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Black cos make good ones look bad

Dividend-dodging firms make price earning ratio high

By Inam Ahmed and M Shamsur Rahman

Is the capital market getting costlier? Do investors have to wait longer to get the full return on their investments?

The recent trends suggest so. An analysis of the market price earning ratio (PE) shows that the PE, after hitting an absurd all-time high of 50.57 on August 31, 1996 when the DSE All Share Price Index touched 2986.29 points, had been going down pretty fast.

The PE slide coincided with the market crash and both the indices and PE were on a free-fall. The PE reached an all-time low of 6.43 on January 31 this year when the index also bottomed out at 484 points.

But since then, the shares have again become costly, making investors wait longer for full investment returns.

The PE inched up to 6.45 on February 29, 2000 and then

surged further till it touched 6.71 on March 31. A month later, it stood at 7.02 and as of July 29, it was as high as 9.21.

Now what does this signify for investors?

According to analysts, an investor who has put his money in this market has to wait over nine years to get his full return. But is the market really that

costly? If the answer is yes, then why has this situation arisen?

Analysts say that had the listed companies performed better and given good and timely dividends, the PE would have been quite low, making it look a better place for investment.

As the market stands today, 71 companies do not pay any dividends or hold annual general

meetings (AGMs) on time. If 30 per cent of the market does not perform, the situation is destined to look grim and that has happened in this case.

"There are many companies which are doing well and giving good dividends. But these scrips are also getting buried by the bad shares," said an analyst. "So, the advice for investors should be to look at the share fundamentals very carefully and then decide on future investments. But reckless investment would surely make the market a place of low returns."

But more importantly, the situation now makes one wonder if these 71 low-performing companies reflect the more fundamental structural weakness of the real sector.

"If they cannot give dividends, it might be so because of the

impact of fast liberalisation and infrastructure drags," said one analyst. "We have to analyse these companies and see if they lack good corporate management. If corporate Bangladesh is to survive, it must do so based on good corporate management practices."

Analysts also point out the case of National Bank Limited (NBL) which recently came out of the problem bank stigma because of intense supervision by the central bank. NBL could not give dividends for five years and now that it is out of the problem bank bracket, it is poised to offer money to investors. The investors have also reacted positively to the change in status and the NBL shares witnessed surge in prices. Such problem identification and good nurturing of companies can improve the overall market sentiment, they said.

Date	PE	Dividend yield	DSE index
7/29/00	9.21	7.23	638.00
1/31/00	6.43	7.13	484.00
7/31/99	7.66	6.86	534.00
1/31/99	7.54	6.74	536.00
7/31/98	8.87	5.22	652.42
1/31/98	9.94	4.41	754.55
7/31/97	15.31	3.92	976.57
1/30/97	31.83	2.08	1962.32
7/31/96	20.23	2.53	1150.00
1/31/96	17.83	3.11	775.65
6/29/95	19.31	2.75	776.87



Paramount Insurance Co Ltd Chairman Md Shakhawat Hossain inaugurates the company's Johnson Road Branch Thursday. Bankers, local elite and Head Office personnel were present on the occasion. Photo shows (from left to right) DMD Sajjad Jahir, Branch Manager Md Moshfiqur Rahman, MD MA Hamid and VP Sabbir Hossain. -Asiatic photo

Islami Bank spl meet ends

The concluding session of a special meeting of heads of Zonal Offices, Head Office-controlled branches and branches under Dhaka South and North Zones of Islami Bank Bangladesh Limited was held in the city on Saturday to review its performance in the implementation of Business Plan, 2000.

Executive President of the bank M Kamaluddin Chowdhury presided over the meeting, says a press release.

A N M A Zaher, Director of the bank, was the chief guest at the concluding session.

The function was addressed, among others, by Md Shamsul Haque, Senior Vice President and Incharge, Dhaka North Zone; Md Habibur Rahman, Vice President, Nawabpur Branch, Dhaka; Md Mahubul Alam, Assistant Vice President, Paltan Branch, Dhaka and Md Nurul Islam, Assistant Vice President, Mymensingh Branch of the bank.

