

16-day DSE turnover shrinks 26pc

New index remains static

M SHAMSUR RAHMAN

Since the introduction of the new index prescribed by the Securities and Exchange Commission (SEC), turnover on the country's premier bourse shrank 26 per cent during the last 16 trading days ending December 12 compared to trading of last year's corresponding period.

During the period, however, the newly introduced index, Weighted Average Share Price Index, remained static without gaining or losing a single point.

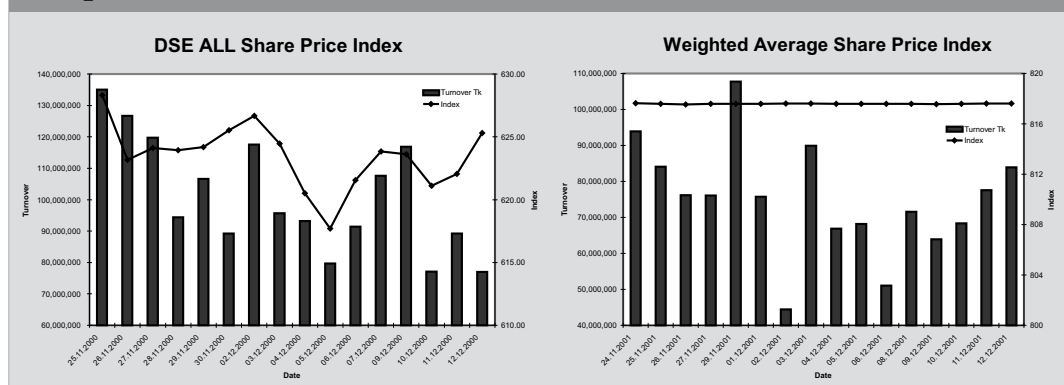
Leading stockbrokers complain that they are losing business due to introduction of the new index as investors are feeling shy to invest falling to understand the market movement.

Average turnover came down to Tk 7.49 crore per day compared to Tk 10.10 crore trading a day last year following the introduction of the new index.

Both the Dhaka and Chittagong bourses launched the new indices on November 24 replacing the conventional price indices following the SEC direction.

The Dhaka Stock Exchange (DSE) names the new index as

Comparison between old and new DSE indices



Weighted Average Share Price Index and the base index has been calculated at 817.62 points. The Chittagong Stock Exchange (CSE) calls the new index Trade Volume Weighted Index, which stood at 1836.82 points after the close of yesterday's trading.

The SEC argued the new calculation method will prevent unscrupulous traders from maneuvering the overall market by trading few numbers of scrips. The index also

excludes the 'Z Group' shares.

Under the weighted average method, the index is calculated on the basis of price change of the shares traded on the day. The market capitalisation of non-traded shares remains constant while prices of the traded scrips are taken to derive the market capitalisation.

Both the Dhaka and Chittagong Stock Exchanges had opposed the move, saying the new index would give wrong impression to the investors.

The Chittagong Stock Exchange (CSE) has made a comparison between the All Share Price Index and SEC-prescribed index.

"We found that there were significant changes in the All Share Price Index, but we did not find much movement in the SEC-prescribed index," said CSE Chief Executive Maroof Matin.

DSE Chairman Md Shahiq Khan also asked the SEC to reconsider its

decision.

UNB adds: The main index of Dhaka Stock Exchange marked a slight fall yesterday with the losers dominating the gainers.

The Weighted Average Share Price Index lost 0.01 point or 0.001 per cent and closed at 817.63 points from 817.64 points on Wednesday.

The DSE-20 index also shed by 9.18 point or 0.82 per cent to 1100.37 points from 1109.55 points of the previous day.

Of the 136 listed securities traded, 49 gained, 74 declined and 13 remained unchanged.

Some 3,968,204 shares and debentures valued at Tk 9.92 crore changed hands as against 3,700,712 shares worth Tk 7.93 crore on the previous trading day.

Meghna Petroleum (1,119,500), Rose Heaven (569,500), Beximco Pharma (341,650), Aims 1st Mutual Fund (280,000), Megcon Milk (256,000) and Keya Cosmetics (249,500) were among the day's volume leaders.

Market capitalisation stood at Tk 62.45 billion from Tk 62.65 billion on Wednesday.



A boy walks past shuttered shops yesterday in the city's North-South Road area, a busy commercial place. The capital appeared to be still smearing from holiday hangover, although government and private offices reopened Wednesday at the end of the three-day Eid vacation.

