

Stocks

DGEN ▲ 3.46%
2,544.66

CSCX ▲ 3.5%
5,131.32
(Week-on week)

Currencies

	Buy Tk	Sell Tk
USD	68.40	69.40
EUR	85.51	89.95
GBP	99.29	103.94
JPY	0.72	0.76

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▼
\$749.00
(per ounce)

Oil ▼
\$39.74
(per barrel)

SOURCE: AFP
(As of Friday)

More News

Making a mark



Sabina Begun, a winner of 'Citi Microentrepreneurship Award 2008', runs a factory that makes sun caps. In 2003, Sabina started her own tiny venture producing caps with waste fabrics collected from garment factories. Back then, the society had not facilitated the smooth flow of her business.

B-4

Romania urged to recruit Bangladeshis

President Iajuddin Ahmed yesterday said Romanian government could contribute more in their economy recruiting skilled and semi-skilled workforces from Bangladesh. He made the remark while outgoing Romanian Ambassador to Bangladesh Vasile Sofineti made a farewell call on him at Bangabhaban.

B-3

International

High-spending Swedes slightly deterred by crisis

Swedes are still expected to spend more than last year at the Christmas period despite the global financial crisis, though the increase will be less than usual, a traders' group said Saturday. "We expect that all sales for Christmas this December will attain 61 billion kronor" (5.66 billion euros), Margareta Ternell of the Swedish Retail Institute (HUI) said.

Hynix announces new cost-saving steps

South Korea's Hynix Semiconductor Sunday unveiled new cost-cutting steps such as early retirement, unpaid leave and lower pay aimed at saving 100 billion won (68 million dollars) as the global downturn bites.

B-4

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

Shipbuilders fear strain

JASIM UDDIN KHAN

Shipbuilders have said foreign buyers are delaying payments for orders in growing signs of fallout from the global financial crisis on the country's nascent industry.

Besides, the buyers, who have been negotiating with the local shipbuilders on building more oceangoing vessels, are taking a go-slow approach in signing final agreements, they said.

Unlike other parts of the world where the shipbuilding industry seized up, local manufacturers, however, do not see any immediate risk of collapse of the industry or cancellation of orders in the global economic meltdown.

According to a recent report on shipbuilding, the buyers may cancel about 300 contracts, mostly with China and South Korea, to build new vessels. The report predicts that some new shipyards around the world may shut down.

On late payments, Saiful Islam, chairman of Western Marine, said yesterday: "Buyers are falling behind on paying installments for the orders. This created some degree of fear for local shipbuilders. I hope the situation will improve soon."

On local banks' dithering over financing as often alleged, Islam said the banks had taken so long to identify the sector as a potential area for growth.

"The banks are still slow to finance the sector."

"Bangladesh produces mainly small- and medium-vessels for European buyers. The financial downturn did not dampen demand for those vessels. We don't see any drop in orders in the coming years," Islam said.

Islam hoped that the numbers of orders would rise as the country has the potential to make ships at competitive costs.

But other manufacturers pointed to different developments that may take the edge off the



A vessel built by a local shipbuilder lies anchored. Shipbuilders say foreign buyers are falling behind on payments for orders in signs of fallout from the global financial crisis.

local shipbuilding industry.

Competing countries such as India and China have adjusted their currencies against the dollar to keep pace with the changing scenario.

"Those countries cut interest rates. If the government doesn't lower interest rates, the local shipbuilding industry may lose out to its competitors," said Captain Kamal, general manager of Highspeed Group.

Meanwhile, Ananda Shipyard Limited said it was in talks with two dozens of buyers to sign contracts in the last few months.

Afruja Bari, managing director of Ananda Shipyard, urged the government to take immediate steps to lower interest rates for the industry.

Shipbuilding is billed as the most potential export-earning sector after readymade gar-

ments. Meghnaghat-based Ananda Shipyards, Chittagong-based Western Marine and Pagla Ghat-based Highspeed shipbuilding companies have received \$750 million in orders. Several ships have already been handed to the buyers.

