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Central Insurance Company shares likely to be more profitable

By Sohel Manzur

With the provisions for 18 per cent dividend in 1993 and 15 per cent in 1992, the Central Insurance Company seems to be a good issue for investment.

Earning per share of the company, which made a significant profit in the last three years, is expected to be about Taka 16 if the present trend of its profitability continues, according to estimate on the basis of the financial statement provided in the company's prospectus.

The market price of a single share of the company if liquidated in the secondary market is expected to range between Tk 250 and 450 as the prices of most of the insurance companies remained in between the two.

In that case, the price earning ratio may range between 15 and 28.13, while the dividend yield would range between 7 and 4 per cent.

However, the disclosures made in the company's prospectus lack many information including the necessity of raising funds, the financial statement of the first six months of the current year and the risk factors involved in investing for the issue.

The risk factors, as stated in the highlights of the prospectus, rather gave the impression that the company, instead of describing risks, had been trying to disprove that there was any risk.

According to experts, what should have been mentioned as risk factor was the possibility of a more competitive market for the insurance company in the coming months.

Informed sources said, about 35 applications for setting up new insurance companies are now under the scrutiny of the Controller of Insurance Companies. Some of those may be permitted to operate next year squeezing the market of the existing ones, the sources said, adding in that case, the profitability of the insurance companies would be affected seriously.

The prospectus did not also clearly mention why the company was raising funds and what would be done with the funds to be raised by selling out half of the company's equity to the public.

The company also failed to provide its financial statement of the first six months of the current year, although for appropriate evaluation of the merit of this issue, it was essential.

Chairman of the Securities and Exchange Commission (SEC) Sultanuzzaman talking to The Daily Star said the existing law provides the SEC the authority to ensure the disclosure of only the last audited accounts even if it is about one year old.

He also said the company perhaps did not mention anything about its plan with the funds to be raised from public, perhaps because of the fact that like other insurance companies, it was bound by the law to float public shares.

He, however, said the SEC being a regulatory body should have insisted the company on revealing how it would utilise the fund to maintain or improve the profitability.

The SEC Chairman said the commission sometimes has to overlook some of the minor things considering other factors for instance, he said, the market needs more scrip rights at the moment, which had prompted the SEC to release a number of new issues without going through the prospectus so carefully.

Mustafa Aminur Rashid, Managing Director, Agrani Bank, seen Inaugurating the 899th branch of the bank at Nalua-Bazar of Tangail on Sunday. A S Ashrafuddin Ahmed, General Manager and Air Commodore Lutfor Rahman, Blayet Hossain, Assistant General Manager of Tangail Zone, were also present.

US awards 27 states for climate change studies

WASHINGTON, Dec 18: US agencies have awarded $ 5.5 million to 27 developing and Eastern Europe countries to help them inventory emissions of the greenhouse gases that are warming Earth and might cause changes in the climate, says USIS.

The grants would also help experts and policymakers in the countries develop plans for controlling emissions of such greenhouse gases as carbon dioxide, produced by the burning of coal, oil and wood, and methane, produced by rotting rice plants and the digestive tracts of cows and other animals.

Beijing makes advanced robot

BEIJING, Dec 18: Chinese scientists have created an intelligent robot which can work 1,000m below the surface of water a depth to which human divers can not go, the 'People's Daily' reported today, says Xinhua.

The robot, equipped with advanced sensors, can hear, see and touch. It can be used to spot mineral resources on the sea bed and for rescue work.

China launched a key state programme in 1987 to develop intelligent robots. The country has set up seven laboratories in key universities and institutes and organized task forces of scientists and technician to conduct the research.

Systematic studies range from automatons made in advanced industrial countries to unite techniques for intelligent robots, including visual quality, automatic control and sensors.

US industrial output up 0.5 pc last month

WASHINGTON, Dec 18: Industrial production rose 0.5 per cent in November — the 17th advance in 18 months — as factories edged closer to operating capacity, reports AP.

In the latest sign of solid economic growth, the Federal Reserve reported Wednesday that a surge in auto production helped push the nation's industrial operating rate to 84.7 per cent of capacity, the highest in 5 1/2 years.

