

Star BUSINESS

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80 firms' shares being traded below face value on DSE

SARWAR A CHOWDHURY

Shares of some 80 listed companies are being traded below their face value on the country's premier bourse.

According to capital market watchers, most of these companies neither hold annual general meetings nor pay dividends to their shareholders, and investors have least confidence in the bad performing firms.

There are also allegations that most of these labour-intensive firms have been showing losses in their balance sheets, although those do not face acute problems.

The market observers said

conditions of these firms are not so bad that those claim or show in their calculation.

They alleged that the boards of directors of the firms do so only to siphon off money and evade taxes, resulting in a decrease in net asset value and ultimate fall in the share prices.

However, they said some of those are really bad performing ones as well as loan defaulters.

The small investors are losing money because of such a malpractice by these firms, they said.

"Usually such bad performing companies are de-listed or bankrupt in other developed stock markets," said Yawar Sayeed, managing director and chief

executive officer of Asset and Investment Management Services (AIMS) of Bangladesh Limited, adding "in our country, de-listing or bankruptcy is not practiced considering the small investors' interest."

However, the Securities and Exchange Commission (SEC) should take necessary steps in this regard, he said.

The 80 companies, most are belonging to the Z category. As of November 29 this year, out of total 350 securities, there were 93 securities belonging to the Z category on the Dhaka Stock Exchange (DSE).

Following a new court ruling, the SEC will once again be able to dissolve boards of directors of the bad companies.

ANN/ THE STRAITS TIMES

S'pore residential market world's hottest

ANN/ THE STRAITS TIMES

Singapore's booming housing market is the world's hottest this year, with local home prices recording the fastest increase.

Residential property prices in the country surged 24.3 per cent, after adjustments for inflation, ahead of other bullish markets such as Shanghai in China and Bulgaria, said property investment research house Global Property Guide.

In a report published online, the firm said Singapore's strong performance, like those of Japan and South Korea, was due to robust economic growth.

The survey was compiled using the latest official data from 42 countries, though other statistics were used for a few markets, such as Japan and the Philippines, where such figures were not available.

The latest Urban Redevelopment Authority (URA) numbers used in the survey show that Singapore home prices registered a 27.6 per cent annual jump at the end of September, significantly higher than the 7.6 per cent

posted a year ago.

This nominal, non-inflation

adjusted figure was below the 30.6 per cent recorded by Bulgaria in September and the 27.9 per cent recorded by Shanghai in October.

But in real terms, after adjustments for low inflation of only 2.66 per cent, the Republic leapfrogged these two markets to reach the top spot, said the report.

Singapore's strong showing underscored a more general recovery in Asia, where several markets gained momentum in the first three quarters of the year.

Global Property said this reflected, to some extent, continued recovery from the 1997 Asian financial crisis.

In contrast, the United States housing market crashed due to the sub-prime mortgage crisis, while high interest rates were behind the slowdown in European house prices.

"In Europe, most countries registered unimpressive year-on-year house price changes in 2007, aside from Norway and Estonia," the report said.

Looking to the year ahead, Global Property said property prices in much of Asia are still undervalued compared with pre-Asian crisis levels, despite strong increases this year.

It expects potential improvement in rentals in Singapore.

"We believe gross rental yields are now too low, at 2 to 3 percent.

"Nevertheless, Singapore is attracting and admitting more foreign-born workers—which is positive for prices," it said.

Elsewhere in the region, Global Property also recommended Cambodia, Thailand, Japan, Australia and New Zealand to property investors.

It, however, cautioned against investing in Europe, apart from a handful of Eastern European states, because of high valuations by property investors.

In the Middle East, it found Egypt attractive for its high rental yields and low taxes, but warned of a possible oversupply in Dubai as more properties come on stream over the next two years.

Reliance plans 150 outlets in India

ANN/ THE STATESMAN

Reliance Retail which launched Reliance Digital, its mega consumer electronics store here on Monday, proposes to spread its footprint in the segment across the country.

