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Star BUSINESS

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Washing Machine



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Bull back on DSE

Surveillance team pays surprise visits to brokerage houses

NAZRATUN NAYEEM MONALISA

Unnerved by the continuous rise in indices, the Dhaka Stock Exchange (DSE) authorities yesterday made surprise visits to a number of brokerage houses in their frantic bid to detect any possible irregularities.

Turnover in the country's premier bourse yesterday hit new high in the past eight years reaching Tk 62.3 crore marking an increase by Tk 15 crore compared to the previous day and showed the highest volume of trades since 1998.

The market capitalisation stood at Tk 2047.3 crore and the general index stood at 1893.69 points gaining 57.84 points or 3.15 percent yesterday from 1835.8 points of the previous day. On Monday the turnover was Tk 47.12 crore.

Talking to The Daily Star, the DSE Chief Executive Officer Salahuddin Ahmed Khan explained the surprise visits to be a part of regular monitoring and surveillance operation.

"We usually conduct such visits to ensure that the market is free from ill practices," Khan said.

He said the DSE is in the process of recruiting more surveillance officials to strengthen its surveillance department.

The DSE President Ahmed Iqbal Hasan attributed the present market upsurge to multiple effects resulting

from a number of positive steps initiated by the bourses and the regulators.

He said such steps have contributed significantly to restore confidence of the investors.

Moreover, in recent years, some good companies including private commercial banks have been enlisted on the bourse which played a positive role in attracting investors again to the market, the DSE president told The Daily Star.

Presently, the surveillance team of the DSE is visiting the brokerage houses frequently to detect if there is any attempt to manipulate the market, he said.

Besides the DSE initiatives, the Securities and Exchange Commission (SEC) is also monitoring the market strictly which also contributes to restore investors' confidence after the 1996 share turbulence, a capital market analyst said.

After the six-day Eid holiday the capital market opened in a bullish mood with both trading and indices gaining everyday.

The DSE general index crossed 1800 points-mark on the first day of the week.

A total of 189 issues were traded yesterday of which 93 issues advanced, 66 declined and 30 remained unchanged.

Gold gallops to all-time high

Goes up Tk 400 a bhoori

STAR BUSINESS REPORT

Gold prices hit all-time high in local market yesterday when both the 21 and 22 carat went up by Tk 400 per bhoori to Tk 10,100 and Tk 10,400.

Guinea gold (21 carat) was selling at Tk 9,700 and 22 carat at Tk 10,000 per bhoori (11.66 gram) until November 22, according to jewelers.

"It is for the fourth time that gold prices went up this year. As gold price in the international market is going up, it is obvious that local market will see an adjustment as Bangladesh is totally dependent on imports," Anwar Hossain, president of Bangladesh Jewellers Manufacturers and Exporters Association (BJMEA), told The Daily Star yesterday.

Big investors in the Middle East do not have confidence in the US market mainly due to ongoing conflicting situation. As a result they are buying gold that has created huge demand, pushing prices unusually high, he said.

In October this year, Bangladesh Jewellery Samity (BJS) increased gold prices by Tk 200 per bhoori.

With increase in prices this time, gold prices went up by Tk 1000 per bhoori. At the beginning of the year, price of guinea gold was Tk 9,100 and 22 carat 9,300 per bhoori.

The BJS after observing the global market trend time to time, adjust the prices and the association does not need any government permission, the BJS leader mentioned.

Guinea gold price in the local market was Tk 6,700 and 22 carat Tk 7,000 until February 12, 2002. On February 13, 2002, BJS re-fixed gold prices at Tk 7,000 and 7,300.

Gold price was Tk 7,230 for guinea in 1988, which was then record high and prices went down to Tk 5,100 per bhoori in 1997.

Profiting investors must be ready to accept loss

DSE chief executive tells *The Daily Star*

M SHAMSUR RAHMAN

Dhaka Stock Exchange Chief Executive Officer (CEO) Salahuddin Ahmed Khan yesterday cautioned that investors who are in the process of earning profits with the current surge in share prices must also be ready to accept losses.

He said surge and decline in share prices are normal market phenomena and that it is only natural that investors will make money on bullish market and lose when the slide begins.

"Investors should take extra caution in the present market. In a normal market, price of securities will move in both north and south as a normal course. But one must not forget that prices will not remain high or low for long time," DSE CEO said in an interview with The Daily Star yesterday.

He, however, said that the good part of the present trend is that investment is directed towards securities with good fundamentals. "But even good securities have limitation in terms of price movement."

