

SANYO
Micro
Computer
Controlled
Automatic
Washing
Machine
ASW-40MT

TH. 25,000

The Daily Star BUSINESS

DHAKA SATURDAY, OCTOBER 28, 1995

HYUNDAI
CARS THAT MAKE SENSE

Weekly Review

DSE index rises by 14.43 points

By Sharier Khan

The booming trend of the trading at the Dhaka Stock Exchange (DSE) shakily continued for yet another week and daily average value of trading marked a record level.

The All Share Price Index exceeded 900 points for the first time to 902.21 points Sunday and the market capitalisation reached a record level of Tk 56.22 billion on the same day, but started declining gradually.

However, the All Share Price Index, after its ups and downs throughout the week, increased by 14.43 points or 1.73 per cent to 890.85 at the closing of the week Thursday from the previous week's 875.42 points.

The market capitalisation, in line with the index, increased by Tk 1.23 billion to Tk 55.78 billion at the closing of the week from the

previous week's Tk 54.55 billion.

The opening jump of the market indicators was caused by huge trading orders which had piled up due to the four-day halt of the previous week, market operators said. The gradual fall of the indicators from Monday was a natural phenomenon.

The daily average turnover of traded shares marked a record level of Tk 5.67 crore which is more than Tk 1.3 crore higher than the daily average turnover of the previous week.

The average volume of trading has also jumped up, by 1.1 lakh shares, to 3.60 lakh shares and debentures from the previous week's 2.5 lakh shares and debentures.

The market has been further strengthened by the entry of one Beximco Denims issue of share and one debenture from this week.

With this, the total number of Beximco's shares enlisted at the DSE rose to 9 and Beximco debenture to 8.

According to a well-placed source in the DSE, two more issues — Monno Textiles and Altex will enter the market soon.

A total of 21 lakh 64,117 shares and debentures worth Tk 34 crore 5 lakh 92,732 were traded this week against 5 lakh 5,079 shares and debentures worth Tk 8 crore 64 lakh 43,189 traded in this two-day week.

A total of 585 issues having 305 gainers and 231 losers were traded this week as against 190 issues having 117 gainers and 49 losers of the previous week.

As usual, Beximco Pharma was the volume leader of the week by selling more than one third of the total trading, or 755890 shares at the DSE

floor.

Other volume leaders of the week include: Eastern Housing — 2.17 lakh shares, Bata — 1.19 lakh, Sonargaon Textiles over 67000, Apex Weaving — 60267, Beximco Textiles — 56,417, BOC — 50698, Beximco Ltd 45,600, Ashraf Textiles — 36,820 and newly enlisted Beximco Denims — 27438.

A sampling of 20 frequently traded issues show that of trading prices of 11 issues like Bangladesh Zippers, 7th ICBMF, Bangladesh Lamps, Square Beximco Limited etc have gone up and seven issues like Lexco, Beximco Fisheries, Shineeupur, Beximco Pharma etc have gone down while the rest remained static.

The price of Lexco shares in one week fell down by Tk 350 while there was no significant increase of other share prices.

Tk 3 cr sanctioned for road uplift in Patuakhali

PATUAHALI, Oct 27: The government has sanctioned Tk three crore for construction and development of roads in the district during the current fiscal year, reports UNB.

Officials said development works on Patuakhali-Kuakata, Patuakhali-Kalaya, Patuakhali-Betagi, Patuakhali-Bauphal, Dashmina, Galachipa-Kalagasia and Galachipa-Ulania roads have already been taken up under the programme.

Meanwhile, local R&H Department has received Tk one crore for development of the Patuakhali-Kuakata road.

Carpeting work on Patuakhali-Kalapa road is expected to be completed by this year while the development of three ferryghats on Patuakhali-Kuakata road will be undertaken soon.

Considering the importance of Kuakata sea beach, the R&H Department will introduce a modern ferry service on Kalapa-Kuakata road in the current fiscal year.

BSEC produces Tk 324 cr products in '94-95

Different enterprises of Bangladesh Steel and Engineering Corporation (BSEC) produced products of Tk 323.64 crore in 1994-95 fiscal achieving a growth of 43 per cent, reports UNB.

