

Stocks

DGEN ▲ 3.46%
2,544.66

CSCX ▲ 3.5%
5,131.32
(Week-on-week)

Asian Markets

MUMBAI ▼ 2.87%
8,965.2

TOKYO ▼ 0.08%
7,917.51

SINGAPORE ▲ 0.94%
1,659.17

SHANGHAI ▲ 0.86%
2,018.66
(Friday closings)

Commodities

Gold ▼ \$749.00
(per ounce)

Oil ▼ \$39.74
(per barrel)

SOURCE: AFP
(As of Friday)

More News

No progress in execution of new insurance laws

Even two months after the enactment of two laws relating to insurance, the government has not succeeded in executing those putting the industry into disarray, lament insurers. Two ordinances Insurance Regulatory Authority (IRA) Ordinance 2008 and Insurance Ordinance (IO) 2008 were promulgated in early October.

B-3

Stocks break losing trend

Stocks witnessed a noticeable gain last week over the previous week breaking the recent bearish spell in the market. The benchmark index of Dhaka Stock Exchange, DSE General Index, rose 85.18 points, or 3.46 percent week-on-week to 2,544.66 points. The CSE Selective Categories Index gained 3.5 percent to 5,131.32 points.

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International

Big job losses shake investors



Massive US job losses in November and news that the US unemployment rate jumped to a 15-year high of 6.7 percent rocked investor sentiment Friday and sent the price of oil plummeting. The Labor Department reported that the economy lost 533,000 jobs last month, far exceeding forecasts by some analysts for a loss of 325,000.

India cuts interest rates to boost economy

India's central bank on Saturday slashed its two key short-term interest rates by a full percentage point each to stimulate an economy hit by the global recession and shaken further by the Mumbai attacks.

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Contact Us

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

Commodity prices still high

JASIM UDDIN KHAN

Prices of essential commodities, fast-moving consumer goods (FMCG) and industrial products did not come down on the local market although prices plunged on the international market in the last four months.

According to the latest price lists of National Board of Revenue, crude edible oil, milk powder, PVC (polyvinyl chloride) resin, stearic acid and other products' prices dropped over 50 percent on the international market in the last four months.

Data provided by Goldman Sachs Group Inc show that prices of both palm and soybean oils reached \$1,236 and \$1,422 a tonne respectively in March on the US market but slipped to \$405 and

\$620 in November.

But the price fall did not yield any clear result on the local market.

Five large industrial groups control more than 90 percent of 1.2 million tonnes annual consumption of edible oil.

Most local entrepreneurs, however, hoped edible oil prices would come down significantly by January.

A senior City Group executive said the company had suspended importing new oil when its prices were volatile on the international market -- the reason his company could not readjust the prices.

"Some suppliers on the international market have shifted to another business, and banks abroad also kept a slow pace in funding against letters of credit for which local importers abstained

from procuring oil," the official added.

"We hope edible oil prices will fall by 30-40 percent by the first week of January," said Md Zahir Uddin, chief executive officer of Mostafa Group.

Mostafa Abid Hossain, a senior official of TK Group, said it would take more time to readjust the prices as the raw materials his company is using now were imported months ago.

Prices of milk powder are also high on the local market although its prices at bulk level saw a steep fall on the world market.

According to Fonterra Co-operative Group, the world's largest exporter of dairy products, milk powder prices dropped to \$2,050 a tonne on the international market in November against the rate of

\$3,480 a few months ago.