"So, some sort of price correction will be there in due course of time which may be reversed through opposite price movement in future," the CEO said.

He said smart investors cash in profits by taking the right decision while market followers will sustain some loss. "Eventually, it will be observed that return of overall investors in macro sense will be normal return with some losses and some gains, which is a common stock market phenomenon."

What government can do? "What government can do right now is to take the opportunity of raising significant volume of fund from the market by offloading



Salahuddin Ahmed Khan

shares where government is holding good number of high performing companies.

The CEO said now the government is holding 76.03 lakh shares with the face value of Tk 34.16 crore which presently stands at Tk 335 crore.

In a private sector led economy, government needs to offload its shares in private sector and it is also not consistent with the market economy policy of the government.

Now the government can gain by selling these huge numbers of shares and the market itself will be benefited through supply of a large number of scrips.

These companies are already enlisted with bourses having good market reputation and therefore can be sold soon.

Globally, it is observed that government mechanism intervenes in price stabilisation process in every segment of the economy. "We see pumping in dollars by central banks to keep prices of currency stable and opening of OMS (open market sale) centres to keep prices of essentials stable."

"So, why doesn't the government come forward to offload shares to enable the market to achieve a sustainable condition," he questioned.

Long term policy required for market stability

While selling off of these government securities will have short time impact, an essential policy direction will also be required for long term market stability.

There can be provision like introduction of government bonds on the secondary market, imposing mandatory conditions of share floatation in the utility sector, ensure private sector companies undertaking consortium loans from banking sectors to eventually offset the loans through issuance of shares on the market, the CEO said.

He said that the already welcomed asset backed securitised bonds should be brought into the market and not through private placement. "Alternative features like futures and derivatives markets should be introduced, conditions should be tagged to all large foreign investment to float shares and part of revenue generating development projects should be funded through issuance of government guaranteed securities like long term bonds or development bonds."

Present market scenario
The CEO said that the stock markets in Bangladesh have started showing uptrend since April 20, 2004 although there was some high volume trading between in 2000 and 2002 but there is some qualitative difference in trading at that time and now.

In early 2000, there was netting settlement system where effective trade was in the neighbourhood of Tk 6 to Tk 8 crore while the present trade pattern is indicating effective

trade volume which require full settlement, he said.

"Beside, in early 2000 market was quite low nearly at 500 to 600 points whereas presently the index is hovering at around 1900 indicating a significant rise," the CEO said. "Our observation is that there is a huge influx of investors caused by a number of factors."

The government has axed many alternative investment opportunities through various measures like curbing the interest rate downwards against the saving instruments, restrictions on fund transfer through tight Money Laundering Act.

Incentives have been given to investors willing to channel undisclosed fund in the stock market. Provisions have been made under which tax authorities will not raise question for investment of such funds made anytime until June 2005.

Another major factor, Khan said is the introduction of central depository system.

He said that presently more than 60 percent of the market capitalisation is under the CDS contributing to 80 percent of the total trade in terms of value in a daily average. "Also the memory of the 1996 crash is fading away attracting more investors."

The Securities and Exchange Commission (SEC) and the DSE have strengthened their surveillance on the market, which has gained confidence of the investors.

Provisions in the Exim Bank IPO allowing greater access of retail investors has created some 60,000 new investors.

"So, all these factors have had a multiplier effect in regaining lost confidence of investors who are showing increased interest in stock trading," Khan said.

WEA launches training for Bogra women on empowerment

A training session on "Women's Empowerment and Advancement by Learning and Training of Herself (WEALTH)" organised by Women Entrepreneurs' Association (WEA) was inaugurated in Gokul, Bogra on Monday.

Inaugurating the programme Rokia A. Rahman, former advisor to the caretaker government and president of WEA, encouraged the participants, a group of 30 indigenous women, to make use of the training, says a press release.

WEA is organising the training programme (WEALTH) in ten districts with an objective to empower women. With the financial assistance of Fair & Lovely Foundation, the programme has already been launched in seven locations-Dhaka, Manikgonj, Cox's Bazar, Chittagong, Khulna, Jessore and Bogra. TMSS, an NGO for women's empowerment, is implementing the training.

During the six month programme, 300 women will be given training on mini gardens and tailoring, nursery and floriculture, fisheries, dairy, poultry, confectionery, handicraft and pickle making.

WEA Secretary Ina Fareque, Executive Director of TMSS Prof Dr Hosne-Ara Begum, Representative of Lever Brothers Bangladesh Limited Abdul Hamid and representative of AdComm also attended the function.

