

Star BUSINESS

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New president of employers' federation



Kamran T Rahman

Kamran T Rahman has been elected president of Bangladesh Employers' Federation for two years (2007-2009), says a press release.

Alamgir MZ Rahman has been made vice president of the federation for the same term.

Kamran, who was the vice president of the federation earlier, is an entrepreneur having investments in jute and tea industries. He is also the chairman of Bangladesh Jute Mills Association (BJMA).

Alamgir is an exporter of readymade garments and was earlier vice president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The other members of the committee include M Anis Ud Dowla, chairman of Advanced Chemical Industries Ltd (ACI), M Habibullah N Karim, managing director (MD) of Technohaven Company Ltd, Masih Ul Karim, MD of Berger Paints Bangladesh Ltd, Golam Mainuddin, deputy managing director of British American Tobacco Bangladesh Company Ltd, Feroz Rahim, MD of Rahimafrooz Batteries Ltd, Ashfaqur Rahman, MD of Novartis (Bangladesh) Ltd, Luna Shamsuddoha, chairman of Dohatec New Media, Shafiq Uz Zaman, MD of Coats Bangladesh Ltd, MA Baset, director of Bangladesh Knitwear Manufacturers and Exporters Association, Ferdous Perves Bivon, vice president of BGMEA, Nazmul Huq, member of BJMA, M Salman Ispahani, chairman of Bangladeshiy Cha Sangsad, and Muhammad Shams-uz-Zoha, member of Bangladesh Jute Spinners Association.

Euro rebounds against dollar

AFP, London

The euro gained against the dollar in early European trade on Tuesday amid mixed eurozone data, while the US unit rose against the yen.

The European single currency climbed to 1.3705 dollars from 1.3697 dollar late on Monday in New York.

The dollar increased to 119.36 yen from 119.03 yen late on Monday.

Traders on Tuesday were digesting a batch of eurozone data. Official EU figures showed that the unemployment rate in the 13 nations sharing the euro extended its gradual decline in June, registering a record low of 6.9 percent of the workforce.

Eurozone inflation meanwhile dipped to 1.8 percent in July after four months at 1.9 percent. Economic confidence also weakened in the same month, though remained at historically high levels.

"Eurozone economic sentiment softened for a second month running in July, indicating that the strong euro, higher oil prices and higher interest rates are seeping through to have a limited dampening impact," Global Insight economist Howard Archersaid.

Oil prices ease in Asian trade

AFP, Singapore

Oil prices fell in Asian trade Tuesday on profit-taking after sharp recent gains sessions but expectations of continued strong demand will limit any slide, dealers said.

They said the market is now waiting for the release later Wednesday of the weekly US energy supply report.

At 11:00 am (0300 GMT), New York's main contract, light sweet crude for Septmeber delivery was down 15 cents to 76.68 dollars a barrel from 76.83 dollars in late US trades Monday.

Brent North Sea crude for September delivery fell 16 cents to 75.58 dollars.

Oil prices rose close to record levels last week as data showed the US economy expanded a stronger-than-expected 3.4 percent in the second quarter, beating Wall Street's forecast of 3.2 percent.

DSE moves again to activate secondary bond market

SARWAR A CHOWDHURY

As the secondary market for government treasury bonds still remains inactive, the Dhaka Stock Exchange (DSE) has once again initiated a move to activate it.

The country's premier bourse has recently formed a four-member committee, which is planning to sit with primary dealers this month to persuade them into putting price quote on the secondary market.

Since the launch of debt securities on the DSE in 2005, only one treasury bond has so far been transacted on the secondary market. Even the market sees no price quoting of such bonds.

The main reason behind this situation is that the primary dealers are holding the bonds as statutory liquidity reserve (SLR). Presently, the financial institutions have to keep 13 percent of

their total deposits as SLR.

Sonali, Janata, Agrani, Prime, Uttara, Jamuna, Southeast and NCC banks and IDLC are the primary dealers of the treasury bonds.

In 2006, the DSE held a number of meetings to persuade the primary dealers into taking active role in the secondary market for bond transactions through the DSE.

However, the DSE could not motivate the primary dealers much to place two-way quote for bond in the exchange system.

"We are hopeful that the primary dealers will also support the government initiative to motivate the stock market by starting active offers for such bonds through stock exchange," said DSE Chief Executive Officer Salahuddin Ahmed Khan.

He said the DSE will try its best to make active at least one or two dealers

within this year.

"If we can succeed, we believe within a few years this security market of bond will become the prime mover of capital market and money market. Institutions will also be able to use the bond market as an effective tool for market liquidity management," Salahuddin hoped.

Besides, it will also help any government attempt in raising necessary funds within short term without disturbing market equilibrium, the CEO said.