Industry people said the country has become a new destination for companies seeking construction of small oceangoing vessels as traditional shipbuilding nations such as South Korea and China now focus on building large ships.

The focus on Bangladesh came in April last year when Ananda signed \$100 million deals with two German shipping companies to build eight vessels with capacity for 325 containers by June 2010.

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8 vie for merchant bank licence

SARWAR A CHOWDHURY

Seven commercial banks and at least a non-banking financial institution have applied for licences to the stock market regulator to act as merchant banks.

These aspirants are Janata Bank, Southeast Bank, One Bank, National Bank, City Bank and Eastern Bank and MIDAS Finance.

"We have applied for a full-fledged merchant banking licence as part of our business expansion as well as capital market development," a senior official of Janata Bank told The Daily Star.

The state-owned bank has been eyeing since its corporatisation to expand its product range from Islamic banking to merchant banking.

"If we get the licence, apart from merchant banking, we will be able to ensure a huge liquidity supply to the stock market, as the bank has a deposit of around Tk 19,000 crore," the bank official added.

The capital market has been in a liquidity crisis since the introduction of direct listing rules in 2006, as five state-owned enterprises and two privately-run companies raised thousands of crores of taka from the market, according to experts.

"To face such a crisis, more merchant bankers should be allowed to operate in the market," said an expert.

The necessity of issuing merchant banking licence is also seen by some experts as an option to lessen the alleged dominance of the existing merchant banks in the stock market.

"Issuance of new merchant banking licences to new firms are in active consideration of the SEC," said Farhad Ahmed, executive director of the Securities and Exchange Commission.

Although as many as 28 merchant banks are now licensed, only some 10 are active in such banking.

Of the 28 merchant banks, 23 have full-fledged merchant banking licence, while four have only issue management licence and one has only portfolio management licence. Responsibilities of a full-fledged merchant bank include underwriting, issue management, portfolio management and lending to stock investors.

Meanwhile, the SEC set December 31 as the deadline for three other merchant banks, which are also inactive, to start their operations.

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Opec head predicts output cuts

AP, Algiers, Algeria

Oil markets should brace for a surprise decision on output cuts when Opec meets Dec. 17, the cartel's president said Saturday, suggesting that reductions could be deeper than expected.

"A consensus has formed for a significant reduction of production levels" by the 14-member Organisation of Petroleum Exporting Countries, Opec President Chakib Khelil told The Associated Press.

The Opec head would not discuss how deep the output cut would be, but said it could be "severe," and noted that some analysts are predicting cuts of as much as 2 million barrels per day.

An output decision that startles markets would help bolster plunging oil rates, Khelil said.

"The best way is to surprise them," he said. Oil prices settled Friday at a four-year low of \$40.81 a barrel. In July, prices peaked at record highs above \$140 a barrel.

Opec previously announced a 1.5 million barrel-a-day reduction in October, but the decision failed to halt the fall in prices. Markets have been expecting another cut at the Dec. 17 summit.

"The stronger the decision, the faster prices will pick up," Khelil said.

He urged oil producers outside Opec to help the cartel regulate prices, especially Russia, which has said it could sign a cooperation memorandum with the cartel in the Algerian city of Oran.

"We hope that Russia will apply (quota decisions) ... as if it were an Opec member," Khelil said.

He acknowledged the cartel has little control over prices at the moment because of the slumping world economy, which has considerably reduced demand for oil.



Chakib Khelil

Oil may fall below \$25

STAR BUSINESS REPORT

Crude oil may dip below \$25 a barrel next year if the recession that is slashing fuel demand around the world spreads to China, according to a Bloomberg report.

Global oil demand will contract in 2009 as economic growth slows to its weakest since 1982, Bloomberg quoted Merrill Lynch Commodity Strategist Francisco Blanch as saying.

"A temporary drop below \$25 a barrel is possible if the global recession extends to China and significant non-Opec cuts are required," Blanch said.

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May Holy Hajj bring peace and prosperity for all...

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