

DHAKA TUESDAY OCTOBER 28, 2008

## Stocks

DGEN ▼ 2.50%  
2,732.93

CSCX ▼ 2.57%  
5,473.82

## Asian Markets

MUMBAI ▼ 2.20%  
8,509.56

TOKYO ▼ 6.36%  
7,162.90

SINGAPORE Closed

SHANGHAI ▼ 6.32%  
1,723.35

## Currencies

	Buy Tk	Sell Tk
USD	68.40	69.40
EUR	83.48	88.06
GBP	103.71	108.72
JPY	0.72	0.76

SOURCE: BANGLADESH BANK

## Commodities

Gold ▲  
\$716.47 (per ounce)

Oil ▼  
\$59.32 (per barrel)

SOURCE: AFP

(Midday London Trade)

## Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at [business@thedailystar.net](mailto:business@thedailystar.net)

# Rupee slide rattles exporters

SAJJADUR RAHMAN

Local exporters fear over 20 percent depreciation of the Indian rupee against dollar would cost them badly.

They say the global buyers may now divert to the neighbouring country because of the possible reduction in the prices of products there.

The Reserve Bank of India in its latest move depreciated the currency further 0.28 percent against US dollar to 50.09 rupees yesterday.

The exchange rate was 49.95 rupees a dollar on Friday, the last working day before the two-day weekend. It was 40 rupees a dollar six months back.

"Global buyers may shift to India because of its currency depreciation against the US dollar," said Bivek Gogia, the country representative of Allstar International Trading Co Ltd, a Germany-based buying house.

He also pointed out the devaluation of currencies by Bangladesh's competitors



Garment workers, left, make clothes. The RMG industry will suffer if export orders are diverted to India in the wake of a slide in the rupee.

such as India, China, Pakistan and Vietnam, which, he believes, would cut down the country's competitive edge.

A foreign buyer expressed a similar view.

"Definitely, buyers will shift to India because of its currency depreciation against the US dollar," said Bivek Gogia, the country representative of Allstar International Trading Co Ltd, a Germany-based buying house.

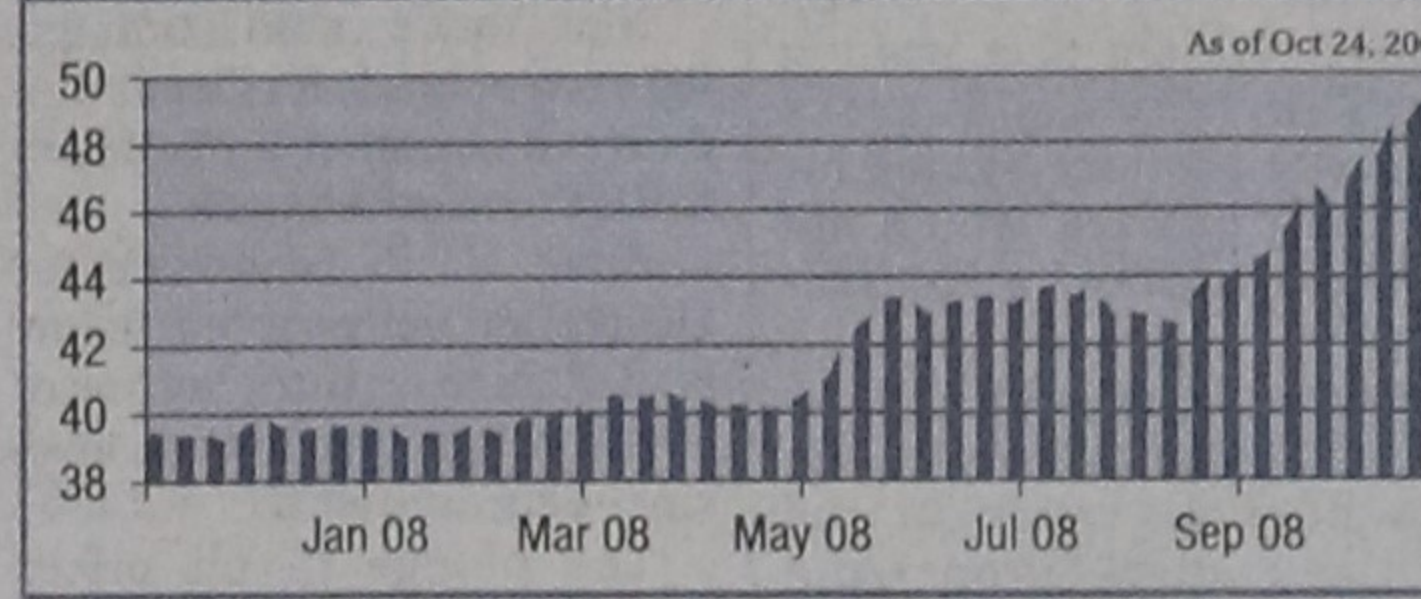
He said currency depreciation has made Indian products cheaper than any time.