It plans to set up 150 Reliance Digital outlets which would entail an investment of over Rs 1000 crore accounting for a cumulative space of three million square feet. The company hopes to capture a considerable share of the booming market for home IT products, which is currently growing at 10 per cent per year.



Mutual Trust Bank Ltd has opened its 26th branch at Puranbazar in Madaripur recently. Chairman of the bank Samson H Chowdhury and founding chairman Syed Manzur Elahi, among others, were present at the inauguration.

Unpaid credit cards bedevil Americans

AP, San Francisco

Americans are falling behind on their credit card payments at an alarming rate, sending delinquencies and defaults surging by double-digit percentages in the last year and prompting warnings of worse to come.

An Associated Press analysis of financial data from the country's largest card issuers also found that the greatest rise was among accounts more than 90 days in arrears.

Experts say these signs of the deterioration of finances of many households are partly a byproduct of the subprime mortgage crisis and could spell more trouble ahead for the already sputtering economy.

"Debt eventually leaks into other areas, whether it starts with the mortgage and goes to the credit card or vice versa," said Cliff Tan, a visiting scholar at Stanford University and an expert on credit risk. "We're starting to see leaks now."

The value of credit card accounts at least 30 days late jumped 26 percent to \$17.3 billion in October from a year earlier at 17 large credit card trusts examined by the AP. That represented more than 4 percent of the total outstanding principal balances owed to the trusts on credit cards that were issued by banks such as Bank of America and Capital One and for retailers like Home Depot and Wal-Mart.

At the same time, defaults when

lenders essentially give up hope of ever being repaid and write off the debt rose 18 percent to almost \$961 million in October, according to filings made by the trusts with the Securities and Exchange Commission.

Serious delinquencies also are up sharply: Some of the nation's biggest lenders including Advanta, GE Money Bank and HSBC reported increases of 50 percent or more in the value of accounts that were at least 90 days delinquent when compared with the same period a year ago.

The AP analyzed data representing about 325 million individual accounts held in trusts that were created by credit card issuers in order to sell the debt to investors similar to how many banks package and sold subprime mortgage loans. Together, they represent about 45 percent of the \$920 billion Federal Reserve counts as credit card debt owed by Americans.

Until recently, credit card default rates had been running close to record lows, providing one of the few profit growth areas for the nation's banks, which continue to flood Americans' mailboxes with billions of letters monthly offering easy sign-ups for new plastic.

Even after the recent spike in bad loans, the credit card business is still quite lucrative, thanks to interest rates that can run as high as 36 percent, plus late fees and

other penalties.

But what is coming into sharper focus from the detailed monthly SEC filings from the trusts is a snapshot of the worrisome state of Americans' ability to juggle growing and expensive credit card debt.

The trend carried into November. As of Friday, all of the trusts that filed reports for the month show increases in both delinquencies and defaults over November 2006, and many show sequential increases from October.

Discover accounts 30 days or more delinquent jumped 25.716 from November 2006 and had increased 6,000 between October and November this year.

Many economists expect delinquencies and defaults to rise further after the holiday shopping season.

Mark Zandi, chief economist and co-founder of Moody's Economy.com Inc., cited mounting mortgage problems that began after this summer's subprime financial shock as one of the culprits, as well as a weakening job market in the Midwest, South and parts of the West, where real-estate markets have been particularly hard hit.

"Credit card quality will continue to erode throughout next year," Zandi said.

Economists also cite America's long-standing attitude that debt even high-interest credit card debt is not a big deal.

The desires of consumers to

want, want, want, spend, spend, spend it's the fabric of our nation," said Howard Dvorkin, founder of Consolidated Credit Counseling Services in Fort Lauderdale, Fla., which has advised more than 5 million people in debt. "But you always have to pay the piper, and that can be a very painful process."

Filing for bankruptcy is no longer a solution for many Americans because of a 2005 change to federal law that made it harder to walk away from debt. Those with above-average incomes are barred from declaring Chapter 7 where debts can be wiped out entirely except under special circumstances and must instead file a repayment plan under the more restrictive Chapter 13.

