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DSE weekly review
Mixed trend prevails

By Rafiq Hasan

A mixed trend prevailed at the share market of Dhaka Stock Exchange (DSE) last week after buoyancy for several weeks.

Although, the All Share Price Index of the bourse registered slight rise during the week compared to the previous week's closing position, the number of gainers and losers remained same.

Out of 112 daily average traded issues, prices of 50 companies shares gained and equal number of companies issues suffered while 4 remained unchanged.

The turnover in volume and value came down as more than 5 lakh shares and debentures valued at Tk 15.19 crores exchanged hands last week against average transactions of 9 lakh shares valued Tk 19.50 crore in the previous week.

Despite a bull run in the beginning of the week, bearish trend dominated the market in the middle while it started rising again at the end of the week.

Therefore, the market indicators fluctuated heavily throughout the week.

On Thursday, the closing day of the week, the All Share Price Index reached 1562.66 points marking a total rise of 35.16 points from previous weeks closing day record of 1527.50 points.

The market capitalisation of the DSE rose by Tk 246.03 crore reaching Tk 10933.26 crore from previous weeks record of Tk 10687.23 crore.

Bearish trend started at the market on Monday last when the DSE price index experienced a massive fall of 32.09 points in a day trading.

The market capitalisation also decreased by Tk 224.55 crore as share prices of 85 companies declined and only 32 issues gained out of 123 traded issues on that day.

Falling trend continued at the market the following day adding to another 13.52 points decline in the price index, lowering to 1532.32 points.

The capital market turned back during the last two days of the week as the prices of shares started gaining again.

The share brokers and market operators said that the share market fall because it went for some correction which was urgently needed.

They said, during the last two months prices of a number issues went sky high without any logical ground. It was seen that the prices some companies shares jumped heavily although they did not have any good business record, said DSE members.

Meanwhile, the Securities and Exchange Commission (SEC) the government's lone regulatory body for capital market in the country expressed concern over the abnormal price-hike of some issues enlisted with the DSE.

The SEC suggested the investors to be very cautious before buying shares of those companies.

Expressing concern over the abnormal price hike of some issues only due to speculation and rumors SEC in a letter to the DSE chairman said that one should evaluate the over all business performances of any company which shares he wants to buy.

While contacted over telephone DSE Chairman Imtiaz Hossen admitted that the SEC had sent a list of 24 companies which have been incurring losses over the years.

He said, the SEC officials have identified those companies as 'high risk' for investment after thorough examining their all economic fundamentals.

However, the DSE chairman termed the prevailing situation in the market as "market adjustment".

He said the market indicators might go down further in the future as there are possibilities of more decline in some issues.

The SEC prepared list has been distributed among the DSE members to inform their clients about the matter Imtiaz said.

The 24 high risk companies are: Renwick Jajneswar, Metalix Corporation, Hawlader PVC Pipe, Gemini Sea Food, Ambee Pharmaceuticals, Froglegs Export, Rupon Oil, Therapeutics, Swan Textile Mills, Savar Refractories, Quasem Textile Mills, Milon Tanneries, National Oxygen, Eagle Box and Curtton, Bangladesh Monospool Paper Manufacturing Company, Saleh Carpet, Bangladesh Electricity Miter Company, Paper Processing and Packing, Rahman Chemicals, Tulip Dairy, Zeal Bangla Sugar Mills, Bangladesh Aroma Tea and National Tubes.

Asia potential market for overseas investors

SINGAPORE, Sept 20: Asia's potential as a market is a bigger draw for foreign investors than it's cheap labour, according to a survey of labour, competitiveness published today, reports Reuter.

"Many countries in Asia may have already lost any competitive advantage they once enjoyed over more developed Western countries due to their labour situation," the Political and Economic Risk Consultancy (PERC) said.

"There is still plenty of inexpensive labour in Asia, to be sure. But much of this labour lacks the skills required to performed efficiently all but the most basic assembly tasks," it said in its latest "Asian Intelligence" report.

It said that increasingly the key reason foreign direct investment in Asia continued to expand was not because of cost considerations "but because they need to invest if they hope to benefit from Asia's potential as a market."

PERC was commenting on its survey of labour competitiveness in 16 countries that contrasted Asia with some of the main developed economy in the West.

Asia did not come out well in the survey of 223 expatriate managers who were asked about quality, cost, availability and stability of skilling and unskilled labour.

