

Stocks return to black after profit taking

STAR BUSINESS REPORT

Stocks rose yesterday as investors began the new year by betting the economy could overcome the latest surge in coronavirus cases.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), climbed 61 points, or 0.88 per cent, to 6,994.

With that, the market index returned to a rising trend just after a single profit booking session. In the previous six days, the benchmark index rose 256 points.

Investors hope the market will not be too affected by the pandemic as the omicron variant of Covid-19 has not turned as deadly as expected, according to a stockbroker.

"So, they were buying stocks," he said, adding that some people remain cautious though.

At the DSE, 178 stocks advanced, 158 declined, and 41 remained the same.

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Turnover at the DSE grew 1 per cent to Tk 1,487 crore.

Popular Life Insurance topped the gainers list, soaring 10 per cent, followed by Fareast Islami Life Insurance, Rangpur Foundry, Bangladesh Shipping Corporation, and Information Services Network.

Dacca Dyeing shed the most, losing 6 per cent followed by Aftab Automobiles, Taufika Foods and Lovello Ice-cream, KDS Accessories and Sonali Paper.

Power Grid topped the turnover list with trade worth Tk 101 crore followed by Beximco Ltd, Bangladesh Shipping Corporation, Bangladesh Submarine Cable Company, and Fortune Shoes.

The Chittagong Stock Exchange (CSE) also returned to the green on Monday. The CASPI, the main index of the port city bourse, surged 166 points, or 0.81 per cent, to 20,477.

Among 305 traded stocks, 140 rose, 127 fell and 38 remained unchanged.



Workers are collecting plates from a machine at Akij Tableware factory in Trishal, Mymensingh.

PHOTO: COLLECTED

Akij Tableware aims to be a product of choice

SK Bashir Uddin, managing director of Akij Group, speaks with The Daily Star

SOHEL PARVEZ

It has been a decade Akij Ceramics Ltd, a concern of Akij Group, has been operating in the ceramic industry in Bangladesh.

A well-known producer of tiles, the firm's growing popularity was reflected after it became the best brand for three consecutive years to 2021. It is now the second-biggest tiles maker in the country in terms of sales and production.

Buoyed by the initial success, the company has recently introduced tableware to tap the growing demand for quality crockeries of ceramics among the fast expanding middle class and well-off consumers as well as to explore the global market.

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"As per capita income is growing dynamically, the opportunity is also growing dynamically," SK Bashir Uddin, managing director of Akij Group, told The Daily Star in an interview recently.

"Once you achieve certain standards, the whole world is yours. We believe that the category itself and the demand out there in the world will generate business that we are looking forward to."

Bashir firmly believes that the company will be able to contribute to the sector.

"First, we will export. Second, we will

substitute imports."

Akij Ceramics has so far invested more than Tk 1,000 crore in its ceramics plant since it started operation in 2012. For tableware, it invested more than Tk 200 crore in order to meet the growing demand for quality products now met through imports.

"Clearly, there is a sizeable upper middle class aspiring to have modern living. And Bangladesh now imports a huge amount of ceramics crockeries to meet demand for products with aesthetic and technical feature. We think this has created a space," Bashir said.

Akij Ceramics grew almost 300 per cent in the last 10 years in terms of revenue and capacity and has added new and diversified products.

"Overall, our experience in the ceramics industry has been very good," the industrialist said, adding that Akij Ceramics today is a profitable company.

He says the factory is now operating at a capacity equivalent to the capacities of large ceramic factories in Bangladesh.

The plant has a capacity to manufacture 55,000 pieces of tableware per day and it aims to raise the capacity to 1.25 lakh pieces per day before the end of 2022.

The additional capacity will make the company one of the biggest tableware factories not just in Bangladesh but also in the region.

But for Akij Ceramics, the idea is not only

to be big in size. Rather, its target is to bring that level of diversity to the products that are import-substitutes and exportable.

"Tableware is a mix of artisan, mechanical activity and appropriate raw material to get perfect whiteness, the perfect shine, which is seen in high-quality porcelain products," said Bashir.

"We believe that we have been able to reach that level and we will be able to do it better."

Bashir says businesses have to offer value to customers for a product, whether in the form of product diversity, price, availability or the combination of the three or beyond the three.

"Akij makes products so that consumers find them higher in value than the price they pay."

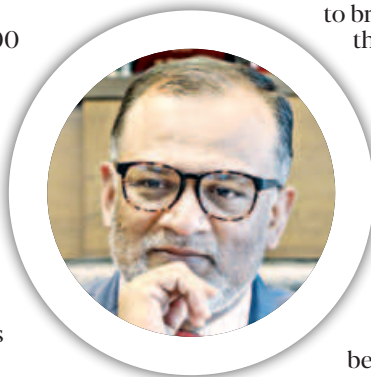
"The value must be either by utility or by its function. It must generate that value for me to bring your hard-earned money to my company."

The entrepreneur also shared his views about tariff protection given to the local ceramics industry, importance of cutting the cost of doing business to prepare for competition after Bangladesh's graduation from the group of the least-developed countries, and improving efficiency.