In the previous fiscal (1993-94) the enterprises produced products of Tk 226.74 crore.

This was disclosed at the review meeting of BSEC's annual activities on Thursday with State Minister for Industries Lutfor Rahman Khan in the chair.

It was informed in the meeting that BSEC has set a target to produce products of Tk 473.75 crore and sale of Tk 532.90 crore during the current fiscal year.

It also elaborately discussed capital restructuring of different enterprises under BSEC.

Speaking on the occasion, the state minister said, the present democratic government has taken all-out mea-

sures so that all industrial units of the country, including nationalised industrial units can run on a profit.

He said, now a days, the world market is highly competitive due to free market economy. We have to produce quality-product at comparatively low-price for our successful existence in the world market.

He directed the BSEC authority to take all-out efforts for expanding the market of its end-products. He also directed the authority to take necessary measures for reducing overhead expenditure, maximum utilization of raw materials, increasing productivity and raising managerial efficiency so that each industrial unit under BSEC can run as profitable concern.

Among others, Additional Secretary, Ministry of Industries Syed Yousuf Hossain, Chairman BSEC AFMS Zaman and concerned officials were present in the meeting.

Congestion easing at Ctg port

CHITTAGONG, Oct 27: The congestion at Chittagong Port is being gradually eased when the port has been functioning in full swing in cooperation with all concerned since October 23, a press release of Chittagong Port Authority said, reports BSS.

The decision to ease congestion at the port was taken at a high-level meeting during a visit of State Minister for Shipping Shahjahan Seraj to Chittagong recently. Prime Minister Begum Khaleda also instructed the concerned authorities to clear the port of piled up goods and containers.

Over 300 TEUs (total equivalent units) vacuum containers were removed from X and Y sheds of the port during the period from October 23 to 25. Four Hundred more containers would be removed from the sheds by October 31.

Port workers and employees have been working 24 hours while Customs and banks also function from 10 am till 10pm every day. Shipping companies have been allowed to use their own equipments and the port is expected to receive its new equipments for handling cargoes by the end of the current month.

The waiting time of the loaded vessels has been shortened and container congestion eased by this time, port press release said.

Japan's motor vehicle output falls by 3.6 pc

TOKYO, Oct 27: Japan's motor vehicle production fell 3.6 per cent from last year to 4.93 million units in the six months to September, the Japan Automobile Manufacturers Association said yesterday, reports AFP.

It was the fifth straight decline in the first half of a fiscal year and a turnaround from the previous six-month period when output increased for the first time in four years, the association said.

ME common market still a far cry

ABU DHABI, Oct 27: A proposed Gulf Customs Union that will pave the way for the Middle East's first common market has again eluded regional countries despite earlier optimism it could materialise in 1996, reports AFP.

The Finance Ministers of the six Gulf Cooperation Council (GCC) states had been expected to put the finishing touches to the project and present it for endorsement at the GCC's December summit in Muscat.

But they emerged from a hasty meeting in Riyadh on Tuesday saying they would continue work next year and acknowledged that it was a difficult task.

"Unification of customs tariffs is one of the thorniest issues that have faced the GCC countries," Bahrain's Finance Minister Ibrahim Abdul Karim said.

"We hope the specialised

committee will complete classification of the remaining list of products to be taxed to exempted next year."

He said there was a specific concept for a uniform tariff and the ministers had agreed on a timetable for its implementation.

But the minister did not specify that timetable, the latest in a series of deadlines set by the six members over the past 13 years to reach a common customs tariffs on foreign imports.

After seven meetings over the past two years, the GCC customs unification committee reported the classification of more than 800 foreign products that would either be taxed, exempted or listed as special items.

The committee was supposed to finish the remaining list of around 400 products at

its meeting two weeks ago but no progress was reported.

Before the meeting, a statement by the Riyadh-based GCC secretariat said it expected the list to be ready and referred to the heads of state for approval. This could have given way to the common market in 1996.

