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Demonstration for continued decline in share prices

STAR BUSINESS REPORT

A section of angry investors yesterday staged demonstration in front of the Dhaka Stock Exchange (DSE) protesting against the decline in the prices of shares for the fourth consecutive day.

They chanted slogans criticising the decisions of stock market regulatory body Securities and Exchange Commission (SEC), BRAC Bank's low dividend offer and lack of proper investigation into the companies performing bad.

However, members of the law enforcing agencies rushed to the spot and cordoned the area immediately to bring the situation under control.

"I expected a significant percentage of dividend from the BRAC Bank, but they gave only 10 percent, which is very low in accordance with the current price of the issue on the DSE," said Ataur Rahman, a small investor.

The mob numbering more than 300 took out to streets at around 12:30pm when the DSE General Index (DGEN) declined more than 50 points on the day.

On the day's trading session all market barometres including DGEN, All Shares Price Index (DSI) and DSE-20 Index (DS20) declined 26.580, 19.563 and 13.433 points to close at 2811.948, 2374.023 and 2281.888 respectively.

Of the 242 traded issues, prices of 91 companies increased, 139 declined and 12 remained unchanged.

Dominated by losers, the total turnover, however, climbed to Tk 1.656 billion from its previous Tk 1.57 billion.

The total market capitalisation continued to decline and stood at Tk 762.866 billion from its previous Tk 767.98 billion.

Meanwhile, the share prices on the DSE continued to fall over the last few days mainly due to price fall of some heavy weight companies like BRAC Bank, Uttara Bank and Square Pharma besides the selling pressure, market operators said.

During the incident, the DSE was holding a press conference to brief the newsmen about holding of the Second South Asian Capital Market Conference-2008 at the DSE seminar room.

European leaders seek to reassure over economic turmoil

AFP, London

Five key European leaders held a mini-summit in here late Tuesday on how to respond to recent global financial turmoil, hoping to reassure markets that Europe's economy can stay on an even keel.

British Prime Minister Gordon Brown played host to French President Nicolas Sarkozy, German Chancellor Angela Merkel, Italy's crisis-hit premier Romano Prodi and the head of the EU Commission.

Hours before the talks, European Commission chief Jose Manuel Barroso admitted that the European Union's economy is "not completely immune" to a US downturn but insisted "nobody is speaking about a recession in Europe."

"Yes there is turbulence in the financial markets," he said in Brussels but "there is no need to rush for the life boats."

The leaders smiled for the cameras as they arrived at Brown's Downing Street office but made no comments before going inside. They were due to hold a press conference after their talks.

According to diplomatic sources they were expected to agree that while the "fundamentals" of the European economy remain sound, institutional reform is needed to counter the effects of global crises.

Brown's spokesman said the aim of the meeting was for the European members of the Group of Eight (G8) richest nations to coordinate their thoughts.

"There will be a number of specific issues they will be discussing, such as transparency of banks' balance sheets, cross-border co-operation to deal with financial crises, the role of credit ratings agencies and so on," he said.

A meeting of finance ministers from the world's eight most industrialised nations next month is expected to take forward any specific proposals before the G8 meets in Japan in July, he added.

SEC lifts restrictions on netting facilities from Feb 3

REFAJET ULLAH MIRDHA

The Securities and Exchange Commission (SEC) has decided to lift restrictions from the financial adjustment or netting facilities with regard to share trading in order to enhance liquidity in the trading.

The new decision, taken on a review of the recent stock market behaviour, comes into effect from February 3.

"As per the decision, investors would be able to buy shares of any group selling their shares

excepting those of 'Z' category," SEC Executive Director Farhad Ahmed told The Daily Star yesterday.

The stock market regulator on July 30, 2007 imposed restrictions on such financial adjustment to rein in surges in some junk issues on the Dhaka Stock Exchange (DSE).

"Once the netting facility is restored, investors would be able to buy and sell shares belonging to A, B, N and G categories on a single day, but not the shares of 'Z' category," Farhad said.

He said investors would not be able to buy shares of 'Z' category selling those of other categories on the same day, but they can buy shares of other categories selling shares of 'Z' category.