Analysts say an operating rate of around 85 per cent could mean the start of bottlenecks and rising prices, although a separate report Wednesday by the Labour Department showed inflation remains under control.

The Fed's policy making Federal Open Market Committee next meets on Tuesday to weigh the need for boosting short-term interest rates again. The central bank has raised rates six times this year.

The Fed said November's gain in industrial output was led by a jump of nearly 3 per cent in auto production.

Overall production also rose 0.5 per cent in October — revised down slightly from an earlier estimate — after slipping 0.1 per cent in September, the first decline since May 1993.

The November overall gain was despite the fifth straight drop in output at the nation's utilities and the second consecutive decline in mining production.

Utility production declined 1.6 per cent in November, following a drop of 0.7 per cent the previous month, as much of the nation continued to experience unseasonably warm weather.

Mining production dipped 0.6 per cent after slipping 0.4 per cent in October.

India to double milk product export soon

NEW DELHI, Dec 18: India is on the way of doubling its milk product export to ten million US dollars, according to Minister of State for Industry M Arunachalam, reports Xinhua.

Arunachalam said last night after inaugurating an integrated milk and milk products plant in Haryana state that the country exported milk products worth about five million US dollars in 1993-94 and would be in a position to double this to ten million US dollars thanks to the recent decanalisation of exports of such products and various dairy development schemes including 'operation flood.'

The increase in milk production has already made India the second largest producer in the world and placed it in a position to export milk products.

Japan's 3 ruling parties agree to defence budget growth at 0.87 pc

TOKYO, Dec 18: Japan's three ruling parties agreed Saturday to hold the country's defence budget growth for the year from next April at 0.87 per cent, news reports said, according to AFP.

Murayama's Social Democratic Party (SDP) won the symbolic 0.03 per cent cut from the current year's increase of 0-9 per cent, reflecting a compromise by the Liberal Democratic Party (LDP) and the Sakigake, which had demanded that growth match that of the current year, the reports said.

The three parties also agreed on a substantial spending cut for major equipment — including tanks, aircraft and warships — for the self defence forces.

Delwar Hossain Khan, Managing Director, Beximco Pharmaceuticals Limited, is handing over payorders for total amount of Taka 6,42,18,877 to Al-Ameen Chaudhury, Managing Director, Bangladesh Shilpa Rin Sangstha, well ahead of due time towards final settlement of long-term loan.

US market access accords with Japan create chances for all

By Robert F. Holden

WASHINGTON, Dec 18: Other countries have gained as much from US efforts to open Japan's markets as the United States has, sometimes even more, according to the US Embassy in Tokyo.

In fact, according to a recent report put out by the embassy, in certain sectors such as semiconductors, medical instruments, hides and auto parts, European and Asian sales to Japan have grown faster — in percentage terms — than US sales. "In the case of citrus, Brazil had greater absolute gains than the US had," the report says.

In preparing the report, the embassy reviewed existing US-Japan trade agreements with an eye to identifying the agreements' other beneficiaries.

The bottom line, according to the report, is that US market access agreements with Japan create opportunities for all competitive foreign firms.

US-Japan Beef and Citrus Agreement

For example, the embassy review shows that Australia, New Zealand and Canada are the chief non-US beneficiaries of the 1988 US-Japan beef agreement. According to the embassy's figures, which were calculated by comparing latest available data with data from the year in which the agreement went into force, Australian fresh beef exports to Japan increased 243 per cent from 1987 to 1993. "In 1993," the report says, "Australia accounted for 56 per cent of Japan's fresh beef import market."

New Zealand fresh beef exports to Japan during that period grew 319 per cent, and New Zealand frozen beef exports to Japan rose 20 per cent. Likewise, Canadian fresh beef exports to Japan expanded by 191 per cent, while Canadian frozen beef exports swelled by 255.0 per cent.

In 1988, the first year of the arrangement, total beef imports into Japan were 264,000 metric tons. The US share of that market, by value, was 54 per cent. By calendar year 1993, total imports had almost doubled to 512,000 metric tons, but the US share only accounted for 23.5 per cent by value.

