trade war, adding pressure on policymakers to roll out more stimulus to avoid a sharper slowdown and bigger job losses. The Purchasing Managers' Index (PMI) fell to 49.3 in October, China's National Bureau of Statistics said on Thursday, versus 49.8 in September. The 50-point mark separates growth from contraction on a monthly basis. Economists polled by Reuters had expected the reading would be unchanged from September. Weighed down by cooling domestic demand, sluggish investment and a protracted trade war with the United States, China's economic growth slowed to a near 30-year low of 6.0 percent in the third quarter, raising expectations that Beijing will need to roll out more support measures soon.