Jamuna Bank, Credit and Development Forum sign MoU

Jamuna Bank Limited (JBL) has signed a memorandum of understanding (MoU) with Credit and Development Forum (CDF) to facilitate finance up to Tk 2 crore through CDF member NGOs and micro finance institutions (MFIs) under the bank's micro finance programme.

SA Chowdhury, managing director of JBL, and M Abdul Mannan, executive director of CDF, signed the MoU on behalf of their organisations at the bank's head office recently, says a press release.

CDF will act as the corporate guarantor of the loan.

FAO DG due in Dhaka on December 1

Director General of Food and Agricultural Organisation (FAO) Jacques Diouf will arrive here on December 1 on a two-day visit to Bangladesh.

During his stay in Bangladesh, Diouf will call on President Prof Dr Iajuddin Ahmed and Prime Minister Begum Khaleda Zia, an official handout said yesterday.

The FAO Chief will also make courtesy call on Foreign Minister M Moshed Khan, Agriculture Minister MK Anwar, Fisheries and Livestock Minister Abdullah Al Noman, Food and Disaster Management and Relief Minister Chowdhury Kamal Ibne Yusuf and Environment and Forest Minister Tariqul Islam.

Besides, he will also visit some BRAC establishments connected with FAO programmes.

Peru, S'pore to begin free trade talks

Peru and Singapore agreed Monday to open bilateral free-trade talks, Peruvian President Alejandro Toledo announced.

Talks were to begin in February or March and last no more than one year, officials said.

Singapore's Trade Minister Lim Hng Kiang said the accord should be as broad as possible.

Taiwan's Oct export orders hit record high

Taiwan's October export orders hit a record 20.25 billion dollars, up from the previous record of 19.5 billion dollars set in September, the economic ministry said Tuesday.

October export orders were up 25.46 percent compared with a year earlier after a 26.61 percent gain in September, the ministry said.

Saarc ministers for ending 4 trade deals in Dhaka summit

UNB, Dhaka

Saarc commerce ministers emphasised the need for conclusion of four trade and investment facilitation agreements at the 13th summit of the forum in Dhaka.

The suggestion came from the fourth meeting of Saarc commerce ministers that ended in Islamabad yesterday following a proposal mooted by Bangladesh commerce minister.

The meeting also called for serious attention of Saarc commerce ministers to resolve all outstanding issues under Safta before May 2005, facilitating timely coming into force of the South Asian Free Trade Area Agreement on 1st January 2006.

The commerce ministers of the Saarc countries yesterday made a joint call on Pakistan President Pervez Musharraf.

Commerce Minister Altaf Hossain Choudhury led the Bangladesh delegation to the meeting, which ended with a call for "concerted efforts for greater regional economic cooperation

among the South Asian countries".

The two-day ministerial meet was preceded by a meeting of the commerce secretaries, attended by senior officials from the ministries of commerce and foreign affairs.

The Bangladesh commerce minister also put forward a new proposal for the early signing of a framework agreement on mutual recognition arrangements for Standard Testing and Conformity Assessment procedures among Saarc countries for facilitating intra-regional trade.

His proposals have been welcomed by the Saarc commerce ministers and were endorsed in the report of the ministerial meeting, said a message received in Dhaka.

On the sidelines of the meeting, Commerce Minister Altaf held meetings with his counterparts from Pakistan, India and Nepal discussing a wide range of bilateral trade and economic issues.

Bangladesh commerce minister is scheduled to meet the leaders of the business community in Karachi today during his transit stay there on way back to Dhaka.

StanChart opens BillsPay centre in Dhanmondi

Standard Chartered Bank has recently opened a billspay centre in its branch on Dhanmondi Road No.2 to facilitate bills payment service to its customers.

Saleh Ahmed, managing director of Dhaka Electricity Supply Company (DESCO), and Osman Morad, chief executive officer of Standard Chartered Bank, Bangladesh, jointly inaugurated the new centre, says a press release.

Earlier, Standard Chartered opened billspay centres in its Dilkusha and Gulshan branches. Customers can promptly pay their Credit Card, BTB telephone and electricity (DESCO & DESA) bills 24-hours a day, seven days a week at these centres. No additional charges are required to avail this service.

Oil prices ease, mild weather saps demand

REUTERS, London

Oil prices eased on Tuesday under pressure from unseasonably mild weather, although news of tighter crude exports from southern Iraq gave some support.

