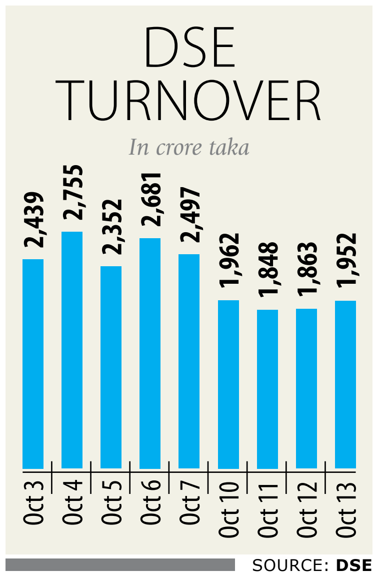
Stocks fall for third day as profit booking continues

Insurance sector returns to the fore

SECTORAL RETURN OF DSE

Company	Rise/fall (in %)
General insurance	3.42
Life insurance	1.60
Bank	0.01
Pharma	-1.40
Fuel and power	-1.60
Engineering	-1.61
Textile	-2.06
NBFI	-2.19

SOURCE: UCB STOCK BROKERAGE



Investors watch fluctuations of stock prices on a screen at a brokerage house in Dhaka. PHOTO: STAR/FILE

STAR BUSINESS REPORT

The domestic stock market dropped for a third consecutive day as shaky investors continued to book profits following a recent upsurge in share values, according to market analysts.

After facing corrections in the two preceding trading sessions, the market started slow yesterday with investors selling off their stakes in major sectors, International Leasing Securities said in its daily review.

The investors were in a selling mood as the International Monetary Fund (IMF) recently cut its economic growth forecast for Bangladesh to 6.5 per cent for the current fiscal year.

The IMF revised its projection from the 7.5 per cent set in April as the skyrocketing prices of raw materials in international markets will severely strain the country's industries, it added.

"But while investors were busy taking their profits, the insurance sector returned to the scene as their prevalence in the gainers list was higher," a stock broker said.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), fell by 65 points, or 0.89 per cent, to 7,248 yesterday.

Similarly, the blue-chip index, DS-30, fell 32 points, or 1.17 per cent, to 2,717.

According to analysts, the insurance sector is overvalued and so, investors should avoid it.

"But manipulators are spreading many rumours to attract general investors to the sector so that the rogue players can exit with profits," he added.

Eastern Insurance topped the gainers list, rising 9.98 per cent, followed by NRB Commercial Bank, Janata Insurance, Reliance Insurance, and Global Insurance.

The stock market regulator does not normally focus on manipulation when the market falls, a merchant banker said.

Besides, it still encourages people to buy stocks so manipulators take the chance.

"Whenever the market is falling, manipulators choose the stocks," he said, adding that the market regulator should remain vigilant at all times so that people cannot take advantage of the system.

Among major sectors, general insurance, life insurance, and the food and allied products sectors experienced price appreciation while the cement and non-bank financial institution sectors faced correction, according to UCB Stock Brokerage.

The general insurance sector soared at an average of 3.42 per cent while life insurance increased 1.60 per cent, the brokerage firm added.

At the DSE, 106 stocks rose, 241 declined and 29 remained unchanged.

Turnover of the Dhaka bourse advanced 4 per cent to Tk 1,952 crore, up from Tk 1,863 crore a day earlier.

Stocks of Fortune Shoes traded the most, worth Tk 182 crore, followed by LafargeHolcim Bangladesh, IFIC Bank, Orion Pharmaceuticals, and Beximco Limited.

Far East Knitting shed the most, falling 7.39 per cent, followed by Tung Hai Knitting, Indo-Bangla Pharmaceuticals, LafargeHolcim Bangladesh, and Desh Garments.

The Chattogram Stock Exchange also fell yesterday as the CASPI, the general index of the port city bourse, dropped 176 points, or 0.82 per cent, to 21,183.

Among 315 traded stocks, 89 advanced, 203 fell and 23 remained unchanged.

Thoughts on how to start a startup

SALEKEEN IBRAHIM

OPINION

Entrepreneurship is always one of the toughest careers to select as a profession. The task of establishing a new company from its grassroots is really a tough challenge for any individual with zero experience in business.

Even if one has an incredibly splendid idea, complex problems may arise at any point in time in ways that were never even imagined by the entrepreneur when they began their business.

Although there is no fool-proof plan to attain startup success, there are numerous common mistakes many new entrepreneurs make that can have severe negative impacts on their businesses.