Earlier in the morning, Mohammad Younus, Chairman of the Executive Committee of the bank, inaugurated the day-long meeting as chief guest.

The meeting was attended, among others, by Professor Mohammad Sharif Hossain, Director, Abdur Raquib, Deputy Executive President, and Nasruddin Ahmed, Md Velayet Hossain, Mohammad Nurul Islam, M Fariduddin Ahmad, Tajul Islam, A T M Harun-ur-Rashid Chowdhury, Md Nurul Amin and A K M Habibur Rahman, Executive Vice-presidents of the bank.

In his speech, the chief guest said that the officers and employees of Islami Bank were working for the betterment of the nation and for the cause of Islam.

Thai economy slower in June, but on track

BANGKOK, July 31: Most Thai economic indicators will grow more slowly in June on the year than in recent months but the country's export-led recovery remains on track, analysts said today, reports Reuters.

Analysts saw June's current account surplus between \$600 million and \$650 million, a four-month low, from about \$790 million in May.

But David Cohen, macroeconomic forecasting director at S&P MMS, said the June figures should not be seen as a major slowdown in Thailand's recovery.

Analysts expected June exports to grow between 11 per cent and 15 per cent on the year, against 13.2 per cent in May, with the monthly export total seen at a healthy \$5.30 billion against May's \$5.16 billion.

They said moderate June exports would leave a monthly trade surplus of \$400-480 million against \$510 million in May.

Analysts estimated June's manufacturing production index at between 2.5 per cent and 5 per cent, its smallest year-on-year rise since early 1999, against about 6.1 per cent in May.

The Thai government has displayed a willingness to accept a weaker baht and slightly higher inflation in return for sustained export growth, the analysts added.

The BOT has pledged to continue its low interest rate policy to spur local consumption and business recovery.

"The government is satisfied with the inflation picture, enabling it to maintain an accommodative monetary policy and not getting terribly upset about the depreciation of the baht," said S&P MMS' Cohen.

"I think their patience is bolstered by the fairly benign inflation figure, enabling them to maintain the hands-off policy towards the baht," he added.

Govt to procure 1 lakh tonnes of addl rice

The government has recently decided to procure an additional one lakh tonnes of IRRI/Boro rice from open market this year, official sources said in the city yesterday, says BSS.

It will raise the total procurement of rice to five lakh tonnes as the government had an earlier plan to buy four lakh tonnes.

If necessary, another one lakh tonnes of IRRI/Boro rice would also be bought, the sources said.

The decision has been taken to ensure fair price for the farmers and meet emergency needs of the country, keeping the stock of foodgrains in government

godowns.

According to the government decision, a total of 3.70 lakh metric tons of IRRI/Boro rice had already been stored in government godowns till Sunday after purchasing from the open market, concerned ministry sources said.

The present government after assuming office on June 23, 1996 took initiatives to raise the agricultural production through modern agri-management system.

Due to government efforts, the country saw bumper crops for the last three consecutive years,

particularly the production of paddy and wheat beat all the previous records.

For the first time this year, the country has attained food autarky following a production of about 2.50 crore metric tons of foodgrains.

The success in agricultural production could be achieved due to easy availability of fertilisers, pesticides, seeds, agricultural implements and ensuring fair price of products, timely loan distribution, rehabilitation of the farmers hit by natural disaster and appropriate monitoring, the sources said.

Iraq claims to have world's largest oil reserves

BAGHDAD, July 31: Iraq has the world's largest oil reserves, Petroleum Minister Amer Rashid claimed in an interview published yesterday, says AFP.

He did not give figures or mention Saudi Arabia which is generally estimated to have reserves of 261 billion barrels of crude compared to Iraq's 100 billion barrels.

"We state that Iraq has enormous oil (production) capacity and reserves which put it in first place among the countries which hold the largest crude reserves in the world," he told the financial weekly al-Iqtissadi.

