

Stocks

DGEN ▲ 0.95% 3,029.23

CSCX ▲ 1.25% 5,927.17

Asian Markets

MUMBAI ▲ 5.42%
13,664.62

TOKYO ▼ 1.31%
13,286.37

SINGAPORE 0.56%
2,906.23

SHANGHAI ▲ 0.12%
2,651.73

Currencies

	Buy TK.	Sell TK.
USD	68.10	69.10
EUR	106.11	110.74
GBP	134.16	139.48
JPY	0.64	0.67

SOURCE: STANDARD CHARTERED

Commodities

Gold ▲
\$937.18
(per ounce)

Oil ▼
\$142.03
(per barrel)

SOURCE: AFP
(Midday London Trade)

More News

Vietnam: Asia's FDI champ to 2008 stockmarket slump



Last year's stories appeared in the international press proclaiming Vietnam as 'the new Asian miracle' and 'the next Asian tiger'. However, while the pace of Foreign Direct Investments (FDI) commitments in Jan-May 2008 remained strong the Vietnamese equity market fell by 60 percent. The cause of the stock market crash was that the authorities were ill-prepared to receive the flood of foreign capital when it arrived.

B-4

60,000 phone lines cut for illegal int'l call termination

Some mobile and landline operators have so far disconnected around 60 thousand phone connections for the involvement of those in illegal international call termination through VoIP (voice over internet protocol).

B-3

International

Unemployment rise in industrialised world: OECD

Industrialised countries must brace for a rise in unemployment this year and next, as financial market turmoil continues to put the brakes on growth, the OECD said in a report on Wednesday. Unemployment fell in 2007 across almost all OECD states, with the average jobless rate sinking to 5.6 percent, its lowest level since 1980.

B-2

Contact Us

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

No Titas Gas share trade on debut

Buyers, sellers fail to agree on price

STAR BUSINESS REPORT

Not a single share in the state-run Titas Gas was offloaded yesterday on the company's stock exchange debut with the owners waiting in expectation of a higher price.

The owners, including majority stakeholder in the company Petrobangla, have offered a fixed selling price of Tk 750 for each Titas share with the buyers opting for Tk 520 per share as their highest offer.

However, the owners' reluctance to sell was criticised by the brokers and merchant bankers who said Petrobangla overlooked market demand condition as expressed through the direct listing rules.

Petrobangla will have to change its mindset and offload share in accordance with the prevailing market demand conditions, said a senior official of a brokerage house, adding that it is unfortunate that despite bids from the investors' side, no share transactions took place.

Earlier, the government decided to sell 20 percent or Tk 214 crore worth of shares of Titas Gas Transmission and Distribution Company to the public through stock exchanges.

The shares were listed under

the direct listing procedure. This means that investors would bid for the shares for 10 minutes to build up a price before the shares are released onto the market. After this, bidding would continue for another one hour and 50 minutes.

Yesterday, after the first 10 minutes the investors started to place buying orders for Titas shares with the highest buying order reaching Tk 520 per share.

What was upsetting for the traders was that the ICB Securities, the managing agent for the sale, did not sell a single share during the remaining one hour and 50 minutes.

A general manager of Petrobangla said shares of Titas, a company with a strong asset base and regular income flow, should sell at more than Tk 1,000. "But, seeing the market demand down, we fixed the price at Tk 750," he said.

He also hoped that the shares would be sold out at more than the fixed rate of Tk 750.

The state-run gas company has joined the country's two bourses under direct listing rules. The company will offload shares worth Tk 214.11 crore, which is 20 percent of its paid up capital of Tk 856.47 crore.

The face value of each Titas

Largest ever public issue

Issue size	Tk 214.11 crore
Face value	Tk 100
Paid up capital	Tk 856.47 crore
Authorised capital	Tk 2000 crore
Earning per share (As on June 2007)	Tk 539
Diluted earning per share (After raising paid up capital)	Tk 30.07

share is fixed at Tk 100. As on June 2007, earning per share (EPS) of Titas Gas was Tk 539. The current EPS stands at Tk 30.07 following the enhancement of the company's paid up capital to Tk 856.47 crore in April of this year, up from Tk 238.88 crore as on June 2007. The authorised capital of Titas amounts to Tk 2000 crore.