A total of 49 government treasury bonds have so far been listed on the DSE. Listed bonds are of three categories -- having five-year maturity period with 7.5 percent interest rate, ten-year maturity period with 8.5 percent interest and 15-year maturity period with 14 percent interest.



PHOTO: AMCHAM

US Embassy Charge d'Affaires Geeta Pasi speaks at the monthly luncheon meeting of the American Chamber of Commerce in Bangladesh (AmCham) held in the capital yesterday. AmCham President Syed Ershad Ahmed (2-L), Executive Director A Gafur (R) and US Embassy Deputy Chief of Mission Elizabeth Gourlay (L) are also seen. (Story on Page 2)

Derivatives, book building methods needed to bolster stock market

CSE workshop told

STAR BUSINESS REPORT

Speakers at a workshop in Chittgong on Monday backed 'derivatives' and 'book building' as two modern tools for bolstering capital market.

Describing the stock market as very important and effective source of resource mobilisation for the sustained growth and progress of the country, they suggested that introduction of these new products can help build investors' confidence.

Introduction of 'derivatives' will push the liquidity of the existing equity market, while a scientific process of price discovery through initial public offering (IPO) like 'book building' can ensure an appropriate balance between the demand of a company's share and an investor, they told the workshop.

Derivative is a financial instrument whose characteristics and value depend upon the characteristics and value of an underlier, typically a commodity, bond, equity or currency. Examples of derivatives include futures and options. Advanced investors sometimes purchase or sell derivatives to manage the risk associated with the underlying security, to protect against fluctuations in value,

or to profit from periods of inactivity or decline. These techniques can be quite complicated and quite risky.

To promote derivative instrument and book building method, the Chittagong Stock Exchange (CSE) organised it for the local journalists at its Conference Hall, according to a press release.

Editor of the daily Azadi MA Malek attended the workshop as chief guest.

CSE First Vice President Nasiruddin Ahmed Chowdhury and the bourse's Chief Executive Officer (CEO) A B Siddique spoke among others.

MA Malek said, "The more active and vibrant the capital market of a country, the greater its industrialisation pace and robustness of economy."

He asked for a concerted effort among journalists, professionals and investors to address the hurdles prevailing in the capital market.

The veteran journalist pointed to the fact that Bangladesh's market capitalisation is around 6 billion US dollars, which is approximately 8 to 9 percent of GDP, whereas in India, market capitalisation is 80 percent of its GDP and in Pakistan it is 40 per-

cent.

The speakers said in most of the countries, public issue of common shares is generally carried out in two ways: fixed price method and book-building method.

They said in Bangladesh, fixed price method is being followed, which does not provide comfort to the big issuers with regard to actual price discovery of their particular issue and they feel shy to go public for inappropriate pricing of their securities.

This feeling encourages many companies to look at other avenues for raising funds instead of IPO, they also pointed out.

In book building method, the issuer in association with the issue manager sets a floor price with a price-band, with a lower limit ('the floor') and an upper limit ('the ceiling') within which the investors are allowed to bid for shares. The final price, however, is determined by the demands received from the investors. The investors' demand at a specified price band is recorded in an electronic order book and a book is built. Thus the term 'book building' emerges.



PHOTO: PRIME BANK

Chairman of Prime Bank Ltd Azam J Chowdhury inaugurates the bank's 53rd branch at Ashulia on the outskirts of Dhaka on Sunday. Director Imam Anwar Hossain and Managing Director M Shahjahan Bhuiyan, among others, were present at the opening ceremony.

Surveillance key to checking artificial crisis of essentials

Ctg businesses tell govt

OUR CORRESPONDENT, Chittagong

Business community in Chittagong yesterday said government surveillance is needed to check any artificial crisis in the commodity market.

The businesses also urged the government to provide importers with subsidy to improve the supply situation in the market.

The Chittagong-based business leaders were speaking at the 3rd monthly meeting of the District Taskforce Committee here to discuss ways to keep prices of essential commodities at reasonable level.

Presided over by Deputy Commissioner Ashraf Shamim, the meeting was attended by representatives of different government offices including agriculture, food and fisheries, Bangladesh Rifles (BDR), Upazila Nirbahi Officers (UNOs) and members of Chittagong Chamber of Commerce and Industries (CCCI).

CCCI Vice President Md Mahbul Alam urged the government to draw plans and take measures immediately to bridle the prices of essentials during the upcoming Ramadan.

The deputy commissioner urged the business leaders to extend their help to keep the prices of essential commodities like rice, lentil and wheat under control.

India hikes cash ratio, key rates unchanged

AFP, New Delhi

India's central bank moved Tuesday to cut money supply but kept short-term borrowing rates unchanged to balance concerns over inflation and a desire to maintain high economic growth.