Brazil significantly expanded its orange juice exports to Japan under the US-Japan citrus agreement, increasing the value of its imports by 220 per cent from 1987 to 1993. During that period, Brazilian orange juice accounted for over 70 per cent of Japan's orange juice imports, while Australian orange juice exports to Japan surged 5,739 per cent. US orange juice exports to Japan, on the other hand, increased 353 per cent, accounting for 23.5 per cent of Japan's import market.

Semiconductors

Since the US-Japan Semiconductor Agreement went into effect in 1991, Asian and European firms, starting from a lower base, have seen greater percentage increases than US firms.

According to the embassy review, between 1991 and 1993, Asian market share (almost all are Korean firms) grew 230 per cent and European market share increased 86 per cent. By contrast, North American market share during that period expanded 29 per cent. Total foreign market share grew by 39 per cent, the embassy says.

The US share accounted for 17.5 per cent of Japan's semiconductor market during that period, according to the embassy: Korean exports, over the same period, surged from 0.6 per cent of the total Japanese market in 1991 to 2.3 per cent in the second quarter of 1994. Likewise, European suppliers boosted their share of the import market from to 6.1 to 6.7 per cent, slightly more than one per cent of the total market share.

Auto Parts

Since the 1987 US-Japan automobile parts agreement, signed under the MOSS (Market-Oriented Sector-Specific) trade negotiations, Japanese imports of auto parts from Taiwan, France, and Sweden have had greater growth, in percentage terms, than imports coming from the United States.

According to embassy figures, US auto parts exports to Japan have increased 242 per cent from 1987 to the present. During the same period, French exports expanded 1,319 per cent; Taiwan's exports grew 349 per cent; and Sweden's exports rose 277 per cent.

The embassy reports that other large European exporters of auto parts also gained significantly. German exports grew 37 per cent and Italian exports increased 125 per cent. Japanese imports of auto parts from Australia, Canada, the United Kingdom, and Korea rose by 63 per cent, 119 per cent, 29 per cent, and 95 per cent respective.

Pharmaceuticals/Medical Instruments

The Pharmaceutical and Medical Instrument Agreement, resulting from the 1986 MOSS agreements, led to significant increases in pharmaceutical exports for a variety of European countries, according to the embassy. In contrast, US exports decreased slightly over the same period.

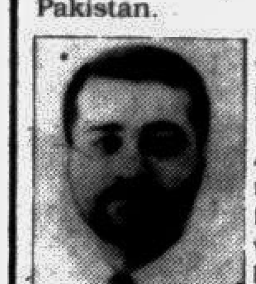
(Holden is staff writer of USIA)

3 new executives of Emirates

Emirates, the international airline of the UAE, announces the promotion of Rashid Al Noori, currently Manager UAE, to General Manager, Commercial Operations (Europe and North America), says a press release.

He succeeds Ghaith Al Ghaith, who is now Senior General Manager, Commercial Operations (Middle East, Africa and the CIS).

The new Manager UAE is Abdul Rehman Abdulla, who moves to Dubai from Karachi where he has been Manager Pakistan.



The new Manager in Pakistan is Mohamed Qassim Al Ali, who moves there from Manila, where he has been Manager Philippines.

This latest series of management moves in Emirates takes effect from December 1, 1994.

Al Noori, a graduate in airline management from the University of Miami in Florida, USA, joined Emirates in 1989 as Deputy Manager UK and Ireland, and was later promoted to Manager UK and Ireland in the same year. In 1990, he was transferred to Egypt as Country Manager.

After Egypt, Al Noori returned to Dubai to take over as Passenger Sales Manager. In October 1993, he was promoted to Manager UAE, a post he held until his most recent promotion to General Manager Commercial Operations (Europe and North America).

In his present capacity, Al Noori reports to Nigel Page, Emirates' Senior General Manager Commercial Operations (Europe and North America), in overseeing the airline's route and commercial developments within the respective territories.