US light crude fell 10 cents to \$48.54 a barrel, holding around 49 percent up since the start of the year, but staying more than \$7 below October's \$55.67 all-time high.

In London, benchmark Brent crude eased 13 cents to \$44.25.

Prices have softened as rising production of key refined products and unseasonably mild temperatures in the northern hemisphere have lessened worries about the adequacy of winter heating fuel supplies.

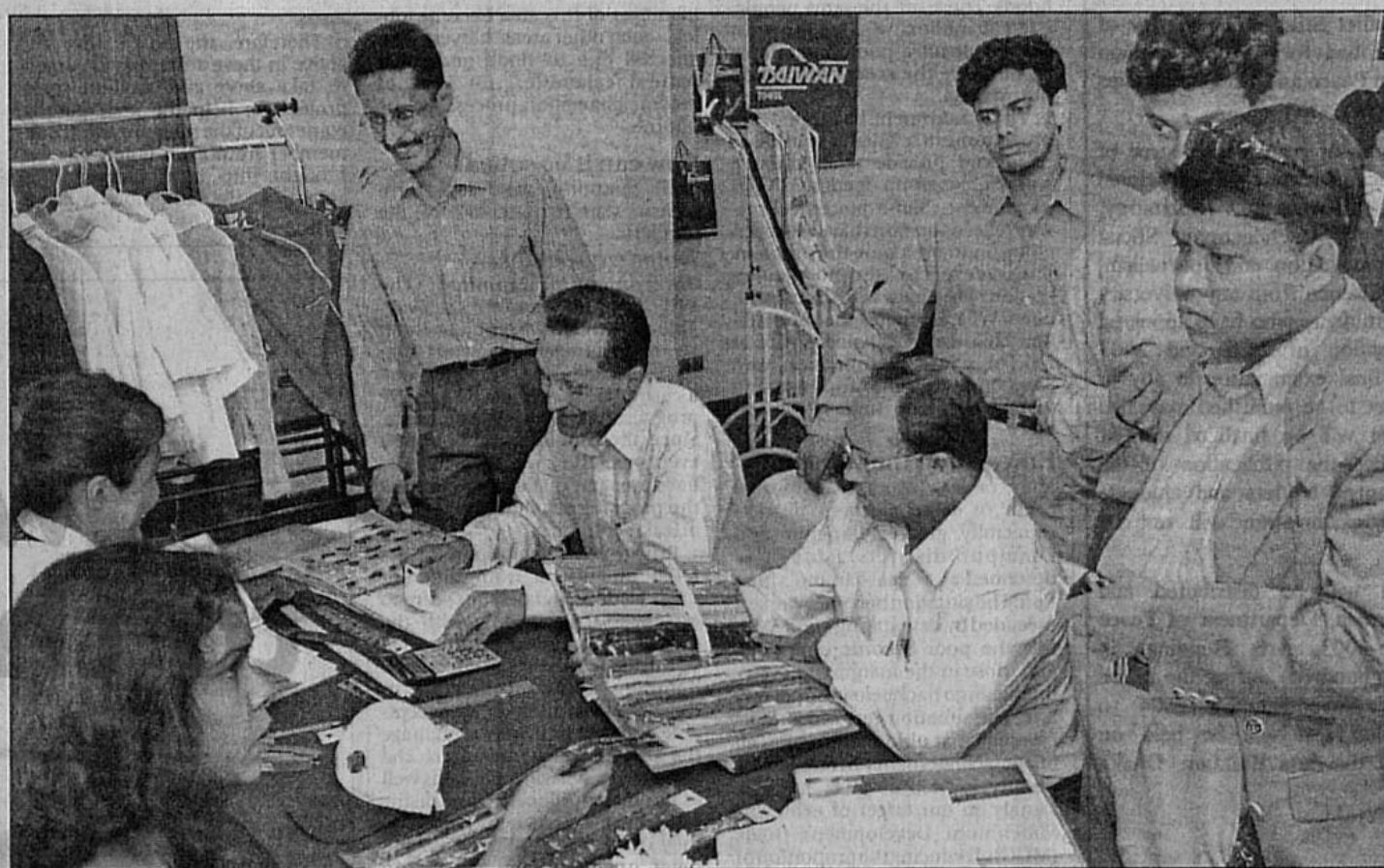
The US National Weather Service said on Monday home heating needs were 22 percent below normal last week and predicted continued mild conditions this week.