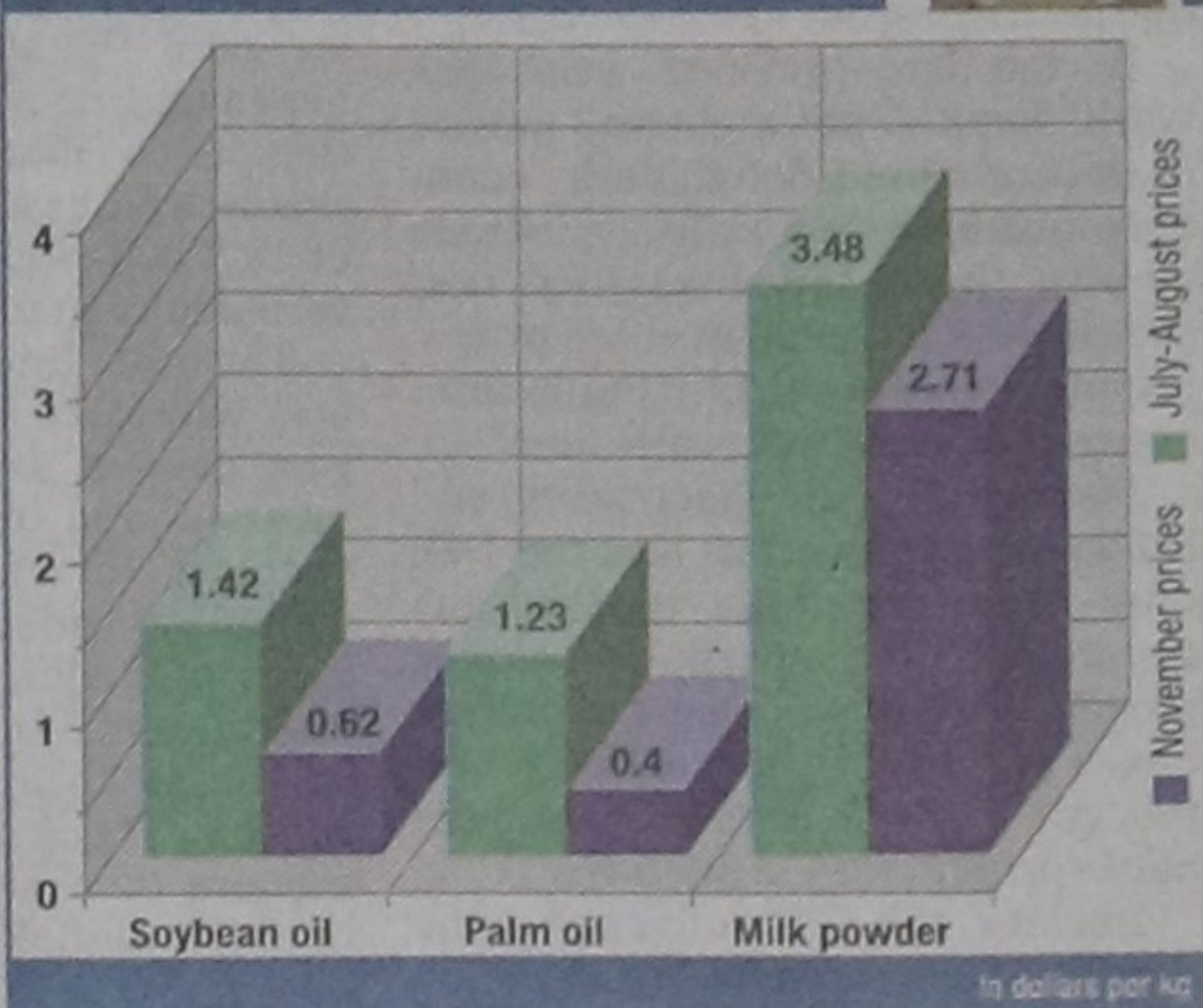
Prices of all petrochemical byproducts dropped sharply on the international market but the fall in prices could not cut local prices.

Prices of palm fatty acid, propylene copolymer and stearic acid -- all used in producing soap, shampoo and other toiletries -- fell by 60 percent on the international market in the last four months, but both local and multinational companies are yet to take any steps to lower prices.

Prices of PVC resin, a raw material used in making plastic and packaging items, went down 65 percent in the same period, but the price fall of the packaging materials yielded nothing in curbing prices of products.

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International prices of some commodities



Inflation may rise on polls: ADB

STAR BUSINESS REPORT

The Asian Development Bank has said inflationary pressure may rise in the run-up to the year-end national elections.