Commodity market: Tea, cotton, sugar go up while precious metals recover slightly

LONDON, Dec 18: Once again coffee grabbed all the attention, beginning the week in freefall as prices slumped 10 per cent in two days on higher-than-expected predictions for the 1995-1996 Brazilian harvest, reports AFP.

The commodity then made up some of its losses as the market feared the Association of Coffee Producer Countries (ACFC) would reintroduce an export retention plan to boost prices.

After collapsing the previous week in the wake of silver, the precious metals recovered slightly.

The base metals were generally higher, with copper leading the way, soaring to its highest level for five and a quarter years on Thursday.

Oil remained weak, while rubber and sugar jumped.

GOLD: Higher. Gold lifted slightly after last week's losses, rising to 380 dollars an ounce as investment funds returned to the market.

The market was supported by an increasing belief that the US Federal Reserve will not raise interest rates when it meet next Tuesday.

"Gold is struggling to rise, but it still lacks conviction," said one dealer.

SILVER: Weaker. After slumping the previous week when investment funds retreated en masse from the market, prices were unable to rally and remained at around 4.80 dollars per ounce.

Dealers said the market was now better placed and more likely to rise than fall in the future.

PLATINUM: Higher. Platinum rose several dollars in line with gold to around 410 dollars per ounce. Firm demand from industry and jewellery makers also helped prices.

COPPER: Soaring. Copper jumped around 40 dollars during the week, ending at 2,980 dollars per tonne, its highest level since August 1989.

This was backed by a report by British analyst Brook Hunt which forecast higher prices and a continued market deficit until the second half of 1995.

Wiktor Bielski, analyst at Bain and Co, said: "Copper will remain tight until significant new supply hits the market — and that's six months away."

Reports that China is to take fresh deliveries of copper, of up to 14,000 tonnes, were also bullish for the metal.

Weekly stocks fell 4,400 tonnes to 299,875.

LEAD: Stable: Lead ended the week virtually at 654 dollars per tonne, after dipping slightly midweek.

The latest international lead and zinc study group production and consumption figures were generally viewed as neutral for both metals. "There's nothing really fresh in these figures," commented one trader.

Stocks fell 5,625 tonnes to 351,300.

ZINC: Lower. Zinc ended around 10 dollars lower at 1,145 dollars per tonne, as the market focused elsewhere.

Traders said, however, that the outlook for the market remains bullish in the short to medium term.

Stocks fell 8,450 tonnes to 1,190,250.

ALUMINIUM: Higher. Aluminium lifted around 27 dollars during the week to end at 1,905 dollars per tonne as the market continued to watch stocks figures, dealers said.

The market was slightly disappointed early in the week by October figures from the International Primary Aluminium Institute (IPAI) showing a 33,000-tonne rise in total stocks.

"Obviously the IPAI figures subdued the market a bit," said one trader.

Elsewhere, news that eight western US states were hit by a one-hour power outage had little effect on prices. US producers Reynolds, Kaiser and Alumax said that Smelters in the region had only "negligible" metal losses.

Also, dealers at GNI noted that the European parliament had approved legislation to force recovery of recycling from 25 to 45 per cent of packaging around the turn of the century.

Stocks fell a massive 47,700 tonnes to 1,751,600.

NICKEL: Lower. Nickel eased 110 dollars to 8,760 dollars per tonne, as dealers succumbed to profit-taking in the wake of last week's highs.

Market attention remained focused on the situation at Russian producer Norilsk after a trader with Japanese trading house Mitsui said Norilsk officials had informed him that at least one of the Talnakh mines was still closed following power problems in November.

Mine production at Talnakh, which supplies concentrates to the Smelter and refining complex had been halted after an accident late November at a power station cut off hot water supplies to the mine.

The Norilsk officials, however, said the complex would export 80,000 tonnes of nickel this year as expected and the same amount in 1995, despite the closure.

But the market remains skeptical and nervous about the knock—on effects on production over the next few months, dealers said.

Stocks fell 522 tonnes to 149,166.

TIN: Lower. Tin eased 75 dollars to 6,000 dollars per tonne, falling in the wake of nickel and it was generally ignored by the market, dealers said.

Stocks fell 980 tonnes to 28,760.

