

Stocks

DGEN ▼ 0.36% 3,000.49

CSCX ▼ 0.29% 5,853.57

(Monday closings)

Asian Markets

MUMBAI ▼ 3.71% 12,961.68

TOKYO ▼ 0.13% 13,463.20

SINGAPORE ▼ 1.38% 2,906.79

SHANGHAI ▼ 3.09% 2,651.77

Currencies

Buy TK. Sell TK.

USD 68.15 69.15

EUR 106.06 110.69

GBP 134.18 139.50

JPY 0.64 0.67

SOURCE: STANDARD CHARTERED

(As of Monday)

Commodities

Gold ▼ \$926.65 (per ounce)

Oil ▼ \$142.20 (per barrel)

SOURCE: AFP

(Midday London Trade)

More News

Phuchka-chatpati: From roadside to posh shops



The business of phuchka-chatpati has grown over the decades on robust sales and good returns, creating employment for many people with small investment. Now thousands of micro-entrepreneurs and owners of fast food courts are engaged in the trade of phuchka-chatpati in Dhaka.

B-4

Global travel tech provider to focus on e-ticketing

Amadeus, a global travel technology provider, has plans to lay more emphasis on Bangladesh's e-ticketing market by introducing its latest technology.

B-3

International

Asian stocks close mostly down

Asian stocks closed mostly down Tuesday, with China and India tumbling, as soaring oil prices and a huge rise in iron ore costs stoked fears about the economic damage from surging inflation. The Indian market plunged over 3.7 percent, while Chinese stocks slid just over three percent.

B-2

Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Margin requirements of brokers now Tk5cr

Market operators believe move to boost stock trading

SARWAR A CHOWDHURY

Brokers' margin requirements with bourses were increased to Tk 5 crore from Tk 1 crore yesterday, a move market operators believe will boost stock trading that has been experiencing bearish trend for the last one month.

The enhancement in margin requirement means that brokerage houses will be allowed to trade up to Tk 5 crore a day without any security money with the bourses.

The Securities and Exchange Commission (SEC) at a meeting yesterday approved the enhancement of the margin limit.

The Consultative Committee of the SEC recently recommended an increase in the margin limit of the brokerage houses. The recommendation was aimed at extending the trading activities of the brokerage houses as well as to create a liquidity surplus for the brokers.

According to the market operators, the regulator's decision will not only help the market to recover from the recent bearish trend, but will also help to flourish the businesses of the brokerage houses.

They also said the market is growing gradually, especially with many state-run entities offloading their shares on the market. So, the trade volume is also increasing, they said, adding that if the margin limit is not extended, the brokerage houses will face liquidity problems, as they will have to deposit huge margins with the stock exchanges.

"It's a pragmatic decision and now the business of the brokerage houses will be more flexible and easy," said Imtiyaz Husain, chairman and managing director of Imtiyaz Husain Securities.

Earlier the brokerage houses faced difficulties, as they had to deposit margins with the stock exchanges when the trade volume crossed Tk 1 crore, he

said.

Another chief of a brokerage house said they can now invest the surplus amount and that will push the trading volume on the stock market.