Rashid said the output from Iraq's southern oil fields alone 'is equivalent to that of an OPEC member country and it increases day after day.'

Deputy Prime Minister Tareq Aziz has also stated this year that Iraq has the largest reserves in the world, and not the second largest as is widely accepted.

Iraq, a member of the OPEC oil cartel, is producing nearly three million barrels of oil a day and has ambitions to boost output to six million bpd, but admits it needs to invest 30 billion dollars in infrastructure to do so.

Baghdad has drawn up contracts, mainly with Russian and Chinese companies, to develop its oil fields, but work cannot begin until a UN embargo is lifted.

Iraq, under sanctions since it invaded Kuwait in 1990, has been allowed to export crude since December 1996 under the UN oil-for-food programme.

DCCI course on marketing tools held in city

A 5-day training course on 'Planning and Implementing Marketing Instruments' concluded at DCCI Business Institute recently.

The course was organised by the DCCI Business Institute (DBI) in co-operation with Business Advisory Service (BAS) Project, DCCI-GTZ Partnership Programme, says a press release of the Chamber.

The course aimed at familiarising the participants with the following topics: Market orientation, marketing planning, product planning and development, distribution strategies, product pricing strategies, marketing communication and promotion strategies, competition analysis, competitive advantage and marketing plan preparation.

DCCI Vice-President Muhammad Golam Mustafa distributed certificates among the participants.

Mustafa said the recommendations made by the participants are very much logical in improving the training module, time fixation etc.

He said that the course aimed at providing preliminary ideas about the process of marketing planning. The knowledge that the participants have gathered should be implemented in their companies," he added. Welcoming the participants to the courses, he stated that DCCI always helps the entrepreneurs to become professional through training services.

DCCI Secretary Mirza A Matin also spoke on the occasion. BAS Project Manager Md Emdadul Haque, Deputy Secretary (Training) Hasanur Rahman Chowdhury and Shahazada Basunia were also present on the occasion.

A total of 20 participants including 4 women from different business organisations attended the training course. Hasanur Rahman Chowdhury, Deputy Secretary (Training), acted as course coordinator.

Continued slow investment seen hitting Malaysian growth

KUALA LUMPUR, July 31: Malaysian Finance Minister Daim Zainuddin said today economic recovery, spurred by domestic spending, was now broad-based but warned continued slow private investment could affect growth, says Reuters.

"The economic growth is not only based on encouraging exports but is more broad-based and is driven by higher domestic spending," Daim told industry

leaders in a dialogue session ahead of the 2001 federal budget.

Nearly 50 top officials from the central Bank Negara, Securities Commission, the Kuala Lumpur Stock Exchange and private sector are attending the session.

The finance minister will hold two more dialogue sessions with industry captains on August 7 and 10 before unveiling the 2001 federal budget in late October.

Economists expect Malaysia to

post a return to a budget surplus next year, helped by rapid economic growth in 2000.

Malaysia's fiscal deficit for 2000 stood at 4.4 per cent of gross national product, after running budget surpluses continuously from 1993-97.

"Private sector's response to government incentives in the last budget is not encouraging. The domestic demand has not recovered to pre-crisis levels," Daim said.

"Private investment is still slow. If this situation continues the national output potential could be affected."

It was the first official comment on slow growth in private investment during the year, which analysts say could act as a drag on future growth.

"Daim's worries over slow private investment impacting growth is probably the first such pessimistic official comment most have so far maintained that such investments are on track on what the market has known all the while," market consultants S&P MMS said in a report.

During the January-May period foreign investment applications in the manufacturing sector fell to 2.5 billion ringgit (\$658 million) from 3.0 billion ringgit in the same period in 1999.

Foreign investor have been put off by the fixed exchange rate, slow corporate reforms, stalled privatisation and perceived cronyism, analysts say.

"As a small open-economy our performance will also be dependent on the economic development in our neighbours and industrial countries," Daim said.