"After the beginning of formal trading of two state-owned oil companies Jamuna and Meghna, the capital market has been witnessing some sort of liquidity crunch as many of the investors are still crazy to buy shares of the two companies. So, the SEC restored the netting facility," the SEC official said.

BGMEA demands reduced bank interest

STAR BUSINESS REPORT

Leaders of BGMEA (Bangladesh Garment Manufacturers and Exporters Association) yesterday demanded that Bangladesh Bank (BB) take initiative to reduce bank interest rate for survival of the apparel industry.

The demand was placed when a BGMEA delegation led by its president Anwar-Ul-Alam Chowdhury Pavez met BB Governor Salehuddin Ahmed at his office.

Parvez told The Daily Star that they made an appeal to the governor for taking measures for reducing bank interest rate at single digit or at 10 percent.

At present, the rate varies from 14 percent to 16 percent.

"This kind of higher bank interest rate is not protecting the industries' interest," he said.

He said the BGMEA leaders also urged the governor for a unified bank interest rate.

The BGMEA chief said 270 sick factories were supposed to receive financial support, but any measure in this connection is yet to be taken.

Parvez quoted the governor as saying that he will take necessary actions to meet the demand of the BGMEA leaders.

Vietnam hikes rates to cool double-digit inflation

AFP, Hanoi

Vietnam's central bank Wednesday said it would raise benchmark interest rates for the first time since December 2005, battling double-digit inflation, which has sparked popular anger and labour unrest.

Aiming to cool bank lending, the State Bank of Vietnam will from Friday raise the base rate, used by commercial banks to calculate loans, from 8.25 to 8.75 percent, said a statement on the bank's website.

The State Bank will also raise the refinancing rate, at which the central bank lends to commercial banks, from 6.5 to 7.5 percent, and the discount rate from 4.5 to 6.0 percent, the statements said.

"It's a step in the right direction," the UN Development Programme's chief economist in Vietnam, Jonathan Pincus, told AFP.

"Many economists have been saying we think the economy is overheating and that an interest rate move would be warranted to encourage savings and slow down the growth of credit, which many see as the main driver of inflation."



Unilever official wins 'CNBC Asia Business Leader of the Year' award

Harish Manwani, president of Unilever's Asia, Africa, Middle East and Turkey operations, has won the 'CNBC Asia Business Leader of the Year' award for 2008.

The award giving ceremony was held recently at the South Korean capital, Seoul, hosted by business news network CNBC, says a press release.

The award was presented for effectively capitalising on global trends and leveraging the global scale of Unilever to deliver accelerated growth while significantly increasing profitability in Asia and Africa for the company.

Manwani started his career with Hindustan Unilever Ltd in 1976 and has been part of several international assignments for the company, including UK and Latin America. He has also been in the Unilever executive committee that runs Unilever's worldwide operations.

MS rod prices soar by Tk 15,500 a tonne in last 5 weeks

Developers claim

Prices of construction materials in 4 years					
Years	Price of brick (per thousand)	Price of sand (per cft)		Price of cement (per bag)	Price of 60-grade rod (per tonne)
		Of Sylhet	Others		
2008	Tk 6,000	Tk 25	Tk 13	Tk 370	Tk 63,000
2007	Tk 5,000	Tk 24	Tk 12	Tk 335	Tk 47,500
2006	Tk 3,800	Tk 20	Tk 9	Tk 305	Tk 42,500
2005	Tk 3,100	Tk 13	Tk 7.50	Tk 265	Tk 40,000



STAR BUSINESS REPORT

Prices of MS (mild steel) rod, a vital construction material, increased by around Tk 15,500 per tonne within the last five weeks as a section of manufacturers are allegedly stockpiling the material to make the prices soar, developers claimed.

Prices of other construction materials such as cement and brick also went up by 10 percent and 20 percent respectively within the period, making the real estate sector vulnerable to collapse, they said.