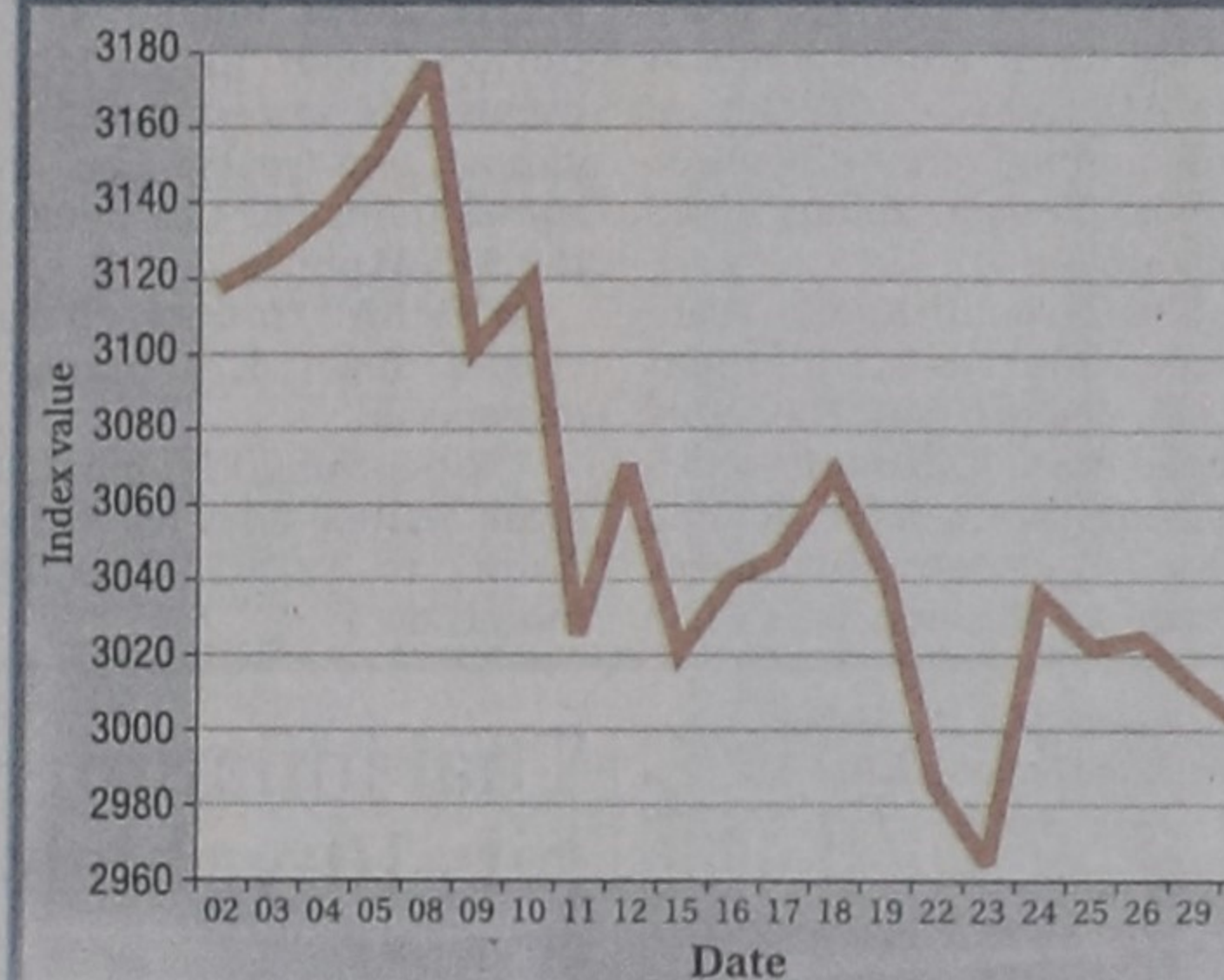
In the first week of the last month, the average turnover on the Dhaka Stock Exchange (DSE) was Tk 432.99 crore, which came down to Tk 214.24 crore in last week. Apart from turnover, the daily average transactions also came down to 1,20,00,899 shares in the last week, which was 2,66,24,679 shares in the first week of the last month.

After the meeting yesterday, SEC Executive Director Farhad Ahmed said the commission re-fixed the brokers' margin requirements with the stock exchanges at Tk 5 crore or four times of the paid up capital of a broker, whichever is lower.

He said the new margin structure will come into effect after the gazette notification.

At yesterday's meeting, the

DSE General Index in last one month



commission also approved the initial public offering (IPO) prospectus of Northern General Insurance.

Northern General will raise Tk 9 crore from the public through floating 9 lakh shares of Tk100 each.

As of December 2007, the insurance company's earning per share was Tk 20.53, while

the net asset value per share was Tk152.14.

Existing paid up capital of the company is Tk 6 crore, while the authorised capital is Tk25 crore.

Credit Rating Information and Services rated the company as 'BB+'.

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No restriction on Bangladesh shrimp export

US assures govt team

STAR BUSINESS REPORT

US authorities made an assurance that they will not impose any restriction on Bangladeshi shrimp export, a high-profile Bangladeshi team that recently visited the US, claimed yesterday.

"We successfully convinced the officials of USTR, AFL-CIO, and some other influential senators and congressmen that the reports against Bangladeshi shrimp in international media were not based on facts. And the findings of some international NGOs were based on very old data," Golam Hossain, commerce ministry joint secretary and a member of the team, told a briefing in Dhaka.

"The USTR (United States Trade Representative) officials were very much convinced that Bangladesh had made significant progress in ensuring compliance in the shrimp sector," Hossain added.

Hossain said the US officials asked the Bangladeshi team to continue monitoring the compliance.

The visit by the Bangladeshi officials began on hot heels of

allegations by AFL-CIO (American Federation of Labor and Congress of Industrial Organizations) that Bangladesh shrimp plants use child labour and lack standards.

Hossain said they met AFL-CIO officials, telling them that the local shrimp industry is now fully free from child labour.

After the briefing the commerce secretary said some of Bangladesh's rival countries launched propaganda against Bangladeshi shrimp sector to grab US market.

Following the AFL-CIO allegations in May this year, the government found the AFL-CIO report was prepared on the basis of field visits made around two years back. The situation of the industry has improved dramatically since then.

The Bangladesh team also invited the US officials to inspect shrimp processing plants in Bangladesh again.

The team made the USTR officials and congressmen convinced that the shrimp industry in Bangladesh creates huge numbers of employment.