India came out top and Hong Kong last.

But Australia, Britain, the United States and Switzerland all ranked in the top six. The bottom 10 were all Asian.

Barings collapse: Financial Times says
Transcripts of phone calls show lack of control over Nick Leeson

LONDON, Sept 20: The Financial Times said Friday it had obtained confidential transcripts of phone calls among Barings Bank managers that showed internal strife and lack of control over Nick Leeson, reports AP.

The calls disclose how managers reveled in initial profits made by the rogue futures trader and how he defied efforts to make him reduce holdings in financial instruments called derivatives three weeks before the bank's collapse, the newspaper reported.

The 232-year-old bank — Britain's oldest investment bank — went broke in February 1995 when Leeson wrongly bet that Tokyo stock prices would rise. The bank was taken over by the Dutch banking and insurance company, ING Group.

Leeson, the general managers of Baring Futures Singapore, a Barings subsidiary, was sentenced in Singapore in December to 6 1/2 years imprisonment for cheating to hide his dubious deals.

The Financial Times said the tapes appear to confirm that no senior Barings managers understood exactly what Leeson was doing. They also show that managers were squabbling among themselves and had little grasp of the operation they were in charge of, it said.

It said the calls were recorded at the end of January 1995 as Leeson escalated his trading. His losses spiraled to 1.8 dollars as markets fell.

The paper said in one call, Mary Walz, head of equity derivatives trading, spoke with Ron Baker, the ban's head of derivatives trading. Ms Walz admitted she did not fully understand the reasons Leeson was giving for not cutting his trading.

It quoted her as saying in the call: "I think we kind of go along a stumbling path, where we look at one thing at a time, and I think the dynamics are more complicated than that."

The paper said another call featured Sajeed Sacranie, an assistant to Barings' chief executive of investment banking, Peter Norris, talking with Baker. In it, Sacranie asked Baker if Leeson had not been taking any risks to produce his initial enormous profits. In fact, said the paper, the "profits" came from a hidden account set up by Leeson.

Baker replied: "I trust the guy (Leeson) a fair bit. It's really hard for me to say. I think he just sees certain opportunities that are phenomenal, and he just takes them."

The Financial Times said Barings routinely recorded calls to sort out disagreements. It said the transcripts were seen by Bank of England investigators but had not been made public until now.

In July last year, a bank of England inquiry laid most blame for the Barings collapse on Leeson and criticized Barings bosses for allowing him to make enormous unauthorized bets.

In October, the Singapore government released a report that blamed Barings for institutional incompetence in the debacle.

The paper said the transcripts will feature in a new book on the Barings collapse by Financial Times reporters John Gapper and Nicholas Denton. "All that Glitters," to be published next week. The paper has published extracts from the book this week.

M A Awal, Chairman, National Credit and Commerce Bank Limited, delivering his speech as chief guest in the conference of the branch managers. Mahbubul Alam, Vice-Chairman, Mr Zahir Hossain, A B M Kamal Uddin Khan, directors, and Chowdhury Abdul Quayum, Managing Director of the bank, are also seen in the picture.

NCC Bank managers' conference held

The Managers Conference of National Credit and Commerce Bank Limited (NCC Bank) was held at its head office in the city yesterday, says a press release.

The conference was inaugurated by the chief guest M A Awal, Chairman of the Bank. Mahbubul Alam, Vice-Chairman of the Bank was present as special guest.

The conference was presided over by Chowdhury Abdul Quayum, Managing Director of the bank.

Mir Zahir Hossain and A B M Kamal Uddin Khan, directors of the bank, were also present on the occasion.

In his inaugural speech, the Chairman of the Bank mentioned that the growth of an institution like Bank depends on its employees. He highly appreciated the efforts of the branch managers and advised them to follow the rules and regulations of the banking system.

The Vice-Chairman of the Bank, urged the branch managers to work hard for betterment of the Bank.

The two directors spoke at the need for devotion to duties for further and continued progress of the bank.

Executive vice presidents and other senior executives were also present in the conference.

Germany plans to invest in Brazil's telecom sector

BRASILIA, Brazil, Sept 20: German Chancellor Helmut Kohl on Wednesday said Germany plans to invest in Brazilian infrastructure projects, mainly in the telecommunications sector and in seaports, says AP.