"If the situation remains unchanged, all types of construction works will come to a standstill," said Tanveerul Haque Probal, general secretary of Real Estate and Housing Association of

Price hike of construction materials compared to 2007

Construction Materials	Price Hike (Approximately)
MS rod	33 percent
Cement	10 percent
Brick	20 percent

PHOTO: STAR

Mukarram Husain Khan, president of Real Estate and Housing Association of Bangladesh (REHAB), speaks at a press conference in Dhaka yesterday. Developers say the rising cost of construction materials, especially MS rod, is making the country's real estate sector vulnerable to collapse.

Bangladesh (REHAB), at a press conference in Dhaka yesterday.

The price of 60-grade MS rod reached Tk 63,000 a tonne this month from the last month's price of Tk 47,500, he said, adding that there is no rationale behind such price hike within a short period of time.

Sardar Amin, managing director of Suncity Developers Ltd, complained that a section of MS rod manufacturers are allegedly hoarding the material to manipulate the market and increase its prices.

He also said different law enforcing agencies have launched drive at several warehouses of MS rod and forced the manufacturers to sell their products.

Due to the market manipulation, the REHAB leaders urged the government to allow them to

import MS rod and cement by reducing the duty rates.

They also hinted prices of flats will go up further in line with the price hike of construction materials.

REHAB President Mukarram Husain Khan, among others, was present at the press conference.

Meanwhile, an MS rod manufacturer said price of melting scrap, a raw material for producing MS rod, shot up by \$100 to \$150 per tonne in the last three months in international market, resulting in increased production cost in the country.

He also attributed the rising price of MS rod to the government's decision of increasing import duty on melting scrap from five percent to 10 percent in the current budget.

Regional index trading soon

South Asian capital market confce begins today

STAR BUSINESS REPORT

The South Asian Federation of Exchanges (SAFE), a platform of regional capital market operators, is going to launch SAFE Index Networking soon with a view to integrating the regional stock trading.

Launching of such networking system might be possible within the next four to five months as an agreement to this end has already been signed with New York based Dow Jones, a leading provider of global business news and information services, SAFE Secretary General and Managing Director of Islamabad Stock Exchange Aftab Ahmad Chowdhury told a press conference in Dhaka yesterday.

It was organised at the Dhaka Stock Exchange office on the eve of the two-day Second South Asian Capital Market Conference-2008 that begins at Dhaka Sheraton Hotel from today.

Aftab hoped that the SAFE Index Networking would open up an opportunity for investors to know about futures, options and market value of some big companies in the region.

"In future, if the system works very well the investors would be able to participate in index trading on the stock markets," he added.

SAFE Chairman and Managing Director of Bombay Stock Exchange Ltd Rajnikant Patel said the main objective of the two-day gathering will be a synergy for

development of the regional capital markets.

Termining this sort of regional integration in financial sector as 'very necessary', he suggested that the regulatory watchdogs must come forward to initiate a borderless trading meaning brining capital markets together.

According to SAFE Vice President Ahmad Rashid Lali, 83 local brokerage houses and 70 others from other SAFE-member countries will take part in the SAFE conference.

Finance and Planning Adviser AB Mirza Azizul Islam is scheduled to inaugurate it.

A number of seminars will be held on the sidelines of the conference, organis

China tax hike worsens NKorea food shortage

AFP, Seoul

New taxes imposed by China on grain exports are worsening North Korea's already severe food shortage, an aid group said Wednesday.

In December China eliminated export tax rebates on 84 categories of grain and grain products. Beijing also slapped taxes on grain exports this year to ensure stable domestic food supplies.

The move sent wheat prices jumping by up to 70 percent on

North Korea's black market, said Good Friends, a Seoul-based aid group working in the North.

Prices of processed corn, rice and soybean products have also soared, it said in a newsletter. Along with South Korea, China has been a key donor or vendor of grain to North Korea.

Many North Koreans rely on legal or illegal markets to buy grain because chronic food shortages have almost crippled the state rationing system, Good Friends

said. But soaring prices are aggravating the shortage, it said.

Two weeks ago, the state broadcaster in the hardline communist nation urged people to grow more food, describing an acute shortage as the biggest challenge facing the country.

North Korea suffered famine in the mid to late-1990s which killed hundreds of thousands of people. It still relies on international aid to feed millions of its people.



