

AB Bank okays 5pc stock dividend

Arab Bangladesh Bank Ltd has declared a five percent stock dividend for its shareholders for the year 2004.

The dividend was approved at the 23rd annual general meeting (AGM) of the bank held recently in Dhaka, says a press release.

Chairman of the bank Faisal Morshed Khan presided over the AGM, which was attended by other senior officials.

Supply chain solution firm Panalpina's chief delegate in Bangladesh

BDNEWS, Dhaka

Panalpina, the world's leading supply chain solution company with presence in six continents, has reaffirmed its commitment to Bangladesh market by appointing Alfred Prescher as its chief delegate.

In an informal session of "meeting the customers" recently, Panalpina Managing Director for South Asia Volker Sachse and Anis Ahmed, managing director of Integrated Transportation Services Ltd (ITSL) which represents Panalpina in Bangladesh, welcomed Alfred Prescher at his new position.

Lothar Schuster, vice President of Panalpina, and Manoj Sen Gupta, head of ITSL, were also present.

Volker Sachse said, "Bangladesh is considered an important market for our network and still has a significant potential in new business opportunities."

Panalpina, one of world's top five freight forwarding and supply chain solution houses, has been operating in Bangladesh since 1994. ITSL is a sister concern of MGH Group.

Chances dwindling for WTO agreement by late 2006

REUTERS, Washington

Chances are dwindling for negotiators to reach a new world trade agreement by the end of 2006, increasing the possibility the Bush administration will have to seek renewal of its trade negotiating authority without a firm deal in hand, analysts say.

"The probability of concluding the deal by the end of next year has become much less because of the lack of progress this fall," said Jeffrey Schott, a senior fellow with the Institute for International Economics. "Not to say it's impossible, but it's more unlikely and it will require a greater acceleration in the

negotiations in 2006 to meet the deadline."

The soon-to-be 150 members of the World Trade Organisation are headed for a Dec 13-18 meeting in Hong Kong with virtually no hope of achieving the breakthroughs needed in agriculture, services and manufactured goods to finish the round.

US Trade Representative Rob Portman said on Thursday he hoped countries could make enough "incremental progress" in Hong Kong to agree on a basic blueprint for a deal by mid-2006 and a final package by the end of the year.

Late 2006 or early 2007 is the

effective deadline for a final package because the Bush administration needs to submit it to Congress before trade promotion authority expires in June 2007. That legislation requires lawmakers to vote on trade pacts without making any changes. Without it, Congress could approve amendments that would unravel the deal.

The White House barely won approval of trade promotion authority in 2002 after a nearly two-year battle.

Winning renewal in 2007 is expected to be equally hard and could be even more difficult if President George W Bush's popularity remains in a slump and con-

gressional Republicans lose seats in the November 2006 election, Schott said.

Portman is likely to wait as long as possible before seeking a renewal of trade promotion authority because once he does, it extends the deadline for finishing the talks.

At the same time, it could hard to win approval if countries are still far apart, Schott said.

The trade talks are hung up on agriculture, with the United States, Brazil and many other countries pressing the European Union to offer deeper cuts in agricultural tariffs than Brussels has proposed so far.



PHOTO: AB BANK

The 23rd annual general meeting (AGM) of Arab Bangladesh Bank Ltd was held recently in Dhaka. Chairman of the bank Faisal Morshed Khan presided over the AGM, which declared a five percent stock dividend for its shareholders for the year 2004.



PHOTO: NCC BANK

M Wazhiullah Bhuiyan, chairman of National Credit and Commerce (NCC) Bank Ltd, inaugurates the 39h branch of the bank at Madhabdi in Narsingdi recently. Other senior officials of the bank were also present at the inauguration.

Big Qantas deal looms as Boeing, Airbus sales up

REUTERS, London

Already well over \$100 billion and still growing, Boeing and Airbus have had a record year in plane orders and are set for a final boost from Australia's Qantas and rivals in Asia.

Qantas and Singapore Airlines are working on blockbuster deals worth more than \$10 billion each that executives at Airbus and Boeing are working overtime to win, industry officials say.

A visit to France starting Sunday by Chinese Prime Minister Wen Jiabao is being flagged to include a \$5 billion Airbus plane order announcement for Chinese airlines.

They plan to buy at least 70 narrow-body airbus A320 planes, sources close to the deal told Reuters in Beijing this week.