To avoid the misfortune of failure, we must follow certain principles before establishing a startup.

Having a smart business plan plays a vital role in shaping success. A business plan serves to guide a startup in a precise direction by responding to many significant questions: what is the purpose of the enterprise, who are its customers, what is its mission and vision, what is the company's anticipated direction, what is the marketing plan, who are the competitors and what are their market shares, and what are these competitors up to?

In other words, a sound business plan regulates every aspect of a startup. Whenever the company is stuck in any dilemma, the entrepreneur should refer to the business plan for a preset way forward.

For any startup enterprise, choosing its launch date and location is highly important.

If we consider launching a startup, timing is everything. Just make sure the company does not launch too early or wait too long. Launching too hurriedly might put the entire enterprise at risk while, on the other hand, taking too much time will let other competitors take a firm grip on the market.

So, appropriate timing is all that matters.

In addition, a good physical location is essential to start any business. Setting up a shop in the right location considering the budget and the geo-position of potential customers, and the industry as a whole is key.

This location-based way of thinking also improvises the cluster concept in today's small-and-medium businesses.

Marketing and dealing with the ideal customer matters a lot. There is no set rule for making a perfect marketing strategy but successful marketing depends upon the business and the targeted customers.

A mistake we often make is assuming that we do not need to go for marketing as business will come to us automatically.

To know the customer segment, we need to do adequate market research and identify exactly who we are trying to reach, where we can find them and how they will react to our marketing activities.

Number driven and constructive research is needed to implement the right approach here. The more positive reactions received, the more successful the marketing campaign has performed.

Knowledge of how to handle finances is also a vital tool for any entrepreneur to succeed in their venture.

In the case of a startup, it is even more important because almost every startup sets out with a cash crunch.

READ MORE ON B2

GLOBAL BUSINESS

China coal prices hit record high

REUTERS

A person walks near a coal-fired power plant in Shenyang, China on September 29.

REUTERS, *Beijing*

China's thermal coal prices surged to fresh record highs on Wednesday as recent floods in a key coal producing province worsened a supply crunch, just as new efforts by Beijing to liberalise power prices boosted demand from power generators.

China, the world's largest coal consumer, has been grappling with a growing energy crisis brought on by shortages and record high prices for the fuel.

The government has taken a range of steps to boost coal production and manage electricity demand at industrial plants, while power producers and other coal users have been ramping up imports.

Local governments in top Chinese coal producing areas Shanxi and Inner Mongolia have ordered some 200 mines to boost output, but incessant rain flooded 60 mines in Shanxi.

Four mines with a combined annual output capacity of 4.8 million tonnes remained shut, a Shanxi official told a press conference on Tuesday.

The most-active January Zhengzhou thermal coal futures touched a record high of 1,640 yuan ($254.44) per tonne in Wednesday trade, having surged almost three-fold year-to-date.

The rise in prices comes a day after Beijing announced it would allow power plants to charge commercial customers market-based prices for power, in a significant break from previous policy that allowed industry to lock in fixed-price power deals with suppliers.

The policy shift, which is expected to spur more coal-fired power generation, is the latest in a raft of measures designed to ease the power supply crunch that has forced several industry sectors in China to curb power use in recent weeks.

Despite the power constraints, data on Wednesday showed overall export growth from the world's second-largest economy unexpectedly accelerated in September, as solid global demand offset some of the pressures on factories from power shortages and other issues.

"Although power rationing doesnt appear to have derailed the export sector so far, there is still a risk that it could do so in the coming weeks," Julian Evans-Pritchard, Senior China Economist at Capital Economics said in a note.

"And while officials have made clear that the focus of power rationing will be energy-intensive sectors such as metals and chemicals, the hit to output in these industries could filter through supply chains and hurt downstream exporters."

The country, the world's biggest steel producer, on Wednesday directed steel mills in 28 cities to cut winter output by at least 30 per cent to achieve output and climate goals.

China's mammoth industrial engine, which cranks out mountains of electronics, toys, clothes and equipment for global markets, saw total power consumption in September and year to date rise year-on-year.

Electricity consumption in September rose 6.8 per cent from a year earlier 694.7 billion kilowatt hours (kwh), bringing total power use over the first nine months up by 12.9 per cent year-on-year, the National Energy Administration said on Wednesday.

UK economy rebounds despite supply chain woes

AFP, *London*

Britain's economy rebounded in August despite ongoing supply chain woes, as people socialised more due to the lifting of coronavirus curbs, data showed Wednesday.