PHOTO: LEIC

The Local Enterprise Investment Centre (LEIC), a private sector development project managed by IDLC Finance Ltd, has recently organised the fourth meeting of its Steering Committee. Rokia A Rahman, president of Bangladesh Federation of Women Entrepreneurs, Syed Manzoor Elahi, administrator of the Federation of Bangladesh Chambers of Commerce & Industry, Farooq Sobhan, president of Bangladesh Enterprise Institute, Hossain Khaled, president of Dhaka Chamber of Commerce & Industry, Rajani Alexander, head of Development Cooperation of Canadian High Commission, Murshid Kuli Khan, deputy governor of Bangladesh Bank, and Israt Ara Younus, centre director of LEIC, among others, are seen at the meeting.

Open sky policy ends today

STAR BUSINESS REPORT

The government is not going to extend the time frame of open sky policy that comes to an end today, a senior official of civil aviation ministry said yesterday.

"Everything has become normal. There is no necessity to extend the time frame," Shaikh Altaf Ali, Secretary to Ministry of Civil Aviation and Tourism, told The Daily Star over phone.

The open sky policy came to effect in September last year to ease travelling problems of the out-bound passengers, especially the workers with jobs in the Middle

East and Malaysia.

The secretary said the government allowed the facility considering the pressure of outbound travellers as some airlines were engaged in Hazz flight operations then.

"Now every airline has resumed normal operation," he said, adding that private GMG Airlines will also operate flights to the Middle East.

Short duration of the open sky policy, however, did not attract a considerable number of operators to fly from Bangladesh. Only four airlines -- Air Asia X, Air Arabia, RAK Airways and GMG Airlines --

took the benefit of the policy.

Association of Travel Agents of Bangladesh President MA Muhaimin Saleh demanded that the government declare a one-year open sky policy to ease the pressure permanently.

"Otherwise, pressure of out-bound travellers will remain," he said.

According to Bureau of Manpower Employment and Training (BMET), it issued around 8.30 lakh immigration clearances to workers in 2007.

Of them, over 6 lakh left the country for overseas jobs, BMET Director General Abdul Malek said.

Coal crunch hits Asia as prices surge

AFP, Sydney

Floods in Australia, freezing weather in China and transport bottlenecks in Indonesia have helped stoke a sharp rise in the price of coal, putting pressure on Asian consumer industries.

Soaring demand from China and India as their economies steam ahead has also combined to push the cost of the fuel to record highs, analysts say.

Australia's Newcastle coal, the regional benchmark, rose to more than 90 US dollars a tonne in January from 75 dollars in October according to the global COAL trading platform, an increase of 20 percent in four months.

But even as Japanese steelmakers and South Korean power companies feel the squeeze, producers are struggling to capitalise fully on the price surge. Australian coal miner Coal Allied Industries Ltd said Tuesday its 2007 bottomline was almost halved to 97.16 million US dollars amid infrastructure constraints and flooding in the key Hunter Valley mining region.

Australia is the world's biggest exporter of sea-borne coal but producers will miss out on billions of dollars in revenue in the next 10 years due to inadequate

rail and port infrastructure, analysts say.

Ships are queuing for weeks to load coal at ports in Queensland and New South Wales due to limited capacity and restrictions on the amount of coal that producers are allowed to transport to port by rail.

"This is just huge and unprecedented demand," said Bede Boyle, a member of the AustCoal Consulting Alliance and a director of Synergy Management Consulting Group.

"Nobody anticipated it, no-one saw it coming," he told AFP.

"The driver for all this is China. We're getting huge demand from Japan, Taiwan and Korea but it

seems to be on the back of the Chinese growth.

"The other thing that has come into the equation, which has hit Indonesia in a big way, is demand for thermal power in India driven by imported coal."

Indonesian Mining Association executive director Priyo Pribadi told AFP the world's largest exporter of thermal coal was benefiting from high coal prices but transport shortfalls were putting a brake on growth.

"The supply problem is because of a lack of transportation. From the mining side, we don't have any problems. It's only from the port side -- going to the market -- that's the real problem," he said.

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