Experts say Bangladesh's RMG exporters would feel the pinch of such currency depreciation at a time when these exporters are getting prepared to face the fallout from the current global financial crisis. The Asians like many European countries are not immune to the US credit crunch, according to them.

Bangladesh fetched \$10.59 billion from RMG exports last fiscal (2007-08), while the total export earning was \$14.11 billion.

"As many as eight foreign

## Dollar-Indian Rupee Exchange Rate



buyers, who were Bangladesh's customers, have already placed their 75 percent orders to Indian manufacturers," said Anwar-Ul Alam Chowdhury Parvez, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Shafiqul Islam, senior executive at SKL Trading, a South Korea-based buyer, said export orders for Bangladesh's woven products have already declined by 40 percent in 2008, compared to the volume a year earlier.

Professor Mustafizur Rahman, executive director of the Centre for Policy Dialogue (CPD), suggested the government help reduce expenses of the manufacturers through subsidising their gas and electricity bills, rather than depreciating the taka.

However, he said, "Depreciation of the Indian rupee will help Bangladesh benefit from imports. The move will reduce inflationary pressures on consumers."

sajjad@thedailystar.net

# BB cautions exporters against crisis fallout

STAR BUSINESS REPORT

Bangladesh Bank Governor Dr Salehuddin Ahmed yesterday urged exporters, mainly ready made garments sector people, to cautiously receive orders from new buyers since the latter risks turning bankrupt due to the present global financial crisis.

At a press conference at his office in Dhaka, BB governor also advised all financial sector regulatory bodies, including the central bank, to be more vigilant in the present global context so that the local financial sector does not suffer.

"In times of such financial crisis, some buyers may place higher volumes of orders, with a commitment to pay within two months. But they may become bankrupt in the meantime and fail to pay," said Salehuddin.

In the global context, the

financial crisis is more prevalent in the insurance sector, share markets and investment banking rather than commercial banking, the central bank chief pointed out, suggesting that other regulatory authorities, such as the Securities and Exchange Commission and Controller of Insurance, should regulate the market strongly to protect people's interest.

In response to a question, Nazrul Huda, BB deputy governor, said the central bank wants to reduce the interest rate spread to five per cent by lowering the lending rates of productive sectors.

The deputy governor also said the goal can be attained by increasing deposit rates or by decreasing consumer credit rates. "But our main focus is to decrease lending rates in productive sectors in the nation's interests," he said. He said he was hopeful that banks would do it by December.

# Dhaka stocks spin lower

STAR BUSINESS REPORT

Dhaka stocks nose-dived yesterday, as some top merchant banks forced their clients or investors to sell off shares to adjust loans.