He thinks continuous spoon-feeding or long-term protection is not good for any industry.

"A definite roadmap is necessary for

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Sri Lanka asks China to restructure debt repayments

REUTERS, Colombo

Sri Lanka's President Gotabaya Rajapaksa asked China to help restructure debt repayments as part of efforts to help the South Asian country weather a worsening financial crisis, his office said in a statement on Sunday.

Rajapaksa made the request during a meeting with Chinese Foreign Minister Wang Yi in Colombo on Sunday.

Sri Lanka has benefited from billions of dollars in soft loans from China but the island nation is currently in the midst of a foreign exchange crisis placing it on the verge of default, according to analysts. "The president pointed out that it would be a great relief to the country if attention could be paid on restructuring the debt repayments as a solution to the economic crisis that has arisen in the face of the Covid-19 pandemic," Rajapaksa's office said in the statement.

China is Sri Lanka's fourth biggest lender, behind international financial markets, the Asian Development Bank (ADB) and Japan.

Over the last decade China has lent Sri Lanka over \$5 billion for highways, ports, an airport and a coal power plant. But critics charge the funds were used for white elephant projects with low returns, which China has denied.

"China has always helped Sri Lanka develop its economy as best as we can," said foreign ministry spokesman Wang Wenbin at a daily briefing in Beijing on Monday. "We will continue to do so in future." Rajapaksa also requested China to provide "concessional terms" for its exports to Sri Lanka, which amounted to about \$3.5 billion in 2020, the statement said, but did not give more details.

Rajapaksa also proposed allowing Chinese tourists to return to Sri Lanka provided they adhere to strict Covid-19 restrictions, including only staying at pre-approved hotels and visiting only certain tourist attractions.

Before the pandemic China was Sri Lanka's main source of tourists and the island imports more goods from China than from any other country. Sri Lanka is a key part of China's Belt and Road Initiative (BRI), a long-term plan to fund and build infrastructure linking China to the rest of the world, but which others including the United States have labelled a "debt trap" for smaller nations.

Philippines calls on Indonesia to end coal ban

AFP, Manila

The Philippines has urged Indonesia to lift its recent ban on coal exports, with Manila warning Monday the policy will have a "detrimental" impact on the coal-reliant country.

Indonesia, the world's biggest exporter of coal used to generate electricity, this month stopped fossil fuel shipments to secure its domestic power supply.

The Philippines imports about 70 per cent of its coal supply and nearly 97 per cent of that comes from Indonesia, official data show. Most of the coal is used for power generation.

Jakarta's ban on January coal exports would be "detrimental" to countries like the Philippines that rely on coal-fired power, Energy Secretary Alfonso Cusi said in a letter to his Indonesian counterpart last Thursday, according to a Department of Energy statement on Monday.

"Power generated from coal comprises about 60 per cent of the country's power demand," Cusi added. Philippines Foreign Secretary Teodoro Locsin has been enlisted to appeal against Indonesia's decision via the Association of Southeast Asian Nations, the statement said.

Japan has also issued a similar appeal to Indonesia.

IMF warns developing countries of 'economic turbulence'

AFP, Washington

Emerging economies should gird for possible rough times as the US Federal Reserve prepares to raise interest rates and world economic growth slows because of the Omicron variant of Covid-19, the IMF warned Monday.

The International Monetary Fund, which is scheduled to release updated economic forecasts on January 25, said that for now global economic recovery from the ravages of the pandemic should continue this year and next.

But "risks to growth remain elevated by the stubbornly resurgent pandemic," IMF economists Stephan Danninger, Kenneth Kang and Helene Poirson wrote in a blog post.

The highly contagious Omicron strain has spread like wildfire around the world since mid-December, causing record numbers of new Covid cases in the latest wave of the global health crisis.

Omicron, which seems to cause less severe disease than previous strains of the coronavirus, is causing countries to reinstitute health measures that hamper economic growth. "Given the risk that this could coincide with faster Fed tightening, emerging economies should prepare for

potential bouts of economic turbulence," the economists said, as these countries are also confronting elevated inflation and substantially higher public debt.

The Fed has signalled that it will raise key interest rates sooner and more aggressively than it had planned, in order to counter rampant inflation in the US that is hitting US households and consumption – the engine of economic growth in America.

Higher interest rates mean financing costs for some emerging economies with dollar-denominated debt will rise.

These countries are already lagging behind in the global economic recovery and thus less able to absorb added expenditure. "While dollar borrowing costs remain low for many, concerns about domestic inflation and stable foreign funding led several emerging markets last year, including Brazil, Russia, and South Africa, to start raising interest rates," the IMF said.

Quicker Fed rate hikes could rattle financial markets and cause tighter financial conditions on a global scale, the blog says. The risk is there will be a slowing of demand and trade in the US, as well as capital flight and a depreciation of the dollar in markets of emerging countries.



An employee works at a textile factory in Nantong in China's eastern Jiangsu province. Omicron, which seems to cause less severe disease than previous strains of the coronavirus, is causing countries to reinstitute health measures that hamper economic growth.

PHOTO: AFP