Telecom cos start services using underwater cable

AP, Singapore

A group of telecommunications companies on Thursday started offering services using the diris 1 billion Asia Pacific Cable Network 2, a giant pan-Asian underwater cable.

The system is made up of 19,000 kilometers (11,807 miles) of cable and connects China, Hong Kong, Japan, South Korea, Malaysia, Philippines, Singapore and Taiwan, Singapore telecoms company StarHub said in a statement.

Telecom companies have invested over diris 1 billion in the project, which uses state-of-the-art fiber optic technology, StarHub said.

Besides StarHub, Major investors include: Britain's Cable & Wireless, China Telecom, China Unicom, Taiwan's Chunghwa Telecom, British Telecom and AT&T Corp's joint venture, Concert and Japan Telecom.

The cable will connect intra-Asian telephone calls and connect with other major networks that connect to the United States, the statement said. The system has a capacity to send 80 gigabytes per second. The cable's capacity will double in 2002 "to meet the burgeoning demand for bandwidth in the region," it said.

Eastern Housing declares 10pc cash dividend

Eastern Housing Ltd has declared a 10 per cent cash dividend for its shareholders for the year ending July 31, 2001, says a press release.

The dividend was declared at the 37th annual general meeting of the company held on December 12 in the city. Manzurul Islam, Chairman of Eastern Housing Limited, presided over the meeting.

In his address, the chairman apprised the shareholders of various aspects of the company's activities during the outgoing year.

The AGM was told that despite cash flow constraint, 26.20 acres of land were purchased against sale of 41.89 acres of land and consumption of 36.20 acres. During the year, the company developed 92.78 acres of land and another 140.25 acres were at different stages of development.

The gross profit of the company fell to Tk 22 crore from Tk 33.74 crore of the previous year.

BB T-bill auction held

UNB, Dhaka

The 17th auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills were held here on December 15.

A total of Tk 2,155.50 crore, Tk 10.00 crore, Tk 32.00 crore and Tk 38.00 crore were offered respectively for the 28-day, 182-day, 364-day, 2-years bills.

Of these, Tk 509.00 crore, Tk 8.00 crore and Tk 2.00 crore of 28-day, 364-day and 2-year bills were accepted respectively.

The ranges of the implicit yields were 3.00-3.05 per cent, 5.55-5.60 per cent and 6.88 per cent per annum.

No bid was offered for the 91-day and 5-year bills. It may be mentioned here that the total balance of premature encashment of the bills stood at Tk 123.00 crore as on 15-12-2001 and due to maturity of the bills, the total amount of Tk 902.50 crore will retire in this week.

Sweeping tariff cut in Indian telecom sector likely

7 cellular operators to slash long-distance charges

AFP, Bombay

An across-the-board price cut is expected in India's telecoms sector after a surprise decision by seven cellular operators to slash long-distance charges between mobiles, industry players and analysts said Wednesday.

On Tuesday, the seven operators said they would cut charges by as much as 50 per cent after Bharti Enterprises, a private firm, offered them a cheaper nationwide long distance network to carry their calls.

The cut, announced on January 26, 2002, is likely to spill over to the other three routes -- fixed line-to-mobile, fixed-to-fixed and mobile-to-fixed.

Bharti Enterprises launched its cheaper service on Monday, making it the first private company to enter a business monopolised by state-owned Bharat Sanchar Nigam Ltd. (BSNL).

The cellular operators said peak-hour long-rates would be reduced from 24 rupees (51 cents) a minute to 12 rupees.

A further 50-percent discount would be offered during off-peak hours.

Industry players said such a dramatic price cut would force monopolistic state-owned companies to follow suit.

"There is no way out for BSNL but to cut its tariffs," a top official from a leading cellular operator told AFP on condition of anonymity.

"BSNL has minted money all these years, and now the consumer will come to know what he was paying," the official said, adding the price cut was the inevitable result of a more liberalised competitive market.

"Bharat Sanchar still has over a month to go before cellular operators start offering cheaper rates. I am sure by then they will cut their rates too."

The managing director of AT and T's Indian unit, Virat Bhatia, said Tuesday's announcement probably marked the steepest single fall in long distance tariffs anywhere.

"Even in the United States, it

took about 12 years for tariffs to come down by half," he said.

AT and T is a leading player in the Indian cellular market with around a 33-percent market share.

A Business Standard report Wednesday said BSNL was expected to take a hit of five billion rupees as a result of the cellular operators' decision to slash prices.

However, the report said the company's overall subscriber base of more than 30 million would cushion the impact to some extent.