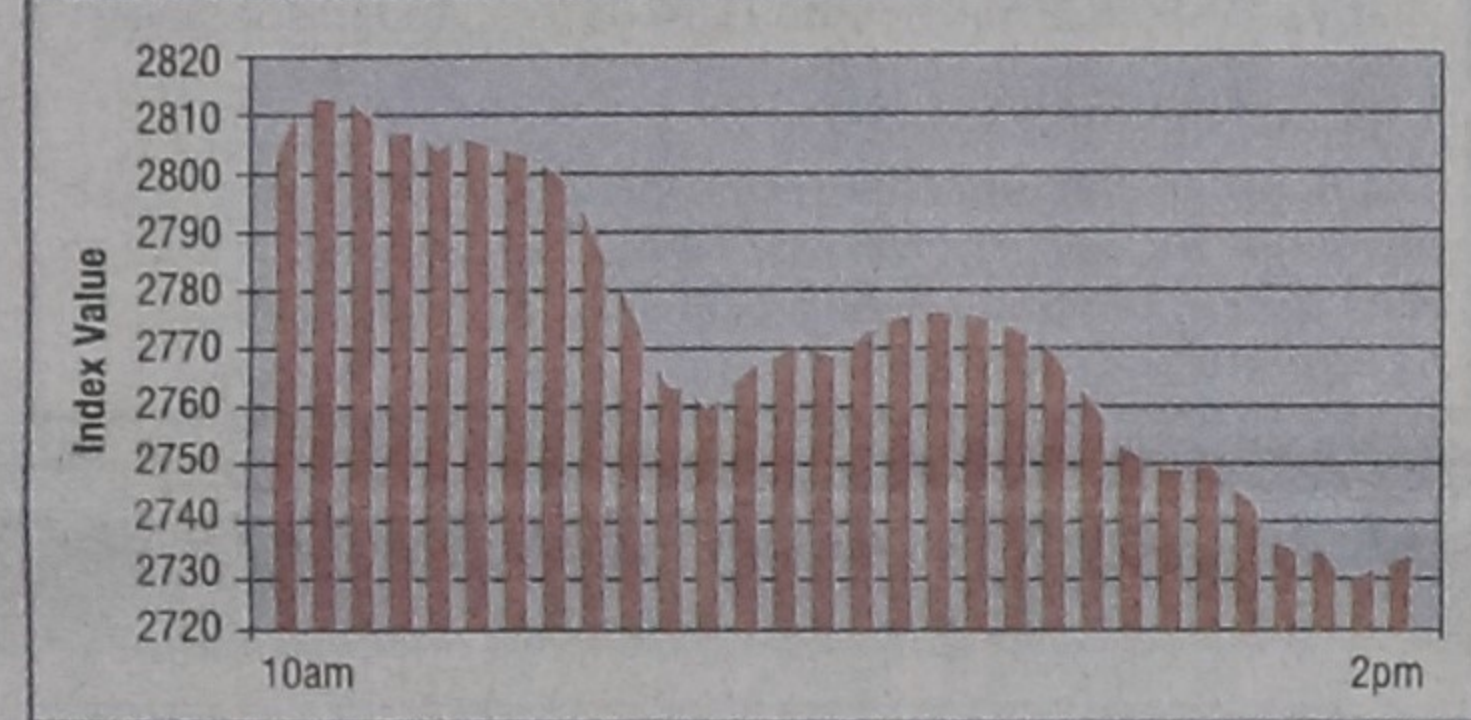
The stock market regulator also found "forced selling" as a trigger in yesterday's sharp fall in share prices.

The surveillance department of the Securities and Exchange Commission had communicated with the merchant banks, which pressed their clients into sell-offs, SEC officials said.

"The commission doesn't support destabilising the stock market with forced sell-offs," said Farhad Ahmed, executive director of SEC.

The fall also pulled down the key indices of Dhaka Stock Exchange to new lows in nearly

## DSE General Index



two months. The benchmark DSE General Index went down 70.34 points, or 2.5 percent, to 2732.93 points. The index slid to 2722 points on August 25, its lowest in two months.

Market insiders said some top merchant banks had piled

pressure on their clients to pay back margin loans by selling shares for lower prices.

The margin loan is the credit provided by merchant banks against securities held by investors.

Forced-selling also pulled down the prices of other securities,

the insiders said.

Some other merchant banks however took the opportunity of buying securities at lower prices to rearrange their portfolios.

Along with the benchmark index, the DSE All Share Price Index dipped 57.44 points, or 2.47 percent, to 2265.43 points.

Most securities traded down on the premier bourse. Of the 236 traded issues, only 26 advanced and 197 declined with 13 unchanged. A total of 1,80,30,171 shares changed hands on the DSE.

Chittagong stocks also marked a sharp fall yesterday. The CSE Selective Categories Index declined 144.63 points, or 2.57 percent, to 5473.82 points, while the CSE All Share Price Index dropped 210.65 points, or 2.45 percent, to 8383.42 points.

# Regulator asks GP to submit new IPO plan

STAR BUSINESS REPORT

The capital market watchdog has asked Grameenphone to submit a fresh IPO proposal, with updated financial statements, as the validity of the company's last audited accounts have expired.

Securities and Exchange Commission (SEC) officials said Grameenphone is expected to submit the proposal soon. The SEC did not fix a deadline for the new proposal.

The capital market regulator's new requirements may delay GP's listing, which was primarily scheduled to take place by September, market insiders said.

"A valid audited account is

necessary to approve an IPO proposal by any company. The proposal along with financial reports that Grameenphone has submitted to SEC earlier already expired," a high official of SEC told The Daily Star yesterday.

Grameenphone, the country's largest mobile phone operator, in July, submitted its plan to raise \$300 million (Tk 2,058 crore) -- \$150 million from the stock market and the rest through private placement or pre-IPO.

However, the company, later in October, said it may cut its planned IPO to \$125 million.

Market insiders said Grameenphone revised its IPO size due to the recent global financial turmoil.

# NBR may widen tax-return time

STAR BUSINESS REPORT

The National Board of Revenue (NBR) is likely to extend the deadline for submitting individual income tax returns, as the NBR has received lower returns than last year.

"We are yet to finalise the issue and we are thinking of extending the deadline as several business groups have requested so," a high NBR official said.

The NBR has so far received 3 lakh tax returns until October 25, against 6.2 lakh last year, the official added.