Hong Kong's Cathay Pacific announced a Boeing order worth about \$3 billion this week, the largest in Cathay's 59-year history.



PHOTO: APOLLO HOSPITALS

Richard Larison, chief executive officer of Apollo Hospitals Dhaka, inaugurates Chittagong Information Centre of the hospital on OR Nizam Road in the port city on Friday. The information centre, facilitated for easier access to Apollo Hospitals Dhaka, will remain open from Saturday to Thursday from 10am to 7pm.



PHOTO: EASTERN BANK

Iyad M Malas, director, South Asia Department of International Finance Corporation (IFC), and Ali Reza Iftekhhar, acting managing director of Eastern Bank Ltd (EBL), exchange documents after signing a trade finance facilitation agreement on Wednesday in Dhaka. The deal will support EBL through issuance of IFC guarantee for confirming banks for payment of letters of credit and other documentary instruments of EBL.

Capital market: Need for a roadmap

WALI-UL-MAROOF MATIN

Sometimes changes take place inevitably, whether they are sought or not. The capital market of Bangladesh is changing without much uproar. In last few years the market has gone through some significant reforms. Almost silently. Some reform efforts about 5 years ago by the Asian Development Bank was a substantial endeavor. Some were initiated by the SEC and the exchanges themselves and some were just demanded by the investors, although they are not really formally organised in Bangladesh.

The Securities & Exchange Commission of Bangladesh took appropriate measures to separate different intermediary functions. Accounts of brokers, dealers and that of investors are clearly separated. A central depository is in place now. Most brokers use automated back office besides using on line trading system. A number of cities are connected to the main trading system. The IPO distribution and pricing will be automated soon and we will have a securities institute, a learning centre, soon.

The ADB prescription was a general one. The recommendations were similar, of not totally same, for the other countries in the region. In some countries, the reforms are successful and distinctly visible. In others, the effects are not so evident. In Bangladesh, the ADB reforms were not as effective as expected and as it was observed in other neighboring countries. Nevertheless, it is good to see that SEC was not only busy with the implementation of ADB prescription. SEC, albeit a small organisation in terms of manpower and financial resources, it managed to devise some investor friendly tools and implemented those. In particular, the categorisation of A, B and Z groups was a wonderful one and welcomed by the general investors. The AGM defaulter companies are on their toes to get things streamlined. Chittagong Stock Exchange brokers are trading from 5 cities of the country. The network of Dhaka Stock Exchange is also upgraded. There are stories of disappointment and decision reversal, but in general, the total picture of the stock market is much better and cleaner now, than it was ten years ago.

The most reputed business people of the country had remained aloof from the stock market, at least collectively for a long time. On the contrary, recent ICC, B conference on the capital market was a landmark attention of the private sector business leaders. Stock market is necessarily private sector mechanism. Private sector attention is therefore seen to be a spirit for fast future growths.

However, that does not mean that we already have a great market. A number of issues have remained unattended in the capital market. In the economic world map, Bangladesh market is yet to make a place. Many markets, smaller than Bangladesh is displayed in the world media and attract international investors, whereas, ups and downs of Bangladesh stock market is not news at all in the world forums.

The setback that drives away investors' eye from Bangladesh is primarily a high degree of uncertainty. The fluctuation of foreign currency or share price is not a fear. The apprehension is all about changes in regulations, future

development and lack of trust worthy services. The efforts of the exchanges and the SEC risk will be marred if these issues are not addressed soon. Investors at home and abroad do not know what is going to happen in Bangladesh in short or medium run. Therefore a preparation visible roadmap can be recommended.

**A definite roadmap**

The road map should be chalked out by a group of academicians in economics, finance and law and market participants under the leadership of the commission. If required experiences from neighbouring countries can be studied for a quick and inexpensive understanding. We have to take a path which many have already traveled.

The road map should cover at least two aspects -- regulatory sides and products.

**Regulations**

In the market there are regulations to comply with. The game rules are of extreme importance in the capital market. These game rules vary from country to country and the international investors shop for their best suited set. The set of regulations not only control the players, but also depict the level of maturity of the market. The domestic investors also need to know about the coming changes. As it is a shallow market in Bangladesh, the roadmap is also very important for the companies to be listed from the market. They need to compare among their sources of finance. Share market is an alternative to them and if it is characterised by uncertainty, entrepreneurs discard that.