India's mobile subscriber base stood at 5.22 million at the end of November, up 78 per cent from a year ago. The seven cellular operators behind Tuesday's announcement account for nearly 90 per cent of that figure.

"The only loser in this game will be the state-run behemoths. These should be privatised immediately," the Economic Times said in an editorial.

"As for the consumer, she can finally afford to discuss her relative life's story with friends and relatives in far off places."

FBCCI team leaves for Kolkata

UNB, Dhaka

A 50-member FBCCI delegation left Dhaka yesterday for Kolkata to attend the 15th Industrial India Trade Fair and the inception meeting of South Asia Sub-regional Economic Cooperation.

FBCCI President Yusuf Abdullah Harun who is leading the delegation will address the inaugural function of the fair today and also the inception meeting, organised by Asian Development Bank.

During the visit, the delegation will participate in a one-to-one meeting with the West Bengal business leaders on Sunday and discuss the prospects of expansion of trade and investment between Bangladesh and India to reduce trade gap.

The delegation members include FBCCI Directors Abu Motalab, Md Akhtaruzzaman Manju, Md Aminul Haque, Anisur Rahman, Md Anisur Rahman, Md Delwar Hossain, Md Hizkil Gulzar, Md Shamsul Alam and Md Kalim Ullah.

Saiham Textile declares 7.5pc dividend

Saiham Textile Mills Ltd has declared a 7.5 per cent dividend for the shareholders of the company for the year 2000-2001, says a press release.

The Board of Directors announced the dividend at the company's 20th Annual General Meeting (AGM) held Wednesday on he mill premises in Habiganj.

The AGM was presided over by Chairman of the Company Syed Md. Qaisar.

Addressing the AGM, Syed Md Qaisar stated that despite depressed economic situation in the country, overall activities of the company during the year under review was satisfactory. The company earned a gross profit of Tk 6.94 crore in the year 2000-2001.

Besides, the company paid Tk 4.15 crore to BSR against long term loan in the financial year.

The declaration of dividend and the audited accounts of the company for the financial year 2000-2001 and the directors' report were approved by the shareholders.

Fedex.com best transportation web site

Fedex.com won the best transportation web site award from the Web Marketing Association, says a press release.

FedEx also is the only company to receive the Best Portal award for its My Fedex.com Portal application. Launched in last June, My Fedex.com allows customers to customise their fedex.com home page to make FedEx transactions. My Fedex.com has about 210,000 registered users.

FedEx Global Trade Manager helps small and medium-size businesses navigate the world of international commerce by allowing shippers to identify and prepare appropriate import/export forms.

2001 Nepal's worst yr since 1990: ADB

AFP, Kathmandu

This year was Nepal's "most difficult" in more than a decade owing to the massacre of its royal family and a continuing Maoist insurgency, an Asian Development Bank (ADB) official said Thursday.

"Certainly, 2001 has been an extremely difficult year for Nepal, perhaps the most difficult year since the restoration of multi-party democracy in 1990," ADB representative Richard Vokes said.

As a result Nepal's economic growth during the current fiscal year, which ends in July 2002, is expected to be just half of the targeted six percent, he said.

"The most tragic event was the massacre of the royal family in June which was not only an immense shock to the people but also had a negative impact on the economy."

King Birendra, Queen Aishwarya and seven other members of the royal family were killed on June 1 by crown prince Dipendra, who then shot himself.

The country was subsequently engulfed by protests, leading to many tourists cancelling their holidays in Nepal. Tourism is Nepal's main earner of foreign currency.

A Maoist rebellion, which has been going on since 1996, had seemed to be coming under control

when Prime Minister Sher Bahadur Deuba brokered a ceasefire in July.

But when the guerrillas broke the truce in November with renewed attacks, the government declared a state of emergency and deployed the army.

A number of countries have advised against travel to Nepal because of the Maoist violence.

"While Prime Minister Deuba's efforts had raised hopes of a resolution of the conflict through a negotiated settlement, the situation deteriorated further eventually leading to a state of emergency," Vokes said.

"Throughout all of this the political situation continued to be unstable."

"All of this has taken a significant toll on the country's economy while arrivals of tourists have declined sharply, manufacturing industry's production has fallen due to the labour unrest and the insurgency and trade has been adversely affected," he said.

Nepal had also suffered economically from the global slowdown which was exacerbated by the September 11 attacks in the US.

As a result its economic growth in fiscal 2000-2001, which ended on July 15, had fallen to five percent, from a target of 5.8 percent.