Kohl, accompanied by 12 of his country's most prominent industrialists, arrived in Brazil on Tuesday for a one-day visit aimed at strengthening economic ties between the two nations.

Kohl said during a news conference that details of Germany's planned investments would be worked out over the next three months.

The delegation of businessmen that is accompanying him wants to invest in telecommunications, seaports, and in professional training programs," the German chancellor said, without specifying the volume of investments being planned.

The delegation accompanying Kohl includes the presidents of Volkswagen, Siemens, Diamler Benz Aerospace and Krone. Also accompanying him are the presidents of the German Federation of Restaurants and Hotels and of the German Construction Federation.

German investments in Brazil presently stand at seven billion dollars representing 50 per cent of that country's investments in all of Latin America, Kohl said.

North, South still differ on agenda for WTO meet

GENEVA, Sept 20: Developed and developing states remain far apart on including labour conditions and investment on the agenda for a key meeting of the World Trade Organisation (WTO) in December, diplomats said on Tuesday, reports Reuter.

Emerging economies who oppose discussion of either issue at the WTO's first ministerial gathering in Singapore sense the tide is running in their favour — partly due to differences among the industrialized trading powers.

The wide gap between major countries in the south north was underscored over the past week as envoys to the WTO resumed contracts after the summer break with only three months left before the week-long session.

"If we agree to discussion of even one of these, the big powers will use it as a lever to open the door to more concessions in every area," said one Asian participant in the seminar, to general approval from the hall.

But the United States, which has some backing from the European Union and especially France as well as from International Labour Union groupings, insists that the link between trade and working conditions is a WTO problem.

Norway has proposed what it has billed as a "third road" under which there would be only exploratory discussion of the link.

Developing countries see that as a device that, if formalised under WTO rules, could be used to deprive them of the advantage they have in producing goods with lower labour costs.

The EU is seeking discussion in Singapore of national policies on investment with the eventual aim of an accord supported by WTO open trading rules that would ensure at least equal treatment for foreign companies.

Complicating the scenario is the reluctance by some richer countries — trading powers Australia and New Zealand among them — to push the labour issue. Japan also stands on the sidelines.

On investment and the related issue of competition policy, Washington is far less enthusiastic than Brussels for a WTO role, arguing that these issues are best left at present to the Paris-based club of the richer countries, the OECD.

At Monday's WTO meeting, the fledgling body's Director General, Renato Ruggiero, fresh from talks in Latin America and contacts with leaders in other regions over the summer, signaled concern that time was running out.

Agreement on the agenda for the ministers at their first meeting since the WTO was launched in January 1995 would demand "an intense effort on all sides," he told the envoys.

Thai bank plans to revise down export growth forecast

BANGKOK, Thailand, Sept 20: The Bank of Thailand plans to make a second revision to forecasts for export growth in 1996, halving the original figure to about eight per cent, the bank governor said Tuesday, reports AP.

The central bank initially forecast export growth of 17.4 per cent this year, then cut the estimate to 10.2 per cent in July. Last year, exports grew 24 per cent.

Rerngchai Marakanond, the central bank governor, told reporters that the bank also intends to cut its forecast for growth in gross domestic product to seven per cent, down from the midyear forecast of 7.8 per cent.

Last month, the central bank said exports grew just 3.8 per cent in the first seven months of the year.

ALICO celebrates 75th founding anniversary

American Life Insurance Company (ALICO) marked the 75th anniversary of the founding of the company on 21 August, 1996. It was incorporated in Delaware, USA on August 21, 1921, says a press release.

ALICO, one of the largest international life insurance companies in the world, has maintained its worldwide corporate headquarters in Wilmington since 1969.

ALICO is a member company of American International Group, Inc (AIG), the leading US-based international insurance organisation.

ALICO markets a broad range of life insurance and other products in more than 50 countries, including operations in Japan, Europe, the Middle East, Africa, Latin American, and the Caribbean.

At year-end 1995, ALICO held 12.4 billion US dollars in assets and 1.4 billion US dollar in capital and surplus, with more than 130 billion US dollars life insurance in force.

ALICO has earned AAA claims paying rating from Standard & Poor's, the highest rating bestowed by the organisation.

ALICO operates in the Middle East and Africa since 1953. ALICO covers in this region 500,000 insureds, employs 750 employees and is represented by 3,250 producers.