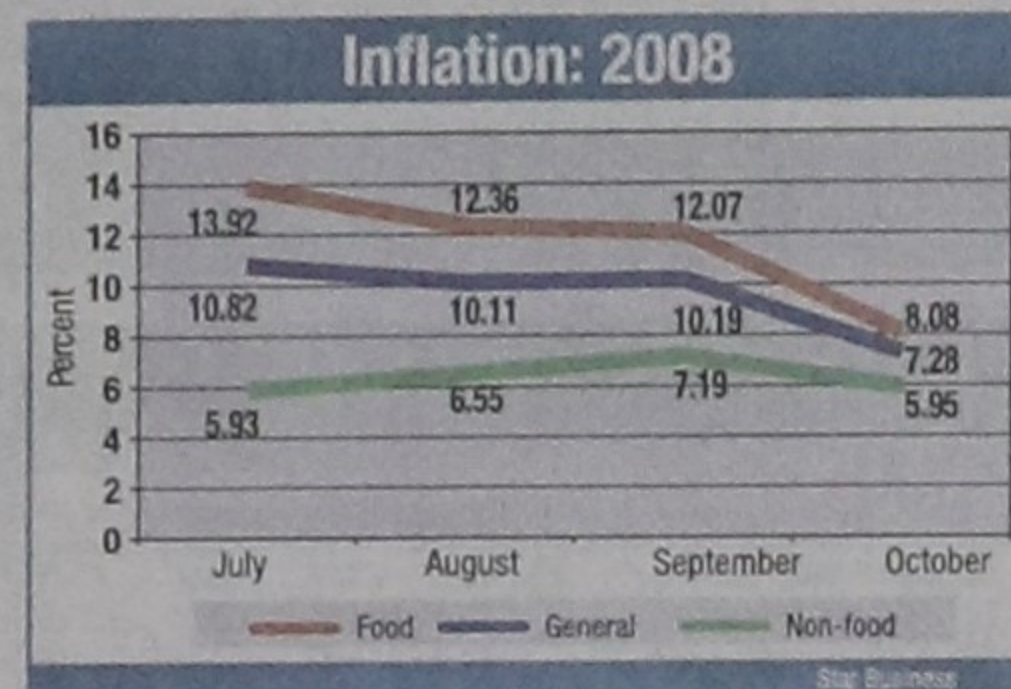
"Personal spending may rise during the forthcoming national and upazila elections, crating upward price pressures," the ADB said in its quarterly economic update for July-September 2008, released on Friday.

The report however said inflation is likely to remain within the previous projection of about 9.0 percent for FY2009, with an earlier surge in commodity prices offset by a recent pullback.

The inflation rate grew 10.2 percent year-on-year in September 2008 from 10.0 percent in June, before easing back to 7.3 in October because of a fall in food and other commodity prices, it added.

The Manila-based multilateral lender also echoed the World Bank in forecasting the country's lower economic growth because of possible impacts for the global financial crisis.

The ADB projected Bangladesh's gross domestic product (GDP) growth in a range between 5.5 percent and 6.0 percent for this fiscal year. The WB said the GDP growth might go as low as 4.8 percent -- a chilling forecast that



prompted flak from the finance adviser and the Bangladesh Bank governor.

"The global financial crisis will put a mild brake on Bangladesh's economic growth rate for fiscal 2009, although continued strength in its agriculture and industries sectors will limit the downside," the Quarterly Economic Update said.

"With dampened global demand expected to weigh on exports and remittances, GDP growth in the current fiscal year is now projected to fall in a range of 5.5 percent to 6 percent," it said.

According to the ADB estimate, industry has performed relatively well so far this fiscal year, supported by further growth in readymade

garment output, along with continued recovery in housing and construction and improved business confidence.

However, the unfolding financial crisis will create a modest slowdown in demand, slumping industrial growth in the year to 6.7 percent against the projected 7.9 percent. In FY2008, industrial output expanded by 6.9 percent.

"To sustain the relatively strong growth rate, steps will need to be taken to urgently address shortages in power and gas supplies."

On the services sector, the bank said it is expected to grow 5.7 percent to 6.2 percent, down from previously projected 6.8 percent. In FY2008, the sector grew by 6.7 percent.

