

Star BUSINESS

E-mail: business@thecitizenstar.net

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 Uddin Dowla, chairman of Advanced Chemical Industries Ltd (ACI), M Habibullah N Karim, managing director (MD) of Technohaven Company Ltd, Masih Uddin Karim, MD of Berger Paints Bangladesh Ltd, Golam Mainuddin, deputy managing director of British American Tobacco Bangladesh Company Ltd, Feroz Rahim, MD of Rahimrooz Batteries Ltd, Ashfaque ur 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 Bangladeshi 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 dollars 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 Archers said.

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 September 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

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 Salauddin 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," Salauddin 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.



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 Chittagong 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.

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 percent.

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

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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 M A 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.

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

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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.

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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 Mahbubul 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 Premsingh, 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 longing 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."

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

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, Duhukhola Mati, 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 products at cheaper costs and sell the commodities directly to wholesalers in Dhaka.

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

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

According to sources, Jalalabad Telecom Limited, which got PSTN (public switched telephone network) license from BTSC to operate in Sylhet zone, failed to give connections to a selected number of customers within the 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 to sources, Jalalabad Telecom has failed to meet the subscription target, although the company got one year extra time from the BTSC.

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 and tedious and we are trying to change that," said an Indian official who wished to remain unnamed.