Personal finance coaches say the problem is most grave for individuals who are months delinquent or already in default like Kenneth McGuinness, a postal clerk from Flushing, N.Y.

His credit card struggles began nine years ago, when he charged his son's college tuition and books. He thought he was being clever: His credit card's 6 percent "teaser" interest rate was lower than the 8.6 percent interest on a college loan.

McGuinness, 61, soon began using Citibank and Chase cards for food, dental work and copays on doctor visits and minor surgeries. Interest rates surged to 30 percent. Now he's \$37,000 in debt and plans to file for bankruptcy in February.

China becomes Argentina's top source of RMG imports

XINHUA, Buenos Aires

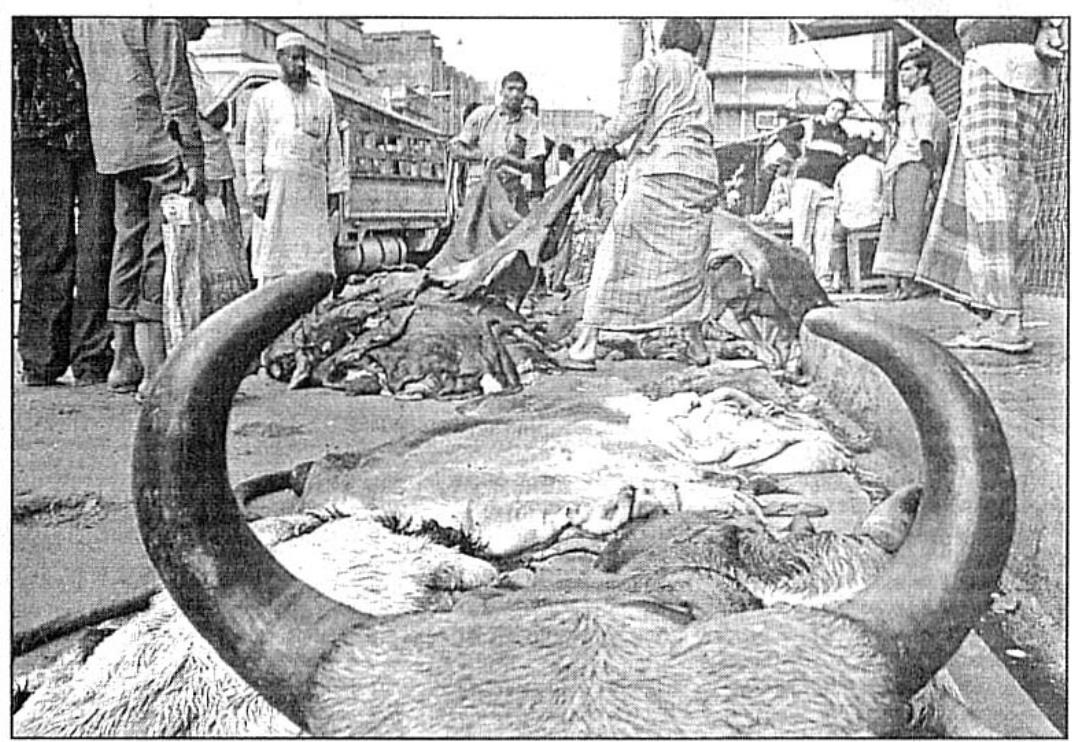
China has replaced Brazil as Argentina's largest source of garment imports this year, according to a report issued by Argentina's Industry Economy Institute on Monday.

The ruling has also enabled the regulator of the stock market to constitute a new board of directors of a company belonging to Z category for a period of one year or more on the bourses.

The SEC has got the power back, as the High Court recently vacated a previous stay order on effectiveness of an SEC notification through which the regulator can dissolve a new one.

Yewar Sayeed said implementation of the SEC's notification will help improve the performance of the bad companies.

Tanners eye quality rawhide on good weather condition



A file photo shows traders piling up rawhides on the footpath of a street in Dhaka during this season after Eid-ul-Azha. Tanners are hopeful that they will receive quality rawhide of cattle mainly due to favourable weather.