The stock market is a crowded playground. The players range from well-informed investors to rumormongers, from gambler to clean-handed risk taker. The rules and regulations need to be a balanced set to promote the market and at the same time to control it. The evolution to reach equilibrium and stability can not be achieved over a short period. A series of changes are required. The changes sometimes catch the investors by surprise. And investors do not like to be surprised.

Let's take a couple of instances. The lock-in system that is the restriction of sale of shares by sponsors has been changed several times in last ten years. Sponsors are caught by surprised and their long term plan to invest is distressed. Sponsors are entrepreneurs and they intend to divest their fund from one sector to then invest in another; from one country to another as and when opportunities come. These movements for business and profits are not sin, but they are the natural driving force of investment, job creation and mover of economy. Rules like lock-in exist in many countries for protection of small investors. However, these rules should be consistent and the people who are subject to these rules should know what they are and when they are going to change. Sudden changes of rule may cause large investors huge loss and they may shy-out of the market for long time if such thing happens.

Settlement cycle has to be reduced. Nevertheless, it is a complex process and involves sophisticated banking transaction. Settlement cycle is gradually reduced and international recommendation to bring it down to instant delivery versus payment is the target. But we do not know when we

Gold strikes 500 dollars

AFF, London

Gold prices hit a near 23-year high point above 506 dollars this week on strong buying by investment funds, looking for safe-havens amid higher inflation and weaker oil prices.

Other precious and base metals struck multi-year and historic high points amid gold's surge. Among soft commodities, sugar reached a ten-year peak in New York.

The Commodities Research Bureau's index of 17 commodities rose to 322.11 points on Friday from 314.80 points the previous week.

**GOLD:** Gold prices hit 506.78 dollars per ounce in London on Friday, the highest level since February 1983, before succumbing to profit-taking.

The value of gold has risen by 22 percent since the start of 2005.

Gold had breached the 500-dollar level on Tuesday, for the first time in 18 years.

"At last, gold has breached the fabled 500-dollar level," said Barclays Capital metals analyst Yingxi Yu, adding that the level had been reached owing to aggressive fund buying.

Sharply increased demand from investment funds has pushed gold prices higher in recent months amid creeping inflation in the United States.

Gold is seen as a safe haven against high inflation.

On the London Bullion Market, gold prices jumped to 499.75 dollars per ounce at the late fixing on Friday from 495.90 dollars the previous week.

should get best settlement cycle. A roadmap, well prepared with specific time frame would tell the world our progress path. This particular task is a very major one as it will require coordination with the banking system. Unfortunately the coordination between our banks and stock market is yet to reach a desirable routine matter. An agreed roadmap could compel all the quarters to sit down and deliver good for the betterment of the economy.

**Products**

Bangladesh capital market is not fully equipped. We only have equity share and a nominal presence of corporate bond. An attempt to bring in government bond under the open marker mechanism was taken early this year. However nothing happened in practical. A prudent roadmap prepared prior to exchanges and bank conversation would minimise the complicated exchange of views on different frequencies.

In the neighbouring markets there are derivatives and commodity markets. Our investors do not have clear idea about futures and options although it could help the business a great deal in risk management and bringing more money in circulation. We do not have derivative market at the moment. But that does not mean that we do not need it.

Derivative market requires a lot of effort. As it takes long time and a complex process, we should have a roadmap specifying time and resource allocation. Training, system development, rule framing, all these components will require sequencing.

Commodity trading is a formal business in all the developed and also in the developing countries. In the USA when electricity is being traded in advance, we are only having a mechanism of tea trading, which is century old. Other commodities, in particular those affect the painful inflation in special seasons, e.g., rice, onion can be brought under the purview of automated market mechanism. These may not be under the existing stock exchanges, but very similar apparatus can be devised to make transaction transparent and efficient. Commodity markets are viewed as complementary and supplementary to the equity market. We will need it.

After the recent Saarc summit, we can hope that Safta is going to be implemented. In the beginning it will involve only the tangible commodities. But over the time, after initial success, it is obvious that service sector will be focused. If Bangladesh is lacking behind in the capital market development, it will be a grave problem regarding investment and capital flow. A roadmap is therefore an urgent need.

Wali-ul-Marooof Matin is the former CEO of the Chittagong Stock Exchange Ltd. Currently, he is the resident consultant, Capital Markets Unit, Bank of Sierra Leone, Freetown, Sierra Leone.