Korea Telecom ties up with Microsoft

AFP, Seoul

South Korea's largest telecommunications services provider, Korea Telecom Corp., will sell part of equity shares to Microsoft in a strategic alliance, financial sources said Thursday.

"Microsoft agreed to invest in Korea Telecom," a financial source told AFP.

Yonhap News Agency reported Korea Telecom would raise some 1.8 billion dollars from abroad by selling convertible bonds and bonds with warrants, including 500 million dollars of bonds with warrants to be sold to Microsoft.

Microsoft would thus take a 3.2-percent stake in Korea Telecom, Yonhap said.

The sale, the largest of its kind by a South Korean company, involved the entire 11.8-percent stake in Korea Telecom the government had planned to sell to foreigners by the end of this year as part of a privatization programme.

Proceedings of the sales will come in January, a Korea Telecom official told AFP.

The government plans to sell another 28.3-percent stake to South Korean investors by the end of next June.

Korea Telecom declined to give further details on the issue, including buyers and terms of the deal, pending a formal announcement on Friday.



PHOTO: EASTERN HOUSING

The 37th annual general meeting of Eastern Housing Ltd was held recently in the city. Manzurul Islam, Chairman of the company, presided over the meeting.

Inflation to pose little threat in Asia next year

Recovery may be too modest to fuel price pressure

REUTERS, Singapore

Inflation will remain bottled up in Asia next year because the expected economic recovery will be too modest to fuel price pressure, according to a Reuters poll of analysts.

The survey of more than 100 economists in 13 countries showed a mixed inflation outlook, partly due to comparisons with a low base this year. But the common theme throughout the region was that inflation will remain under wraps in 2002, thanks to improved exchange rate stability and tame oil prices.

Demand will most likely remain weak in the first half of the year, reflecting the lag effect from the rise in unemployment and slower income growth, analysts said.

Inflation forecasts in most of the countries surveyed from Australia to Thailand were lower than in a similar survey in October. "Even though the economies are picking up next year, they are not going to be at the point where firms will have pricing power to pass on rising prices to consumers," said David Fernandez, head of fixed income at JP Morgan Chase in Singapore.

He said any turnaround in these economies is unlikely to take place before the latter half of 2002, leaving room for the region's central banks to cut interest rates further in the first half of the year.

Oil prices, a wild card in the inflation equation, are expected to ease next year, giving more breathing space for major net oil importer Asia.

A Reuters survey in November showed the price of benchmark Brent crude oil is expected to drop to around \$20 per barrel next year compared with an average of around \$25 this year. An expected recovery in exports and central banks' policy preference for exchange rate stability should keep Asian currencies relatively stable next year, reducing price pressure.

Countries where economists see inflation easing next year include Australia, Indonesia, New Zealand, the Philippines, Singapore, South Korea, Sri Lanka and Thailand. Australia's inflation is forecast to average 2.4 per cent in 2001/2002 (July-June) and 2.3 per cent in 2002/2003.



PHOTO: SAIHAM TEXTILE

The 20th annual general meeting of Saiham Textile Mills Ltd was held at Habiganj on Wednesday. Chairman of the company Syed Md Qaisar, Managing Director S M Faisal, Directors SABM Humayun, SFAM Shahjahan and SAKM Salim are seen at the AGM.

France passes law making it harder to fire workers

AFP, Paris

The French parliament adopted legislation Wednesday aimed at preserving the rights of workers facing layoffs, a measure that right-wing deputies fear will harm business interests.

The law was passed by a vote of 271 to 244, with four abstentions, largely with the support of the French Communist and Socialist Parties.

The measure in particular imposes a strict interpretation on a company's right to lay off workers for economic reasons and calls for greater powers for workers' committees, which operate within most

large French enterprises. Right-wing opposition members of parliament, who say the law will have negative effects on the activities of corporations and on overall employment, intend to challenge the legislation before France's constitutional court.

Nicole Catala of the opposition RPR described the law as "unrealistic" because it "increases the legal and administrative constraints" on companies and makes France "the champion of rigidity."

"It's a bad blow for companies," added German Gengenwin of the UDF party.

But the measure was defended by Employment Minister Elisabeth

Guigou as "a progressive law, allowing companies to base their adaptation (to changing economic circumstances) on research from social dialogue."

"It is the job of a lawmaker to determine a social responsibility framework for the heads of companies and to recall that corporate adaptation cannot be carried out to the detriment of employment," she said.

Communist MP Maxime Gremetz urged that the measure be officially implemented as soon as possible, calling it "a major support for workers and their unions."