Titas, which distributes gas in Dhaka and greater Mymensingh region, is the fifth state-run company that has been listed on the stock exchanges under direct listing rules.

Earlier, Jamuna Oil Company and Meghna Petroleum offloaded 30 percent shares each in January of this year, with Dhaka Electric Supply Company and Power Grid Company Bangladesh shedding 25 percent shares each in 2006.

Some senior officials of

Dhaka Stock Exchange also called on the chairman of Securities and Exchange Commission to know about the legal implications of Titas's failure to offload shares under the direct listing rules in presence of buying orders.

Meanwhile, price indices on the Dhaka Stock Exchange (DSE) rose yesterday preceded by slump on consecutive days. The DSE General Index rose by 33.31 points, or 1.11 percent, finishing the day at 3033.81 points, while the DSE All Share Price Index increased by 18.18 points, or 0.7 percent, closing the day at 2606.2 points.

According to market insiders, the investors looked to be in a fresh mood as they heard some good news such as enhancement of the limit of brokers' margin and Titas Gas debut on the market that prompted them to buy shares at a slightly higher price.

India takes measures to discourage onion export

PALLAB BHATTACHARYA, New Delhi

India has decided to increase the minimum export price of onion by \$25 a tonne for July to discourage export and boost availability of the vegetable in domestic market.

The average minimum export price of onion presently stands at \$180-\$185 a tonne.

"We have raised the minimum export price of average quality onion by 25 dollars a tonne for all destinations", said a senior official of state-owned cooperative major National Agricultural Cooperative Marketing Federation (NAFED) yesterday.

NAFED is the nodal agency for export of onion and the agency decides on its minimum export price every month, taking supply condition of the vegetable in the domestic market and its prevailing market prices into account.

Onion traders say the minimum export price was hiked to discourage export in view of a 13-year high inflation, which is close to 12 percent, adding that any further increase in onion price would add to the government's discomfiture.

However, the NAFED official said price of onion in domestic market has gone up because the summer crop has been exhausted and the price is likely to become stable over the next three months.

The new minimum export price of onion is applicable only to July shipment.

RMG production costs to go up 15pc on fuel price hike

Garment makers say

STAR BUSINESS REPORT

The country's garment manufacturers yesterday expressed concern that the production costs of their exportable apparel items will go up by at least 15 percent due to the latest fuel price adjustment.

"The government should keep the petroleum prices at their previous rates at least for industrial uses to minimise our production costs," demanded acting BGMEA president Shahidul Islam at a press conference in Dhaka.

He said the fuel price hike came into effect at a time when the prices of other essential commodities have increased significantly.

The workers in the sector will also have to bear additional household costs for buying the essentials that may see further price spiral, he added.

"Against this backdrop, there may be labour unrest again leading to production hamper at the garment factories," he feared.

The garment manufacturing units are largely dependent on petroleum products due to erratic gas and power supplies to their units, said the leaders of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) at the hurriedly called press conference to react to the government's decision on fuel price adjustment.

The government has increased the domestic fuel prices by 33 to 37 percent with

effect from July 1 to adjust the prices with those in the international market.

The new price of diesel and kerosene is Tk 55 a litre, which is about 37.5 percent or Tk 15 more than their earlier price of Tk 40.

Petrol is now Tk 87 a litre, up by 34 percent or Tk 22 from its previous price of Tk 65.

The price of octane now is Tk 90 a litre, which is 34 percent or Tk 23 more than its previous price of Tk 67.

A cylinder of liquid petroleum gas (LPG) is now Tk 1,000, up from Tk 600, while a litre of furnace oil is now Tk 30, up from Tk 20.

The apparel factory owners will have to count an additional cost of Tk 50 crore a month due to this price hike, the BGMEA acting boss said.

The factory owners also complained they are not getting gas and power in Savar, Mirpur, Ashulia, Gazipur and Narayanganj areas to run their plants properly.

According to a government estimate, 35.7 lakh metric tons of petroleum products were used in Bangladesh in fiscal year 2006-07, 65 percent or 22 lakh metric tons 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.

Professor M Tamim, special assistant to the chief adviser on energy ministry affairs, said earlier the government had no alternative to increasing the prices of petroleum products.

Oil, food price spikes may worsen global poverty: IMF

AFP, Washington

Rocketing oil and food prices are being increasingly felt around the globe and surging commodity prices could worsen poverty in many poor countries, the International Monetary Fund warned Tuesday.