US-Japan auto trade talks end

WASHINGTON, Sept 20: The United States and Japan concluded two days of discussions on a controversial 1995 auto trade agreement with the US side saying it was encouraged by comments from Japan's government, reports AP.

Steve Collins, vice president of international relations for the American Automobile Manufacturers Association, said Thursday that Japanese officials took note during the discussions of the substantial effort by US automakers to boost sales in the Japanese market.

"That is a very noteworthy change in tone," Collins said in a conference call with reporters in Washington. "Chrysler, General Motors and Ford have more than kept their pledge to make major new investments in all parts of the automotive industry to expand sales in Japan. It is very welcome ... that the Japanese government has specifically recognised these efforts."

The closed-door talks, which took place in San Francisco, represented the first annual review of how the agreement is working.

US trade officials said they told their Japanese counterparts that progress had been too slow in signing up new Japanese dealerships and in moving toward deregulation as a way of boosting sales of American-made parts.

American automakers hope to sign up 200 new dealerships in Japan. Through August, only 107 new dealers had been signed. US negotiators said that the United States did not raise the prospect of any type of retaliation if the 200-dealership goal is not met.

"This is a five-year agreement," said a US official, who briefed reporters on condition that his name not be used. "We will continue to work with the Japanese at many levels to more forward."

Last year's agreement was signed only after the United States threatened to impose punitive tariffs on a record 5.9 billion dollar worth of Japanese luxury autos. But Japan refused to set numerical targets for the sale of US-made autos and parts in the Japanese market and the agreement contains no hard numbers.

The administration, however, insists that it will employ benchmarks such as a goal for new dealerships in measuring progress in implementing progress over the five years of the agreement.

Meanwhile, the US Trade Representative's Office said it will formally request the World Trade Organisation in Geneva on Friday for a dispute settlement panel over its allegations of government barriers to foreign access in Japan's photographic film market.

"As a result of our investigation we've learned more about market barriers in the film sector than in any sector of the Japanese economy," said acting Trade Representative Charlene Barshefsky. "The systematic barriers we've found in this sector are the types of trade barriers that pose a serious challenge to the international trading system."

The dispute arises out of a claim by Eastman Kodak Co. that Fuji Photo Film Co. and Japan's Ministry of International Trade and Industry have collaborated to keep foreign products out of Japan's film market. The Rochester, New York-based company estimated it has lost 5.6 billion dollars in sales since 1975 because of unfair trade practices.

Tokyo-based Fuji, with 70 per cent of Japanese film sales, says Kodak's lackluster 9 per cent share of the market stems from bad marketing, not unfair trade.

Robber makes banker happy

PRAGUE, Sept 20: Bank robberies usually don't make bankers happy. But when a small branch of a troubled bank was held up Thursday, the bank's head considered it a good sign.

At least the bank robber was confident he'd find money there, said Jiri Klumpar, the recently named temporary head of Agrobanka, reports AFP.

A man armed with a gun robbed the bank in Kardasova Recice, some 130 kilometers (80 miles) south of Prague. The robber fled with 200,000 Czech crowns (8,000 dollars).

The theft was two days after Klumper was assigned to oversee the country's largest private bank to ensure it stays afloat.

ADB okays loans to Vietnam, Micronesia, Nepal

MANILA, Sept 20: The Asian Development Bank announced Thursday the approval of a 43 million dollars loan to Vietnam for health care, a 10.6 million dollar loan to Micronesia for water supplies, and 18.3 million dollar loan to Nepal for livestock development, reports AP.

The Vietnam project is aimed at strengthening family planning programmes and reducing population growth in 15 provinces.

The loan, which represents 34 per cent of the total project cost, is repayable over 40 years at an annual service charge of 1 per cent.

The ADB's loan to Micronesia, which comes with a technical assistance grant of 587,000 dollars, will go for a project to increase the supply of safe water to households and businesses.

The loan covers 80 per cent of the project cost and is also repayable over 40 years with an annual service charge of 1 per cent.

The loan to Nepal will finance the services of international and domestic consultants for improving the productivity of livestock raising.

Improved processing, marketing and distribution of livestock are among the project goals.

The loan covers about half the project cost and carries the same terms as the other two loans.

American Life Insurance Company recently celebrated its 75th anniversary of worldwide service. In Bangladesh, company's General Manager M Nurul Islam inaugurated the celebrations by cutting cake.