A GCC official, contacted by AFP, said there were differences over the level of the duties on some products on the remaining list.

He said some members wanted to keep high tariffs on them as a protection measure but another country objected on the grounds it imposes low tariffs on those products and hiking them runs counter to its free market policies.

The official added that there was a compromise of between two and 10 per cent

duties on some of the products.

"Differences are natural and they do not mean that we will not be able to reach a joint tariff," said the official, who declined to be identified.

"We do not want to be hasty in such a vital project. We want it to be a practical unification, not mere ink on paper like several Arab economic agreements... we do not want to set up a common market with cracks."

GCC states — Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE) — have striven to set up a customs union since the early 1980s in line with an economic merger pact that calls for a common market. But the project has been delayed by differences and the 1980-1988 Iran-Iraq War.



President of Dhaka Chamber of Commerce and Industry R Maksud Khan and functionaries of the DCCI held a discussion meeting with the visiting Minister for Foreign Economic Relations of Turkmenistan Meret B Orazov and members of his delegation at a city hotel recently. Minister for Commerce and Information M Shamsul Islam, Foreign Secretary Farooq Sobhan and DG (Europe), Ministry of Foreign Affairs Rafiq Ahmed Khan were also present during the discussion.

BSC to induct 4 more vessels

Bangladesh Shipping Corporation (BSC) will induct four more vessels in addition to its present three now operating on the Dhaka-Singapore feeder route to facilitate country's export-import business, BSC source said Thursday, reports BSS.

The BSC also decided to increase the number of vessels on the feeder route to 10 in phases. The Chittagong-Singapore-Chittagong feeder route has already earned popularity among export-import trade circles and demand for the expansion of the feeder service is on the rise beyond its present capacity.

With a view to augmenting the Chittagong-Singapore-Chittagong feeder service, the BSC also took decision recently to add few more vessels to its fleet by purchase and on hiring.

Riyadh ready to help finance reconstruction of Bosnia

WASHINGTON, Oct 27: Saudi Arabia is prepared to help finance the reconstruction of Bosnia after a peace accord takes hold, Saudi Defence and Aviation Minister Prince Sultan Ben Abdel Aziz, said Thursday, reports AFP.

When peace is confirmed in Bosnia, Saudi Arabia will not hesitate to support the reconstruction of Bosnia, the Prince said after meeting with President Bill Clinton in the White House for a half hour.

I have discussed with the President the Jerusalem issue, and we were very pleased and supportive of the President's position. We think it an honourable position he said speaking through an interpreter.

The Saudi was referring to the President's stand against moving the US Embassy in Israel from Tel Aviv to Jerusalem.

The Congress recently voted to move the embassy, but Clinton said he would invoke the delay clause provided in the legislation which allows the President to halt the move indefinitely.

US House okays Rep plan to balance Federal budget

WASHINGTON, Oct 27: The US House of Representatives approved a republican seven-year-plan Thursday to balance the federal budget despite President Bill Clinton's firm pledge to veto the measures, reports AFP.

The sweeping bill would whittle the federal government and affect nearly every American through cutbacks and changes in social spending, education and other programmes.

The largely party line vote in the lower chamber was 227-203 and came after months of wrangling between the Republican-controlled Congress and the Democratic White House.

The "yes" votes would not override a presidential veto, which requires a two thirds majority in both chambers.

Nevertheless it was a solid victory and gives Republicans leverage in wooing over more support if another vote is necessary.

The Senate began debate Wednesday on a similar bill that was expected to be submitted to a vote on Friday.

The budget reconciliation bill would bring the federal budget into balance by 2002 while cutting taxes by 245 billion dollars in line with Republican promises made in the November 1994 campaign for Congress.

The House and Senate budget proposals would both sharply cut growth in spending on health care programmes for the elderly and poor respectively, Medicare by 270 billion dollars and Medicaid by 13 billion dollars.

The proposed Republican cutbacks in social spending have drawn ferocious criticism from the White House, with Clinton arguing that they will hurt the poor, the middle class and society's most vulnerable.