The quarterly report said: "The services sector is likely to see some mild pressure from a slowdown in exports and domestic demand, stemming from the global crisis."

The bank said a sharp decline in international commodity and intermediate goods prices should reduce domestic prices, but if importers adopt a cautious approach in opening letters of credit, supply shortages could occur, generating further upward price and inflationary pressure.

The report also made a set of suggestions, including an increase in public investment, to create employment.

CA brands Bangladesh

STAR BUSINESS REPORT

Chief Adviser Fakhruddin Ahmed yesterday launched the first country branding for Bangladesh.

The logo of the branding includes a rising sun above waves of seawater with the slogan "Beautiful Bangladesh" beneath.

Fakhruddin told the function that the country branding would be able to attract more tourists and foreign investments to the country.

Emphasising the need for country branding, the chief adviser said the thousand-year heritage of the country, its people, quality of its goods and services could be taken under a single brand.

The country branding represents not one segment but all the sectors and the population as a whole, Fakhruddin told the func-

tion at Sonargaon Hotel.

He also thanked the committee who had prepared and developed the logo and the slogan.

The country branding was launched amid a cultural programme, including a laser show, music and dance.

The image of the country considerably lies on tourism branding, and tourism itself could be developed by branding and promotion, said Mahbub Jamil, the chief adviser's special assistant for civil aviation and tourism.

"A nation's brand is not static. It evolves with the country," he said.

Business leaders set goals for next govt



Finance Adviser AB Mirza Azizul Islam speaks at a seminar organised by the Federation of Bangladesh Chambers of Commerce and Industry in Dhaka yesterday.

STAR BUSINESS REPORT

The ability of the next government to attain 8 percent economic growth depends on efforts to tackle the power crisis, increased private-sector investment, greater foreign direct investment inflows and an effective strategy to brand Bangladesh, said business leaders and economists yesterday.

They spoke at a seminar, organised by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) at Bangladesh-China Friendship Conference Centre, which was attended by Finance Adviser AB Mirza Azizul Islam as chief guest.

The adviser said there is no alternative to rental power plants to generate electricity within a short time.

"This is the reason the government has made agreements with several companies to buy electricity," Aziz said.

The economists, chamber leaders, political leaders, development experts and CEOs of companies stressed the need for skills development, more access to finance and an effective diaspora strategy.

They also underscored efforts to create a dynamic SME sector, increase exports of high value-added products, improve the legal system, focus on environmentally-sustainable growth and improve regional

infrastructure.

They also suggested the Board of Investment continue reform programmes.

The government should set up a 'Brand Bangladesh' taskforce with a core committee, comprising the heads of the BoI, Export Promotion Bureau, the foreign ministry, FBCCI and non-resident Bangladeshis, professional groups from Europe and the US, the speakers emphasised.

Dr Wahiduddin Mahmud, former caretaker government adviser, moderated the seminar, "Maximising Growth for Bangladesh: A Private Sector Vision", chaired by FBCCI President Annisul Huq.

"Bangladesh is the only nation in South Asia, which maintained 5 percent GDP growth in five successive years, despite some major obstacles," Wahiduddin Mahmud said.

Latifur Rahman, president of the Metropolitan Chamber of Commerce and Industry, said the country should be free from hartals and blockades. "Workers have every right to strike, but hartals or blockades are unacceptable."

Centre for Policy Dialogue Chairman Dr Rehman Sobhan said measures to develop the skills if the workforce should be taken.

Ifty Islam, managing partner of Asian Tiger Capital Partners, presented the keynote paper at the seminar.

White House holds 'fruitful' auto talks with Congress

AP, Washington

The White House said yesterday it had constructive talks with congressional leaders on helping the ailing auto industry.

White House Press Secretary Dana Perino says automakers must show they are willing to make tough business decisions before they can get taxpayer money. She says the White House is insisting that any money come from an existing fund set aside for the production of environmentally friendly cars.

The White House also wants to make sure that before any money goes out, there is a good chance taxpayers would get paid back.

Perino made the comments in a statement Saturday.

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