A new IMF study, looking at the impact of soaring oil and food costs, said many poor and developing countries will likely have to change their economic policies in response to soaring commodity prices.

"Some countries are at a tipping point," cautioned IMF managing director Dominique Strauss-Kahn.

"If food prices rise further and oil prices stay the same, some governments will no longer be able to feed their people and at the same time maintain stability in their economies," Strauss-Kahn said.

The IMF chief called for a "broad cooperative approach" to help tackle higher oil and food prices, and said the multilateral lender and guardian of global financial stability stood ready to assist countries in need.

Strauss-Kahn said the international community would also have to play a role in helping to lessen the impact of commodity price shocks which have triggered protests in some countries.

European truckers have blocked major roads to protest fuel prices in recent weeks and food riots have occurred in Cameroon, Bangladesh, and Somalia among other countries in recent months.

The IMF report, which echoes food price concerns already expressed by the United Nations, showed that poorer countries are having to pay out billions of dollars more for imported oil and foodstuffs.



International Monetary Fund (IMF) Managing Director, Dominique Strauss-Kahn delivers opening remarks at a seminar on Tuesday at the IMF in Washington, DC. Strauss-Kahn spoke on macroeconomic impact and policy responses to the worldwide increase in food and fuel prices.

Its findings were released as world oil prices continued to roll near record highs of around 142 dollars a barrel.

Higher energy and food costs are eating into the budgets of cash-strapped countries and could significantly dent their economic growth, Strauss-Kahn said.

"Poor countries that are highly dependent on food imports are particularly vulnerable to rising food prices," the report stated.

Poverty campaigners are concerned that rising commodity costs could roll back advances made through anti-poverty campaigns in recent years, particularly because

poorer families tend to spend much more of their household income on food.

The IMF report found that poor households are most affected by food price inflation and "warned that the share of undernourished (people) in developing countries could rise rapidly above the current 40 percent of total population."

Energy and food values are still rising and the IMF said its research suggests "the problem is worsening."

The Washington-based fund said it is working closely with its member countries to help mitigate inflationary pressures taking into account countries specific needs.

Outsourcing in garment industry undermines compliance: US officials

Local garment makers say they outsource jobs from compliant units

JASIM UDDIN KHAN

US officials have expressed concerns about the practice of outsourcing by Bangladeshi apparel makers, saying it (outsourcing) sometimes undermines compliance issues.

However, local garment manufacturers said they outsource jobs only from members of BGMEA (Bangladesh Garment Manufacturers and Exporters Association) and BKMEA (Bangladesh Knitwear Manufacturers and Exporters Association), who are compliant with US buyers' requirements.

A team of US Customs and Border Protection (CBP) officials recently inspected around two dozens readymade garment factories in Dhaka and Chittagong and found these units outsource their products from other factories.

CBP is one of the Department of Homeland Security's largest and most complex components, with a responsibility for securing and facilitating trade and travel while enforcing hundreds of US regulations, including immigration and drug laws.

When asked, a leading garment manufacturer said many Bangladeshi garment factories need to outsource their jobs as an individual they have limitations to complete big buying orders.

"We sometimes receive orders from a single buyer which cannot be completed

at our own facility within the set time limit. For this reason we need to outsource," he added.

The team after visiting the factories identified that as per the US rules the manufacturers must mention the details about the manufacturing facility of the company. But in case of outsourcing the exporters do not mention the facility, the team added.

The US team will send written suggestions and other opinions soon to the Bangladesh government.

The team meanwhile verbally informed the matter to the Export Promotion Bureau during the visit and asked the officials to ensure proper compliance at those units.

The US officials observed despite the fact that big manufacturers have satisfactory compliance practice their outsourcing partners do not have adequate facilities.

When contacted, EBP Vice Chairman Sahab Ullah said it is a common practice in Bangladesh that manufacturers outsource when they receive orders beyond their capacity.

He said the EPB officials told the US team that the compliance is fully maintained at outsourcing destinations.

"We assured them that if any factory is found non-compliant, measures will be taken to make it compliant," Sahab Ullah added.

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Women work at a garment factory. US Customs and Border Protection (CBP) officials have said outsourcing in RMG industry undermines compliance.