Gross domestic product grew 0.4 per cent in the first full month since England's lifting of Covid restrictions, the Office for National Statistics (ONS) said in a statement.

"The economy picked up in August as bars, restaurants and festivals benefited from the first full month without Covid-19 restrictions in England," noted ONS official Darren Morgan.

"This was offset by falls in health activity with fewer people visiting GPs and less testing and tracing.

"Construction also fell for the second month in a row, as supply issues created shortages of key materials.

The "recovery resumes despite supply chain pressures", concluded KPMG UK economist Yael Selfin.

"August GDP ... saw decent growth as the economy bounced back while dealing with supply chain issues and labour shortages.

"The UK economy remains 0.8 per cent smaller than its pre-coronavirus level.

All lockdown restrictions in England were lifted on July 19, allowing people to visit shops and hospitality venues without having to wear masks.

Yet the ONS also revealed the economy shrank 0.1 per cent in July, revising down an initial estimate of 0.1 per cent growth.

That marked the first contraction since January when stricter lockdown curbs weighed on activity.

July was hit by downwardly revised data for the automobile and energy sectors, and improvements to how health output is measured.

Car manufacturing was plagued by an ongoing global shortage of microchips.

Britain's economy had rebounded by 5.5 per cent in the second quarter, or three months to June.

But the outlook remains clouded by ongoing Brexit and Covid pandemic fallout and supply chain bottlenecks.

Activity has in addition been hit by shortages of lorry drivers, semiconductors and motor fuel, as well as surging oil and gas prices that have sparked elevated inflation.

The outlook also darkened after the government ended its furlough jobs support scheme and cut back Universal Credit welfare support.

"The recovery is certainly facing more headwinds," added EY economist Martin Beck.

"Rising inflation, driven by significant increases in energy prices, and the recent cut in Universal Credit are squeezing consumers' spending power.

"And continued supply-side disruption and the narrative around shortages, whether real or not, will hold back activity and sentiment."

"Paul Dales, chief UK economist at research consultancy Capital Economics, warned the economy might flatline as a result of supply bottlenecks.

AFP/FILE

The lifting of coronavirus curbs to allow more socialising provided Britain's economy with a boost but the recovery still faces headwinds, such as supply chain woes and inflation.

British American Tobacco to pull out of Myanmar

REUTERS

British American Tobacco will cease all operations in military-ruled Myanmar and withdraw by the end of this year, the company said on Tuesday, the latest Western firm to pull out of the country in turmoil since a February coup.

Responding to a query from Reuters about the status of its operations in the Southeast Asian country, the company said the decision was taken having assessed the long-term viability of its Myanmar business.

"Like any global company, we continuously evaluate our operations around the world," the company said.

"Having evaluated the long-term operational and commercial viability of our business in Myanmar, we have taken the decision to withdraw from the country and cease all operations."

Myanmar has been in chaos since the coup, ending a decade of tentative democracy and economic reform that followed the end of a half century of military rule in 2011 and years of crippling western sanctions.

China's Sept exports surprisingly robust

REUTERS, *Beijing*

China's export growth unexpectedly accelerated in September, as still solid global demand offset some of the pressures on factories from power shortages, supply bottlenecks and a resurgence of domestic Covid-19 cases.

The world's second-largest economy has staged an impressive rebound from the pandemic but there are signs the recovery is losing steam.

Resilient exports could provide a buffer against growing headwinds including weakening factory activity, persistently soft consumption and a slowing property sector.

Outbound shipments in September jumped 28.1 per cent from a year earlier, up from a 25.6 per cent gain in August.

Analysts polled by Reuters had forecast growth would ease to 21 per cent.

"Exports have continued to outperform and accelerate, even after omitting the impact of base effects," said Erin Xin, Greater China economist at HSBC, adding that earlier shipments of holiday consumer products in light of global supply chain disruptions may be behind the continued strength in exports. Other analysts said power rationing in September may not have affected exports yet, but could constrain production and inflate costs for Chinese manufacturers in the months to come.

Power shortages caused by a transition to clean energy, strong industrial demand and high commodity prices, have halted production at numerous factories including many supplying firms such as Apple and Tesla since late September.

Factories in eastern provinces of Guangdong and Zhejiang, both major export powerhouse, have been asked to stagger their production throughout the week, as many owners complain about the chaos the curbs have brought to work schedules.

Previously, factories could operate at night but now the ban is 24 hours on days of rationing, said King Lau, who helps manage a metal-coating factory in the export city of Dongguan.