In a statement released after the House vote, White House Chief of Staff Leon Panetta blasted the bill as an extreme budget that will severely harm Medicare, Medicaid education and the environment and raise taxes for working families.

UN fund: Top 10 defaulters

Star Report

The United Nations that celebrated its 50th founding anniversary last Tuesday is running out of funds as some of its member states are failing to pay their billion dollar dues.

Ten out of the UN's 185 member countries topped the list with the United States owing the organization the highest dues of over 1.4 billion dollars which accounts for more than 40 per cent of the total.

Quoting UN sources, The Economist, an international news weekly says, the nine other big defaulters are Russia (591.7 million dollars), Ukraine (237.6 m dlr), Japan (197.6 m dlr), South Africa (118.6m dlr), France (101.4m dlr), Italy 92.6 m dlr, Britain (85.1m dlr), Belarus (58.4 m dlr) and Spain (30.5 m dlr).

Of the total dues of over 3.33 billion dollars, the top ten owe the UN 2.94 billion dollars while the rest outstanding contribution of 382.5m dollars lie with some other member countries.

'Surging imports threaten to overheat Indonesian economy'

JAKARTA, Oct 27: Bank Indonesia Governor Sudrajat Jiwandono has issued his third warning in two months that surging imports and high growth in the country's money supply threaten to overheat the economy, reports AFP.

"We have felt indications of an overheating economy since last year," Sudrajat was quoted Friday by the Jakarta Post Daily as saying.

The growth in the broad-term money supply ran at 27.1 per cent in the 12 months to August, compared to 21.5 per cent to March, he said.

In the first eight months of the year, imports grew 28.9 per cent while exports increased 18.4 per cent, he said.

However, Sudrajat, who was speaking at a banking seminar here on Thursday, said he was "optimistic" that the current inflation rate could be curbed.

The inflation rate for the first nine months of 1995

was 6.7 per cent, compared to 7.3 per cent in the same period last year.

Sudrajat said the high growth in imports was fueled by increasing domestic consumption as well as expanding investment activities. He also said that the current account deficit was manageable with an influx of foreign capital but added this would put

Saudi Arabia to buy 61 aircraft from US

WASHINGTON, Oct 27: Saudi Arabia's national airline has signed orders for 61 aircraft, worth six billion dollars, from US manufacturers Boeing and McDonnell Douglas, a White House spokesman said here Thursday, reports AFP.

A copy of the deal, signed here Wednesday evening, was handed Thursday morning to US President Bill Clinton who had pushed hard to help US firms win the contracts.

added pressure on money supply.

Earlier this month, Chief Economist at investment consulting firm Business Advisory Indonesia, James Castle, said that unless non-oil and gas exports increase and imports stay at their current level, 1995's current-account deficit may reach eight billion dollars or six per cent of GDP.

The official target for this year's current account deficit is five billion dollars, or about two per cent of GDP.

Inflation during fiscal year 1994-95, which starts in April and ends in March, was 8.5 per cent, a 27.1 per cent increase over the inflation rate for the previous fiscal year, which stood at 7.0 per cent.

President Suharto's state-of-the-nation address in August set Indonesia's annual economic growth at 7.1 per cent until the end of this decade, up from the previous target of 6.2 per cent in April last year.

Jute Consultative Committee happy over jute price trend

The Consultative Committee on Jute at a meeting on Thursday expressed satisfaction at the trend of jute price in the current season, reports UNB.

Held at the Bangladesh Jute Mills Corporation (BJMC) headquarters, the meeting reviewed the jute production, marketing and export of jute. Jute Minister ASM Hannan Shah was in the chair.

The meeting noted with satisfaction that the price and demand for raw jute and jute goods were increasing day by day, and urged the exporters to maintain the quality as per demand of the foreign buyers.

The Jute Minister told the meeting that the government would take necessary steps to curb selling of wet-jute in the market and urged the private jute mills owners to boost production to meet the growing demand for jute goods in the world market.