"At the same time rising petroleum prices will pressure inflation and import prices which could affect world economic growth," he added.

Daim said Malaysia has to boost its domestic sector to reduce dependence on external demand as the main driver of growth.

Exchange Rates

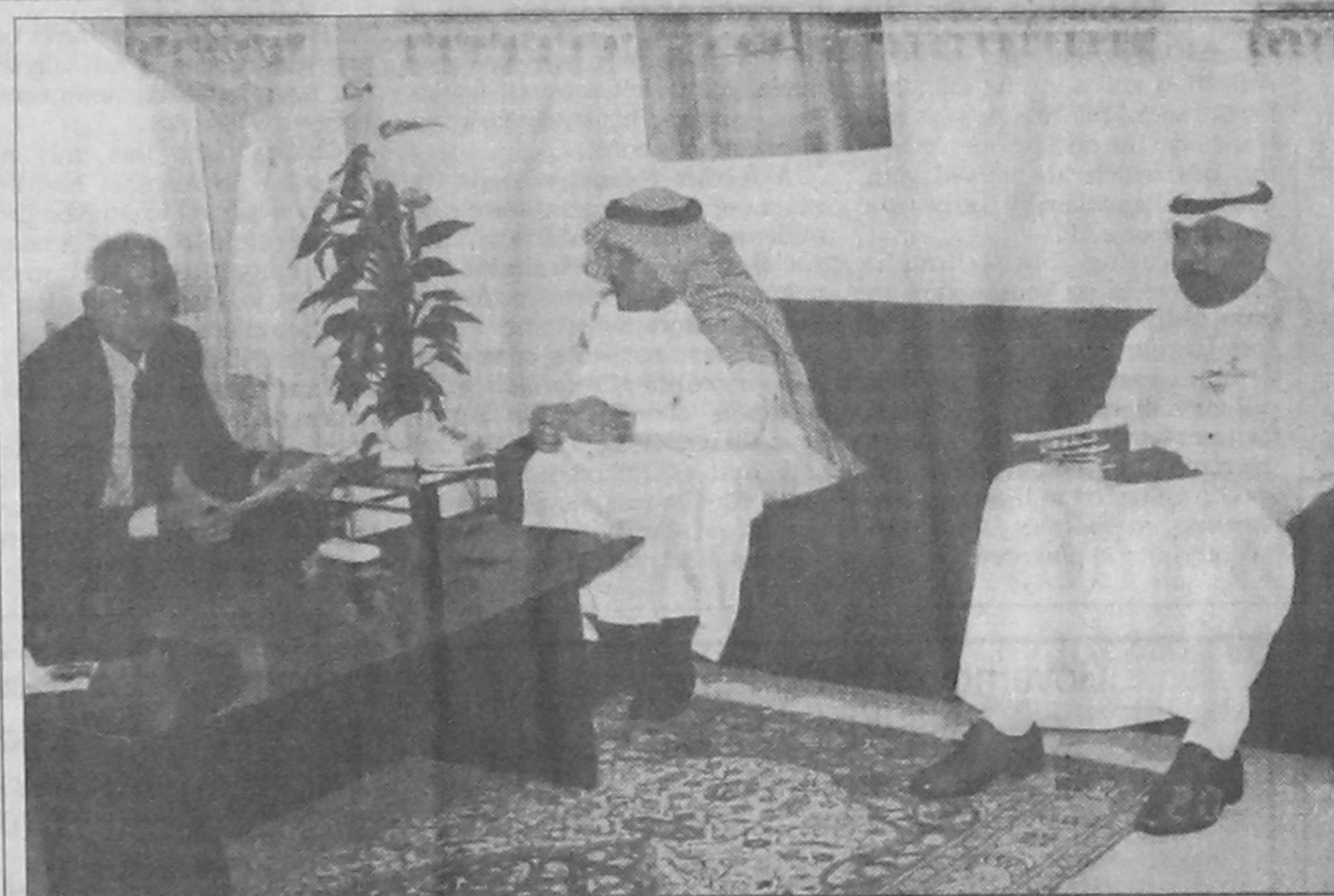
American Express Bank Ltd foreign exchange rates (indicative) against the Taka to major currencies					
Currency	Selling TT & 00	Selling BC	Buying 00 Sell	Buying 00 Transfer	Buying 00
US Dollar	51.250	51.250	50.850	50.850	50.850
Pound Stg	77.3465	77.3918	76.1987	75.9695	75.9616
Deuts mark	24.6027	24.6171	23.6177	23.5466	23.5132
Swiss Franc	30.7568	30.7748	30.1989	30.0482	30.0036
Japanese Yen	0.4706	0.4709	0.4625	0.4611	0.4604
Dutch Guilder	21.8353	21.8481	20.9611	20.8980	20.8683
Danish Krona	6.3989	6.3936	6.2632	6.2413	6.2325
Australian \$	30.3144	30.3321	29.0354	28.9480	28.9069
Belgian Franc	1.1928	1.1935	1.1451	1.1416	1.1400
Canadian \$	85.0280	85.0465	84.0316	83.9292	83.8610
French Franc	7.3356	7.3399	7.0419	7.0209	7.0108
Hong Kong \$	6.5949	6.5987	6.5090	6.4884	6.4792
Italian Lira	0.0249	0.0249	0.0239	0.0238	0.0238
Singapore \$	29.9183	29.9358	28.9909	28.9036	28.8626
Saudi Rial	13.7010	13.7090	13.5207	13.4800	13.4609
Euro	48.1186	48.1468	46.1921	46.0532	46.0978