M A Hannan presided over the statutory meeting of Meghna Insurance Company Limited at a city hotel on Monday. Besides praying for salvation of the departed soul of M A Wahid, a renowned banker, shareholders of the company approved the statutory report at the meeting.

Japan gives $ 16m aid to Ethiopia

TOKYO, Sept 20: Japan has promised 1.75 billion yen (15.9 million dollars) in aid to Ethiopia to improve telephone cable networks in the capital of Addis Ababa and boost food output in the African nation, a government official said Tuesday, reports AP.

The aid was announced during a meeting between Ethiopian Foreign Minister Seyoum Mesfin, who arrived in Tokyo Tuesday for a four-day visit, and his Japanese counterpart, Yukihiko Ikeda.

During the meeting, Seyoum praised Japan for continuing to help developing nations and expressed hopes for further economic cooperation. Foreign Ministry spokesman Shinji Minami said.

Ethiopian Prime Minister Meles Zenawi, who is also in Japan, was to meet Prime Minister Ryutaro Hashimoto on Wednesday.

FAO report
Africa needs tighter control on trade of pesticides

ROME, Sept 20: African nations need stiffer controls on the use and trade of toxic pesticides and chemicals, a UN report said Thursday, reports AP.

Pesticides such as DDT, which are banned or restricted in Europe and North America, are still marketed and used in Africa, said the Rome-based UN Food and Agriculture Organisation.

Only 37 of Africa's 50 governments have applied procedures broadly regulating the import and use of chemicals and pesticides, the agency said.

US Justice Department renews Microsoft inquiry

NEW YORK, Sept 20: The Justice Department is investigating how Microsoft Corp. sells its Internet software to determine whether it is trying to stifle competition in the fastest-growing part of the technology industry, reports AP.

The company announced the inquiry Thursday and said it would comply with antitrust regulators' request for documents. It is the first time the agency has sought information from Microsoft since summer 1995, when it examined the company's plans for an online network.

A Justice Department spokeswoman declined comment on the Microsoft statement.

While the agency for months has said its investigation into Microsoft is ongoing, lawyers and observers of the software industry have perceived it as dormant for some time.

Last month, Netscape Communications Corp., the leading maker of software used to find and publish information on the Internet's World Wide Web, urged antitrust regulators to examine Microsoft's practices and plans for its Internet products.

Attorney Gary Reback, outside counsel for Netscape and an advocate for other companies who have fought Microsoft previously, said Thursday he was glad to see the Justice Department take up the issue.

"... There's still time for the government to get in there and maintain a free and open Internet that would benefit all of us," he said.

Netscape accused Microsoft of using its dominance in personal computer operating systems to influence computer makers, Internet service companies and others into giving Microsoft's Internet software greater prominence over competitors.

Netscape complained that Microsoft pushed PC makers to make its programme the easiest choice for computer users to access the Internet. Netscape also accused Microsoft of charging PC makers less for its Windows 95 operating system if they agree to make competitors' Web browser programmes less accessible to computer users.

Microsoft maintains that Netscape's accusations are an attempt to divert attention from the release of a Microsoft browser programme that matched many of the qualities of Netscape's product.

William Neukom, Microsoft's senior vice-president for law and corporate affairs, said Netscape's complaints amount to old news, already dismissed by the Justice Department.

"It is disappointing that our competitors continue to seek government intervention in the competitive process rather than concentrating on improving their products," Neukom said in a statement.

The Justice Department's antitrust division has had Microsoft's business practices under scrutiny since 1993. In 1994, the agency forced Microsoft to cease discounting practices that had tilted the competitive landscape in favour of its MS-DOS and Windows operating programmes.

Critics said the settlement came too late to have a significant impact on the competitiveness of that market. Today, Microsoft's products run the basic functions of nearly 90 per cent of personal computers.

Last year, the Justice Department examined Microsoft's plan to combine software for accessing its new online service with a new version of the Windows operating system. It took no action.

But Microsoft's online service, while it attracted 1 million subscribers, was not the threat that rivals such as America Online Inc and CompuServe Inc. feared. Instead, the Internet has proven to be more popular and Microsoft has restructured its service to work more closely with the global public data network.

There is more at stake in the battle involving Netscape, Microsoft and others over Internet browser and publication software. Such programmes are reshaping the way people use computers, eliminating many of the differences between working with data inside a computer on a desktop and one that could be located halfway around the world.