REFAYET ULLAH MIRDHA

Tanners are hopeful that they will receive quality rawhide of cattle during this season after Eid-ul-Azha mainly due to favourable weather condition.

Strong growth in emerging markets such as China, Russia and Brazil will help to lift vehicle sales by five percent next year, despite an expected sluggish performance in the United States due to a slowing economy, Toyota said.

The Japanese auto giant said it expects to sell 9.85 million vehicles next year, up from a previous target of 9.8 million.

"Because of the US housing slump and the subprime loan problems we expect the US market to remain at the same level as this year," said Toyota president Katsuaki Watanabe.

In Japan, "the market is expected to remain at a rather weak level," he added.

On the other hand, sales in fast-growing economies such as China, Brazil and Russia are expected to show continued solid growth, he told reporters.

"Toyota intends to strengthen its production structure in those emerging countries," he said at a traditional year-end press conference in the automaker's hub of Aichi prefecture in central Japan.

Toyota estimated that its global sales rose six percent to 9.36 million in 2007, including subsidiaries truckmaker Hino Motors Ltd and small car specialist Daihatsu Motor Co.

General Motors, which does not give sales forecasts, has been the world's best-selling automaker for seven decades with an all-time record of selling 9.55 million vehicles in 1978.

Manzur said.

The tanners also said the supply chain of rawhide from the countryside has so far been good. There had been no major untoward incidents this year centring rawhide collection, they added.

Usually, local hoodlums backed by a section of political leaders forcibly buy rawhide from retailers at lower prices during every Eid season.

The tanners also said this year, they did not fix prices for rawhide at wholesale level.

Earlier, the wholesalers used to fix a certain rate for buying rawhide from the retailers, said Tipu Sultan, president of Bangladesh Finished Leather, Leather Goods and Footwear Exporters Association.

Prices of rawhide range between Tk90 and Tk100 per square foot at wholesale level this

year against Tk70 and Tk80 per square foot last year, Sultan said.

All rawhide from outside Dhaka are yet to reach the tanneries in Dhaka, he added.

Meanwhile, the local footwear factory owners and leather goods manufacturers will have to import more rawhide this year due to poor collection of rawhide during this year's Eid-ul-Azha, said a top official of an export-oriented footwear manufacturing company.

This Eid has witnessed at least 15 percent shortfall in collection of rawhide, industry insiders said.

The number of rawhide collected during this year's Eid was low due to the recent floods and devastating cyclone Sidhi that hit the south-western region of the country on November 15. Many people affected by the cyclone did not sacrifice animals.

India scraps wheat import tender on high prices

XINHUA, New Delhi

Indian government has asked the State Trading Corporation (STC) to scrap its wheat import tender due to high prices, local newspaper Business Standard reported on Tuesday.

STC has floated a tender earlier this month to import 350,000 tons of wheat from the retailers, said Tipu Sultan, president of Bangladesh Finished Leather, Leather Goods and Footwear Exporters Association.

"Estimating a monthly offtake of 1.2 million tons for the next three months, the government is expected to have a stock of over 4.5 million tons on April 1 next year, well above the buffer stock norm of 4 million tons," said a government official.

In the last one-month, State-run firm MMTC India Ltd (MMTC) and PEC Ltd (PEC), the two other trading corporations, together bought 492,500 tons of wheat for the government. MMTC bought 342,500 tons at an average price of 409.19 US dollars a ton while PEC purchased 150,000 tons at an average rate of 396.9 US dollars a ton.

Estimated the 2007-08 wheat output, to be harvested in March-April next year at 75.5 million tons, up from 74.89 million tons produced in 2006-07. Currently, the central pool has wheat stock of 7.66 million tons, excluding the 492,500 tons contracted for import and about to arrive.

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"There has been no direction to finalise purchase under the current tender from the government," said a STC official. The bids made by these international companies expired on Saturday.

The agriculture ministry has

Directorate General Defence Purchase

Ministry of Defence

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