Following slacker demand, analysts predict U.S. Energy Information Administration (EIA) data, to be released on Wednesday, will show the first rise for 10 weeks in US stocks of distillate fuels, including heating oil and diesel.

A Reuters survey of seven analysts forecast distillate tanks would increase by 700,000 barrels in the week to Nov 19. Stocks were running 15 percent below year-ago levels.

But uncertainty in Iraq is keeping the market on edge.

At the same time, analysts predict it could influence any output decision when the Organization of the Petroleum Exporting Countries meets in Cairo on Dec 10.



A number of visitors crowd a stall at the Taiwanese garment raw materials show at Sonargaon hotel in Dhaka yesterday.

PHOTO: STAR

High RMG raw material cost sees poor sale in Taiwan fair

SHARIER KHAN

Taiwanese garment raw material producers who are staging the first-ever promotional show in Dhaka, find their sales disappointing. And they are overwhelmed by local visitors' inquiries -- are you interested in joint ventures in Bangladesh?

Garment factory people visiting the two-day show at Sonargaon hotel say they are impressed with the high quality products at the show. "But they are too costly," observes Sabur Ahmed, a garment factory representative.

"Yes we are costly," smilingly admits Danny Yeh, a representative of Taiwanese fabric manufacturer U-Long Prosperity Co, "we are 3 to 5 percent costlier than Korea and 15 to 20 percent higher than China."

"But we have good quality products -- not Chinese quality ones," Yeh says pointing to the array of high-end windbreaker fabrics.

A number of visitors at the show representing various export-oriented firms indeed find the promotional products interesting and completely new. These include new generation bag materials, yarn, suede finish fabrics, nylon products, wool and acrylic products.

"They may be disappointed with their sales," comments a garment exporter, "but they should not have expected to sell much from this show. We are not very aware of the Taiwanese product lines. Our business goes strong with Korea and China and I find this show very educational about Taiwanese goods. If they stick around, we can make business relationships."

"They should have brought lots of product samples for the interested buyers. Most Taiwanese stalls are set up with single set of samples," he observed.

Harch Hong, representing Taiwan's Be Cotton Knitting Co, however terms the lukewarm buy-

ing interest and Bangladeshi enthusiasm about joint venture a "typical" untapped market response. "All my visitors are interested in joint ventures," he said showing a name-card diary full of business cards.

Vincent Huang and Fortune Chang of Honnyue Enterprise and Fulltide Enterprise companies are still hopeful that Bangladeshi garment sector will eventually be able to see the high quality of Taiwan products.

About 15 stalls were set up at the show that began yesterday. The organisers said their next stoppage will be India.

Reward nations who pursue prudent debt strategy

Saifur urges donors in Berlin

UNB, Dhaka

Finance and Planning Minister Saifur Rahman has called upon donors to establish a mechanism for rewarding countries like Bangladesh who pursue prudent debt strategy and maintain sustainability in management of development funds.

"The reward may take the form of some debt cancellation and providing higher levels of grants and concessional resources," he told an international policy workshop in Berlin, Germany.

He also proposed that misusers of borrowed resources be admonished.

"While there is framework for

reducing the debts of LICs (low-income countries) facing unsustainable debt burden, there is no mechanism to reward good performers," he said.

Saifur was presenting the keynote paper at the two-day workshop on "Debt Sustainability, External Shocks and Financial Instruments in Low Income Countries" that concluded yesterday.

"Bangladesh has good track record with very comfortable sustainability indicators, never having defaulted on its external payments," he told the donors' meeting, advocating for the country's qualification for winning the reward.

4 new EPZs open soon

UNB, Dhaka

Four new Export Processing Zones (EPZs), already under development, will be opened soon to local and foreign investors.

The four new EPZs are located at Mongla, Comilla, Ishwardi and Nilphamari, said Dhaka EPZ General Manager M Kamal Akhtar in a briefing session during the visit of LGRD and Cooperatives Minister Abdul Manan Bhuiyan to Dhaka EPZ yesterday.

He informed the minister that

investment in the country's EPZs was US\$115.04 million in the last fiscal year (2003-2004) while the figures were \$1067.87 million and \$1077.03 million respectively in FY 2000-01 and 2001-02.

The government received foreign exchange equivalent to Tk 3402 crore on account of the EPZs in fiscal 2003-2004, the Dhaka EPZ general manager told the minister.

Of the 205 industries in the existing EPZs, 129 are wholly foreign-owned, 26 joint ventures and 50 by purely local entrepreneurs.