The Reserve Bank of India said in a quarterly review that while inflation had fallen below its five percent forecast for the year to March 2008 from nearly seven percent earlier this year, commodity and asset price rises remained a concern.

"While inflation has been steady, inflationary pressures remain and are more persistent than before, along with high commodity and asset prices," central bank governor Y.V. Reddy said in a statement.

In an effort to cool demand, the central bank cut the amount of money available for loans by hiking the commercial banks' cash reserve requirements by 50 basis points to seven percent.

Inflation accelerated to 4.41 percent in the week to July 14 from 4.27 percent the previous week.

"This is a surprisingly nervous (policy) in relation to inflation. It is the most hawkish stance the bank has taken relating to financial risks," said Manika Premeisingh, economist with brokerage BRICS Securities.

Analysts had expected the central bank to keep its benchmark repo rate at a four-year high of 7.75 percent, which was reached after five hikes between June 2006 and March this year in an effort to tame inflation in the fast-growing economy.

Etihad to launch flights to Nepal

Etihad Airways will start a four flights-a-week service from its Abu Dhabi home base to Nepalese capital Kathmandu in October, says a press release.

The flights will provide link for 90,000 Nepali nationals living in the UAE and meet growing demand from leisure travellers longed-for Nepal's ancient culture and the Himalayas, the world's highest mountain.

Kathmandu will join Etihad's expanding network across the Indian subcontinent that includes Dhaka, Delhi, Kochi, Thiruvananthapuram, Mumbai, Karachi, Islamabad, Peshawar and Lahore.

James Hogan, the airline's chief executive, said: "Etihad continues to provide customers with frequent flights and connections to the world's leading capital cities. The Kathmandu service will be popular with the UAE's Nepalese community and leisure travellers flying with Etihad from Europe and North America."

Govt urged to fix retail prices of 10 essentials

STAR BUSINESS REPORT

Leaders of Dhaka Metropolitan Shop Owner's Association yesterday urged the government to form a taskforce to fix retail prices of 10 essential commodities for every three-month period to control prices.

The taskforce will fix the retail prices in consultation with big and medium importers of essential items such as rice, lentil, wheat, sugar, edible oil, onion, garlic, ginger, salt and powdered milk, the association leaders said in a press statement.

The association also requested the government to set up at least 10 wholesale markets immediately for equal distribution of the essential goods in the metropolitan area.

The wholesale markets could be set up in the metropolitan's Uttara, Basundhara, Rampura, Kamalapur, Banani, Dhupkhola Math, Dhanmondi, Shantinagar, Mirpur and Kachukhet area, the association said.

The association leaders also asked the city corporation to display price lists of locally produced essential items such as aubergine, cucumber, tomato and green chili in wholesale and retail markets to protect unusual price hike during the Ramadan.

The shop owners also recommended a simple transport system so that the producers can carry their produces at cheaper costs and sell the commodities directly to wholesalers in Dhaka.

They also urged the government to restructure the Trading Corporation of Bangladesh (TCB) to improve the commodity supply situation.

Indo-Pak talks on transborder truck service to boost trade

AFP, New Delhi

India and Pakistan begin two-days of talks Tuesday to boost trade ties including a cross-border truck service to ferry goods, a government statement said.

The talks are part of a slow moving peace process started in January 2004 to resolve differences between the bitter rivals including the six-decade old Kashmir dispute.

The Pakistani team for Tuesday's talks is headed by Commerce Secretary Syed Asif Shah while the Indian side is led by Gopal K. Pillai, the Indian government statement said.

"The agenda for the talks includes trade in goods and services, tea exports from India, joint registration of basmati rice, including new items for trade such as cement," the statement said.

The joint registration for basmati will ensure third parties do not benefit from squabbles between the South Asian nations to register the long-

grained aromatic grain as unique to their area of production in India and Pakistan, said Pravin Anand, an expert in patent and copyright laws.

Pakistan exports to India stood at 323 million dollars while Indian exports to Pakistan crossed one billion dollars in 2005-2006.

The neighbours will also discuss the launch of a truck service through the Wagah-Attari border crossing in India's northern Punjab state.

At present, goods are brought up to the land crossing at Wagah and then carried by labourers across the border and loaded onto waiting trucks.

"The arrangement we have now is tedious and we are trying to change that," said an Indian official who wished to remain unnamed.

Since 2004, India and Pakistan have increased transport links adding several buses routes including one connecting Srinagar, capital of Indian held Kashmir with Muzaffarabad, administrative headquarters of Pakistan controlled Kashmir.

Singapore's booming sectors to see pay hikes

ANN/ THE STRAITS TIMES

Critical staff shortages in certain key professions in Singapore could lead to pay rises of up to 40 per cent in the next 12 months, a new survey has found.