The deadline for individual income tax returns was September 30, but it was extended to October 31, due to Ramadan and Durga Puja.

# GMG restarts flights to KL, Kathmandu

SOHEL PARVEZ

Private GMG Airlines has resumed operations on two international routes in a sign of recovery from financial trouble, thanks to cuts in fuel prices.

"It is a matter of relief that fuel prices are falling. It enabled us to resume flights on two routes out of the suspended five," said Nazrul Islam, spokesman for GMG Airlines.

Islam said the private airline resumed flights to Kuala Lumpur and Kathmandu early this month.

The airline is currently operating flights to three international destinations, including Kolkata. It was yet to resume flights to New Delhi, Bangkok and Dubai.

In line with the decreasing oil price, the government slashed jet fuel prices three times to \$0.88 each litre from \$1.25 a litre in June.

In six months to June, Bangladesh Petroleum Corporation raised the jet fuel price three times, putting local carriers into trouble.

In May, GMG cut its flights on the busiest Dhaka-Dubai route to offset losses from high fuel prices, fierce competition and hefty pay for the leased Boeing 737-300.

GMG later suspended flights to Bangkok, Kathmandu and Delhi. Its decision to suspend operations on the Dhaka-Kuala Lumpur route came in July, triggered by shortage of aircraft coupled with higher fuel

prices. The carrier also sent about 150 employees on leave without pay in September in a bid to reduce losses.

But the looming recession fears, spurred by the global financial crisis, started to cool down oil prices since August. On Monday, oil prices hovered around \$60 a barrel.

The GMG official said the airline operated seven flights to Kuala Lumpur and three to Kathmandu a week.

"If we can continue this way, we will be able to narrow down losses much in the next three months," he said.

The official however said they were yet to take any decision about resuming flights on the remaining routes.

"Oil price is falling. Let it be stable."

sohel@thedailystar.net

Making the list.

Topping the list.

At Citi, enabling client success is at the core of everything we do - from our end-to-end solutions to our industry leading innovations, unparalleled global network and outstanding customer service.

While our clients benefit from our experience and leadership, we're gratified that we are being recognized for this too - Citi has been selected as the Best Corporate/Institutional Internet Bank in Bangladesh by Global Finance.

Partner with Citi and find out how our award-winning solutions can work for you.

Best Corporate/Institutional Internet Bank in Bangladesh  
Global Finance Best Internet Bank Award - 2008

Best Domestic Cash Manager in Bangladesh  
Euromoney Cash Management Polls - 2008

Please visit us at:  
[www.asiapacific.citi.com](http://www.asiapacific.citi.com)

Citi never sleeps



Citibank, N.A. Bangladesh: Gulshan | Motijheel | Dhanmondi | Agrabad | Dhaka EPZ | Chittagong EPZ

© 2008 Citibank, N.A. All rights reserved. Citibank, N.A. is incorporated with limited liability in the U.S.A. Citi and All Design is a trademark and service mark of Citigroup Inc. used and registered throughout the world. Citi never sleeps is a service mark of Citigroup Inc.

The Next Fifteen Years  
A Vision for Growth  
international business conference

3 days to go

International business conference  
For registration  
[dcci50.com](http://dcci50.com)  
9552562

Oct 31 - Nov 1  
bcfc | dhaka | bangladesh

## October 31

- 10:00 : Dr. Fakhruddin Ahmed Honorable Chief Adviser Government of the People's Republic of Bangladesh Will inaugurate the Ceremony as the Chief Guest
- 11:05 : "Next Fifteen Years - A Vision for Growth" Keynote Speaker H.E. Dr. Supachai Panitchpakdi Secretary General - UNCTAD
- 15:00 : "Business Strategies in a World of Change" Keynote Speaker Patricia Francis Executive Director International Trade Centre, Geneva
- 15:00 : Impact of WTO on SMEs Keynote Speaker Mr. Harsha V. Sing, Deputy Director General, WTO Geneva
- 19:30 : Gala Celebration at Lalbagh Fort

## November 01

- 9:30 : Global Economic Shift to Asia - Regional Synergies Key Discussant Jai Ram Ramesh State Minister of Commerce, India
- 11:30 : Does Bangladesh Have a Niche in Asia? Keynote Speaker Mr. Ifty Islam Managing Partner, AT Capital Partners, Dhaka.
- 16:00 : "Next Fifteen Years: The Way Forward" Keynote Speaker Dr. Rajendra Kumar Pachauri PhD. Nobel Peace Prize recipient and Chairman Intergovernmental Panel on Climate Change
- 19:30 : DCCI Business Award at Hotel Radisson.

Main Sponsor  
grameenphone



Dhaka Chamber of Commerce & Industry