Bill buying rates					
TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
50.7512	50.4263	50.0205	49.5788	49.1550	48.3075

US dollar London Interbank Offered Rate (LIBOR)					
Buying (\$)	Selling (\$)	Currency	1 Month	3 Months	6 Months
50.8250	51.2500	USD	6.6263	6.72188	6.89375
77.3465	75.9616	GBP	6.0825	6.22625	6.34344
Cash/ T.C	Cash/ T.C	EURO	4.41438	4.63750	4.91750

Exchange rates of some Asian currencies against US dollars					
Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
45.0045/03	53.350/53.42	41.3041/35	3.7995/3.805	8890/8900	1116/1116.9

Amex notes Monday's market	
The USD/BDT market was active on Monday. Average USD/BDT rate ranged between 51.1650 and 51.1700 level. The call money market was active with average call rates ranging between the earlier level, 5.50 and 5.75 per cent.	



Md Enamul Haq Chowdhury, MD of Sonali Bank, had a discussion with senior officials of Al-Rajhi Commercial Foreign Exchange regarding extension of better facilities for remittance of wages of non-resident Bangladeshis in Saudi Arabia through legal banking channel during his recent visit to the kingdom. -Sonali Bank photo

Rodriguez fears oil price crash on OPEC oversupply

CARACAS, July 31: OPEC President Ali Rodriguez said world oil prices, which have come off historic highs in the last month, could slump toward the end of the year if the cartel continued to oversupply the market, says Reuters.

Citing unidentified sources, he said there were reports that the Organisation of Petroleum Exporting Countries (OPEC) was exceeding its agreed output ceiling by more than 700,000 barrel per day (bpd), which, if true, could lead to a repeat of the price crash of 1998 and 1999.

"In the last week we have seen a sharp rise in sour crude oil stocks, particularly light sour crudes," Rodriguez, who is also Venezuelan Energy and Mines Minister, said in an interview published Sunday in E1 Nacional newspaper.

"As a consequence of the oversupply of sour crudes, prices could fall by December or in the last quarter of the year when demand and prices normally rise," he added.

An OPEC source in Kuwait said Rodriguez had written to OPEC Secretary-General Rilwanu Lukman to warn him of the potential price impact of rapidly rising inventories.

Industry sources said OPEC heavyweight Saudi Arabia followed through on a threat to hike output this month in defiance of its OPEC quota, to take the heat out of prices that consumer coun-

tries said had reached danger levels.