Professionals in the finance sector are expected to be the biggest winners on the salary front. They are set to command pay rises of 15 to 30 per cent as Singapore cements its status as a global financial hub, said global recruitment firm Michael Page International.

These include staff involved in the booming private banking and wealth management field--catering to the swelling ranks of cashed-up types. In fact, some professionals in this sector with special skills could be looking at pay rises of up to 40 per cent, the survey found.

Not surprisingly, jobs in the booming property and construction sector

are also among those set for hefty pay hikes. A salary rise of 15 to 20 per cent is on the cards for project management roles in construction.

And real estate professionals are in line for a 10 per cent pay rise as the property market continues to flourish over the next 12 months.

The findings are from an annual survey, involving 1,400 employees and 170 employers in Singapore.

The latest results were released on Friday last week. They point to a tightening labour market in which employers will need to offer higher salaries to attract and retain professionals.

Said Florence Ng, managing director of Michael Page International (Singapore): "Competition for skilled workers will only intensify, when you consider that 96 per cent of the employers we surveyed predict staff numbers to remain constant or increase in the coming year."

Beijing warns local govts against price intervention

ANN/ CHINA DAILY

Local governments have been told not to intervene directly in market prices unless it is "necessary".

The National Development and Reform Commission (NDRC) yesterday said on its website that any price intervention would need the approval of provincial governments or central authorities.

Some prices, such as those of resource products, power, education, medical services and pharmaceuticals, are subject to government controls, but those of most other commodities are set by the market.

The NDRC said the role of the market should be respected unless "there is remarkable price growth due to emergencies or natural disasters".

Last month, the government of Lanzhou in Northwest China's Gansu

BTRC realises Tk 2cr fine from Jalalabad Telecom

STAR BUSINESS REPORT

Bangladesh Telecommunication Regulatory Commission (BTRC) yesterday realised Tk 2 crore fine from Jalalabad Telecom Limited, a private land phone operator, as the company has failed to fulfill a licensing condition.

According to sources, Jalalabad Telecom Limited, which got PSTN (public switched telephone network) license from BTRC to operate in Sylhet zone, failed to give connections to a selected number of customers within a stipulated time.

The telecoms watchdog made it mandatory for a private land phone operator to give connections to a definite number of customers within a specific time.

According BTRC, a PSTN operator has to add at least 20,000 customers to its network within two years after getting the license.

The sources said Jalalabad Telecom has failed to meet the subscription target, although the company got one year extra time from the BTRC.

Shaky time for Bush economic aides

AP, Washington

Gyrating stock prices. Shrinking nest eggs. Spiking foreclosures on home mortgages. Worries that credit will dry up. It's a high-wire balancing act for the Bush administration's top economic officials as they cope with Wall Street's recent turbulence and the fears and uncertainties left in its wake.

While acknowledging the turmoil, policymakers are seeking to project a calming confidence that the country's economic health is fundamentally solid, and the economy will eventually make its way safely through the choppy waters. They're being careful not to make the problems sound worse than they are, which could spread panic and aggravate the situation. At the same time, they don't want to sound too much like a cheerleader, which can undermine credibility.

"It is a very delicate dance," said Richard Yamarone, economist at Argus Research. "They definitely want to send a message they are watching. But they don't want to overdo it," he added.

The carnage on Wall Street last week left the Dow Jones industrials down more than 585 points, its worst week in five years. The culprit: investors' heightened anxiety that troubles in the housing and home-mortgage markets could spread. Anxiety lingered Monday even as the Dow finished the day up 92.84 points.

Treasury Secretary Henry Paulson was measured and reassuring in his comments Friday, one day after the Dow suffered its second-biggest loss of 2007.

Paulson for Chinese economic reforms

AFP, Beijing

US Treasury Secretary Henry Paulson renewed efforts in meetings with top leaders Tuesday to persuade China to allow faster currency appreciation and wean itself off exports by adjusting consumption.

The former Goldman Sachs chief executive met with Chinese Vice Premier Wu Yi and central bank governor Zhou Xiaochuan in the latest round of a bi-annual economic strategic dialogue between the two nations.

Paulson, who helped establish the talks in 2006 to ease trade tensions between the two economic powerhouses, is to meet President Hu Jintao on Wednesday.

His visit comes amid growing pressure to reduce the yawning US trade deficit with China and moves in the US Congress to punish Beijing for what some say are unfair trade policies.

The three-day visit began Monday in China's vast and poor northwestern province of Qinghai, where he inspected a range of environmental protection projects.

"I am sure your visit to Qinghai will deeply enrich the material you can present to Congress in future testimony," Wu told Paulson after a one-on-one meeting.

"In making this contrast, you can understand -- who could China threaten?"