COCOA: Higher. After beginning lower, prices rose spectacularly to around 970 pounds per tonne on large-scale speculative buying, which dealers said was perhaps a rebound reaction.

The market was initially hit by a delivery of cocoa from the Ivory Coast.

Elsewhere, a meeting of the International Cocoa Orgnisation (ICCO) in London made little progress on a plan to cut world production by around 75,000 tonnes per year. Dealers said it would be several months before the plan began to have any effect on the market.

COFFEE: Slump. Prices crashed 10 percent in two days to around 2,463 dollars per tonne, in sharpest decline seen this year, before stabilising at 2,600 dollars per tonne after the Association of Coffee Producing Countries (ACPC) threatened to revive an export retention plan.

Coffee prices initially slumped as speculators withdrew after figures for the next Brazilian harvest.

The US Department of Agriculture (USDA) on Monday predicted Brazilian 1995-1996 production at between 15.7 and 17.7 million bags of coffee (each of 60 kilograms) but dealers had expected a lower figure after crops were hit by severe frost and then drought earlier in the year.

Prices then rose to around 2,600 dollars on fears of a new cut in exports. Manoel Bertone, Chairman of the Brazilian National Coffee Association, said that it would be a good idea to reintroduce the APPC export retention scheme to stop prices from crashing. His proposals were well received in Central America.

GNI magnified fears, saying that "for the first time in six years, the producer countries have the possibility to control the market and make maximum profits. It would be surprising if they didn't take advantage of this."

SUGAR: Higher. Prices climbed to above 400 dollars per tonne, flirting with record highs reached in November, on speculative buying by New York investment funds and predictions of a group in the European harvest.

The broker Czarnikow predicted that prices would only rise slightly as long China and Russia refrained from large-scale buying.

Certain dealers fear that China will resell some of its stocks bought earlier in the year at a considerably lower price.

VEGETABLE OILS: Weaker. The vegetable oils dropped slightly but prices remained at a high level.

Soya oil was little changed despite rising prices on the Chicago market after rumours that the USDA had sold some 20,000 tonnes to an unknown buyer.

Palm oil slipped lower despite predictions of large-scale sales to Pakistan, whose production of vegetable oils has fallen sharply, the weekly specialist magazine Public Ledger said.

OIL: Weak. The price of Brent Crude North Sea oil fluctuated between 15.8 and 16.2 dollars a barrel, hit by weak demand from refineries.

The mild autumn in Europe has also hit oil consumption, with less needed for central heating and for electricity.

The US market was also affected by the US environmental protection agency decision to allow 28 Pennsylvania countries to opt out of the federal reformulated gasoline programme from January 1, when the new programme begins.

The market reacted badly to the decision, which means that the refineries now find themselves with excess stocks of the new "cleaner" petrol. The petrol was originally billed as mandatory in most US states.

A larger-than-expected number of shipments from the North Sear boosted prices at the end of the week.

RUBBER: Soaring. The reference prices jumped above 1,010 pounds per tonne on stronger demand and weak production in South-East Asia, where the world's three main producers are located. "The sky's the limit," said one dealer.

"Malaysian production is extremely limited," said another dealer from Lewis and Feat, while "US demand for rubber, particularly Indonesian Latex, is still very strong."

GRAINS: Higher. The prices of wheat and barley rose between one and two pounds to 107 and 104 pounds per tonne respectively, despite thin trading.

Dealers said the prices were higher on both the London and Paris markets as traders restricted the amount of grain available for sale.

The European market place were not affected by a decline on the Chicago market, hit by weak exports. GNI said a lack of buying by China and Egypt weighed on US prices.

TEA: Higher prices were generally higher on the London auction market, where medium and lower quality teas rose between two and three pence to 128 and 80 pence per kilo respectively. Top quality tea was stable at 160 pence per kilo.

COTTON: Slightly higher. The key cotton outlook price indicator rose a cent to 86 cents per pound on prospective sales of USDA which allows the country to buy some 20 million dollars worth of cotton.

WOOL: Higher. The Bradford (northern England) reference price rose eight pence to 470 pence per kilo on higher sales, dealers said.