Rodriguez did not specify which country was violating its quota, but said the issue would be examined if confirmed by the "secondary sources" used by the

cartel to monitor its own output levels.

"Some sources say there is (OPEC) overproduction of more than 700,000 bpd... If it is found to be true, we would be returning to the events of 1998 and 1999 which caused so many problems for our countries," he said, in reference to the budget shortfalls created by the price drop of those years.

Since March 1999, when a change of government in Venezuela brought the OPEC's worst quota buster back into line, the cartel has been enjoying a rare period of unity and prosperity with relatively high levels of compliance to quotas.

However, the traditionally fractious cartel was thrown back into disarray this month by the Saudi move.

Since the Saudi barrels began to appear in the market, the OPEC export price has fallen back into the middle of its \$22-28 per barrel target range, but Rodriguez saw a danger of it falling further.

"There could be a price crash if we do not have the courage and the necessary vision to resist pressures and untangle all the factors intervening in the market," he said.

OPEC supplies about a third of the planet's oil needs, and in June agreed to raise its supply ceiling to 25.4 million bpd, excluding Iraq which is still subject to Gulf War sanctions.

SingTel offers its users cheaper phone call rates

SINGAPORE, July 31: Singapore Telecommunications on Sunday announced a new Internet service that will allow users to save up to 40 per cent on international phone calls, says AP.

From August 1, calls to the United States or London, for example, will be as low as 19 Singapore cents (11 cents) per minute, SingTel said in a statement.

The new system, called VO19, does not require the use of a computer. Users can access the service simply by dialing 019, the statement said.

Calls to major cities can be up to 40 per cent cheaper than current SingTel promotional rates, it said.



DCCI Vice-President Muhammad Golam Mustafa distributes certificates among the participants of the training course on "Planning and Implementing Marketing Instruments" held at DCCI Business Institute recently. DCCI Secretary Mirza A Matin and other concerned officials were also present. -DCCI photo

Albright calls for further deregulation in Japan

TOKYO, July 31: US Secretary of State Madeleine Albright called on Japan today to open its markets wider after a landmark deal to cut telecommunication fees, says AFP.

Albright told Japan's Prime Minister Yoshiro Mori that US business executives here appreciated deregulation measures taken so far by the Japanese government, a Japanese official said.

"But we hope for further progress on these measures," Albright was quoted as saying by the official, who was present at the meeting and later briefed

reporters in Japanese. Mori, describing Japan-US ties as the basis of his diplomacy, told Albright he would further pursue deregulation and structural reform in Japan as a priority, according to the official.

The United States and Japan reached a last-ditch deal on July 19 ahead of the Group of Eight summit to dramatically cut the cost of connecting to Japan telecommunications network.

Japan agreed to lower Nippon Telegraph and Telephone Corp regional telecoms access tariffs by 50 per cent over two years, and local access tariffs by 20 per cent.

Russian economy grows by 7pc in first half

MOSCOW, July 31: Russia's economy grew by 7 per cent over the first half of this year, a top Cabinet member said Monday, playing down fears that the economic growth is tapering off, says AP.

Vice Premier Viktor Khristenko announced the latest economic indicators after a weekly Cabinet session Monday headed by President Vladimir Putin, who is riding high after a string of political victories last week. Next year's budget topped the meeting's agenda.

Khristenko said inflation for July would not exceed 1 per cent, and that the yearly inflation rate would be 18-20 per cent instead of the 35 per cent that experts predicted after prices surged by 2.6 per cent in June.

Not all Cabinet members were so optimistic Monday.

Russia's economy has enjoyed a boost over the past year, after the 1998 financial collapse and a decade of almost constant decline. Rising oil prices helped, since Russia is a major oil exporter. A lower rouble, meanwhile, has aided domestic producers by making imports more expensive.

But the rouble has been climbing against the dollar recently, and analysts warn that oil prices are due to fall. Economics and Trade Minister German