Jute Secretary Shafiqur Rahman, representatives from Bangladesh Jute Association, Bangladesh Jute Mills' Association, Bangladesh Jute Exporters' Association, Bangladesh Jute Merchants' Association, Bangladesh Jute Goods Exporters' Association, Bangladesh Jute Growers' Association and bankers were present.

Businessmen demand security in Karnaphuli

CHITTAGONG, Oct 27: Leaders of Chatkal Businessmen Association (CBA) have called upon concerned authorities to arrange security measures in the river Karnaphuli near Chaktal, the busiest trading centre of the port city, reports BSS.

In a statement here yesterday the CBA leaders said that dacoities, hijacking and even killings are perpetrated in the Karnaphuli river while smaller vessels carry goods to Sandwip and other remote areas. Dacoits killed the *sarung* of a trawler and looted away goods and money on October 23, they said.

The CBA leaders called for police patrolling in the Karnaphuli in order to check dacoity, hijacking and killing in the river.

Hedging foreign currency exchange risk

If you can't predict it, get prepared for it

By Alamgir Morshed

The country's foreign exchange and money market witnessed wide range of change since October, 1993. The declaration of Taka as a convertible currency in the current accounts by the central bank was followed by a surge of other developments. These moves by the Bangladesh Bank have been highly acclaimed by the local and foreign investors.

Today the business community enjoys more freedom as a result of some of the major changes like convertible Taka for international payments, withdrawal of Pass Book system and permitting the authorized dealers to quote their own exchange rates.

With convertible home currency our corporates can easily convert it into any for-

ign currency for their international payments: Pass Book withdrawal enables them to dictate the banks rather than being dictated, and at the same time they are getting the most competitive exchange rates from the authorized dealers i.e. banks.

Our foreign exchange market is now an integral part of the global market mechanism and is subject to volatility of the large and often complex global forex market. A move in any part of the world influences our local foreign exchange market whose effect is trickled down on the corporates. Thus, the corporates are no longer in the safe heaven of "Static Exchange Rate" as before but in a ship on wild sea.

On the other hand, the drastic changes of exchange

rate by the central bank to match the country's economic trend have further pushed the business community to an uncertain future. In a period of one month the central bank has devalued Taka by 1.61 per cent against dollar which weighed heavy on the importers. Further downward adjustment of Taka is also likely to come in the near future.

In a quick response to liberalization of the market and currency volatility banks started offering wide range of foreign exchange products, more commonly known as "treasury products" for greater interest of the business community.

Usually it is not possible for a businessman to look after the complex operation of his business and simulta-

neously worry about the wild movements of the currency. Foreign exchange speculation involves complicated technical and mathematical analysis and therefore a businessman is better off by giving his worries on a dealer's shoulder. It is high time for the business community to hedge their exchange risks as more change and devaluation are likely in the days ahead.

There are various 'treasury products' to hedge exchange risks, one of the most commonly known is Forward cover.

Now, some of the leading multinational banks specially Standard Chartered are catering for various foreign exchange risk hedging products in different flavours and prices. Forward cover not only helps to hedge loss

caused by exchange rate fluctuations, but also enables one to prepare for a concrete revenue and cost budget.

At the beginning of a financial year the corporates are busy preparing budgets for the next period which requires a lot of efforts. A minor change in the exchange rate in the middle of the budget year may force to restructure it for a new pricing to reach the target.

To avoid all these troubles and concentrate more in the main business, corporates can rely on the experts for Forward cover and other treasury products.

We, at Standard Chartered Bank, would like to bring more sophisticated products from the developed and neighbouring countries to match specific customer re-

quirements in hedging their currency risks. Yes, we agree Taka value might go down or up. But please remember currency market also follows a technical chart, it's not gambling. Like other risks one has to address his exchange risk also and is always better to "zero in" on that risk. International corporates like IBM, Procter & Gamble, Unilever, Rhone Poulenc, British American Tobacco, Coca Cola, always take currency risk into consideration while looking at better financial management.

Looking at the recent market developments it's time for our local corporates also. If you can not predict than prepare for it.

(The writer is the Corporate dealer of Standard Chartered Bank, Dhaka.)