40pc hike in fuel prices creates four lakh new poor people

Shamunnay research reveals



Photo shows a vehicle taking fuel from a petrol pump. The number of poor people would have reached around 3 lakh if the diesel and kerosene prices were raised by 25 percent, according to a research paper.

STAR BUSINESS REPORT

A 40 percent hike in the prices of diesel and kerosene will lead to more inflation and creation of four lakh new poor people in the country, according to a research paper.

"Inflation directly affects the poor people, so the government should have a clear direction on its policy about the amount it could save from the petroleum sector by increasing the price," eminent economist Wahiduddin Mahmud yesterday told the launching ceremony of the fourth issue of the Bangladesh Economic

Outlook, a quarterly published by Shamunnay, a local thin tank.

The research paper that was published in the current issue of the journal also remarked that the number of poor people would have reached around 3 lakh if the diesel and kerosene prices were raised by 25 percent.

While discussing about the outcome of the research, Mahmud further said, "The government could save its subsidy by increasing the price of petroleum, so the savings should be used for the people who would be affected."

The government increased prices of petroleum products on Monday for the second time during its tenure, which is a sharp rise to 33 to 37 percent from the previous hike of 13 to 21 percent in April last year.

The new price of diesel and kerosene is Tk 55 a litre, a 37.5 percent up, or Tk 15 more than the earlier price.

According to a government estimate, in FY 2006-07, around 36 lakh tonnes of petroleum products were used in Bangladesh, 65 percent of which was diesel. Sixty percent of the diesel was used for transports, 32 percent

for agriculture, and the rest was used for other purposes. The price hike of diesel is also likely to raise bus fare to Tk 1.05 a kilometre.

Mahmud, a professor of Economics at the University of Dhaka, also a former adviser to the caretaker government, pointed to the fact that the price hike of petroleum products is an influence of international market. He, however, blasted the government for increasing the price of kerosene.

Professor Mahmud suggested that the government should lay emphasis on new employment generation to address the present situation.

Economist Dr Atiur Rahman, also the chairman of Shamunnay, said the government could save Tk 7000 crore by reducing the subsidy from energy sector.

"The consequence of the increased price of diesel would make four lakh people poor, so the government needs to spend the savings for them," he said, urging the government to reduce system losses in different sectors.

In his keynote paper, Dr Selim Raihan, associate professor of Economics, Dhaka University, said the budget deficit and domestic borrowing increased in the last two years, which had negative impact on national economy.

He expects a rise in investment in different sectors like readymade garments (RMG), pharmaceuticals and financial institutions by the year-end, as the coming election makes the entrepreneurs hopeful of political stability.

Amjad Khan Chowdhury, chief executive of Pran-RFL Group, was also present at the ceremony.

Chinese oil major blames supply concerns for price hike

AFP, Madrid

Supply and demand concerns are driving record oil prices as appetite for crude in developing nations is expected to soar over the coming years, the president of Chinese oil major CNOOC said Tuesday.

Fu Chengyu told delegates at the World Petroleum Congress in Madrid that while speculators, the weak dollar and geopolitical instability were playing a part in pushing prices, "the deciding force can be found in concerns over supply and demand, not just today but tomorrow as well."

Residents of developing nations consume an average of 2.5 barrels of oil each per year compared to 17 barrels per year by residents of nations belonging to the Organisation for Economic Cooperation and Development, which groups the world's richest countries, he said.

President of Opec Chakib Khelil told the same event on Tuesday that the oil cartel had concerns that future demand for oil might not be strong enough to justify investment to boost oil production.

"The concern we have is



President of Chinese oil major CNOOC Fu Chengyu (L) speaks by US Chairman and CEO of ExxonMobil Corp Rex W Tillerson during a plenary session at World Petroleum Congress in Madrid yesterday.

about the security of demand," Khelil told delegates.

He said there were "big uncertainties" about making huge investments in infrastructure to increase output from Opec member countries.

Oil prices hit record high levels above 143 dollars a barrel on Tuesday.

Another report from Kuwait City adds: Saudi King Abdullah, whose nation is the world's number one oil exporter, called on consumer countries to get

used to high prices in commodities published on Tuesday.

"Consumer countries have to adapt to the prices and the mechanisms of the market," the king said.

"We have nothing to do with the current sharp increase in crude prices," he said reiterating the Saudi position that speculation, rising demand and the taxation of oil products in consumer countries were to blame.

"These countries must reduce their taxes on fuel."

Star Business

JOIN THE DEBATE

Do you have views on what you read in Star Business? What do you think of the state of the economy? Should we be using more hybrid rice? Why do RMG workers riot? What are the new growth sectors? How do we encourage more foreign investment? Can we re-brand Bangladesh? Free trade or protectionism? Potatoes or rice?

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