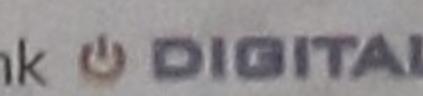


DHAKA FRIDAY DECEMBER 26, 2008

think electronics... think 

TRANSCOM
DIGITAL

Stocks

DGEN  4.45%
2,630.14

CSCX  1.31%
5,359.58

(Week-on-week)

Asian Markets

MUMBAI Closed

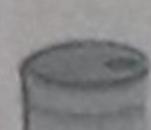
TOKYO  0.97%
8,599.50

SINGAPORE Closed

SHANGHAI  0.61%
1,852.42

Commodities

 Gold  \$840.95
(per ounce)

 Oil  \$37.62
(per barrel)

SOURCE: APP
(As of Wednesday)

More News

Supermarkets on the rise



With the recent opening of its second pilot supermarket in Dhaka, ACI diversifies the retail sector. After opening two new outlets in a short span, it plans to open another dozen or so in next four months. Old Dhaka might not exactly be an area where one would expect to find the latest trends in retail.

B-4

Benapole Port remains open during 3-day holiday
Benapole Port and Customs House will remain open during the three-day government holiday that began yesterday. The National Board of Revenue (NBR) asked the port authority to continue their normal activities, including loading and unloading, during the Christmas and weekly holidays, port officials said.

B-3

International

China plans to avert US-style auto crisis

China's top economic planning agency is drafting a stimulus package to save the automotive sector from a US-style crisis, state media reported Thursday. The National Development and Reform Commission is to send rescue plans to the cabinet by the end of the week, and if approved they are expected to be implemented in January, the Shanghai Securities News said, citing sources.

Japan, Vietnam sign free trade pact

Japan and Vietnam signed an economic partnership pact Thursday with a promise to cut tariffs on some 92 percent of goods and services traded between the two nations within a decade.

B-4

Contact Us

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

Non-urea fertiliser prices may fall

SOHEL PARVEZ

The government considers measures to bring down the prices of non-urea fertilisers in a bid to help farmers reduce their production costs and encourage balanced use of fertilisers in Boro crop season, agriculture adviser said yesterday.

However the price of urea fertiliser will not be revised downward as there is apprehension that farmers may use it excessively if the price is cut from the present level.

"We are considering measures to bring down the prices of non-urea fertilisers. We haven't yet fixed how much percentage of prices to be cut. But we are hopeful about taking a decision in this regard soon," Agriculture Adviser CS Karim told The Daily Star yesterday.

The government initiative to cut back the prices of non-urea fertilisers such as TSP (triple super phosphate), MoP (mureate of potash) and DAP (diammonium phosphate) comes at the time when farmers are faced with high input costs due to a sharp increase in fertiliser prices earlier.

Since May this year, prices of urea, TSP and MoP fertilisers shot up more than double on the domestic market although their prices on the world market are on the downturn, thanks to global financial meltdown and recession woes.

Local farmers buy a kilogram of urea fertiliser at Tk 12-14 now, increased from Tk 6 in May this year. The price of TSP fertiliser also rose to Tk 75-80 a kg from Tk 34 in May, while MoP price went up to Tk 45-48 from Tk 30 in the same month.

According to Centre for Policy Dialogue (CPD), a

local independent think tank, international prices of all types of fertilisers except MoP slumped between August and November period.

During this period, urea price dropped by 68 percent to \$246 from \$770 per tonne on the world market. DAP price decreased by 48 percent to \$612 per tonne from \$1,177 and the price of TSP also fell by 19 percent to \$915 from \$1,132.

But the price of MoP increased.

Uttam Kumar Deb, head of research of CPD, said local farmers should be benefited from falling prices of fertilisers on the global market. "The prices of fertilisers should be down in line with the international market prices. Otherwise farmers may face difficulty in using fertilisers in Boro season," he said.

Deb said high prices of fertilisers particularly of TSP and MoP have already created imbalanced use of fertiliser and this problem might aggravate in Boro season.

CS Karim also underlined the risk of imbalanced use of fertiliser due to high prices of non-urea ones. "We want to encourage farmers to make a balanced use of fertilisers," he said.

Officials said the government now provides 15 percent subsidy at import level for such non-urea fertilisers as TSP and MoP.

Private companies import all these non-urea fertilisers, the demand for which has been set at over 9 lakh tonnes for Boro and Rabi crop seasons, they said. The demand for urea fertiliser has been set at over 28 lakh tonnes for the current year, according to official figure.

The agriculture adviser said the ministry has no plan to go for a downward revision of urea fertiliser price. "A drop in urea price may encourage farmers

to make excessive use of it," he said.

MA Razzaq, former executive chairman of Bangladesh Agricultural Research Council, also believed reduction in urea fertiliser price might

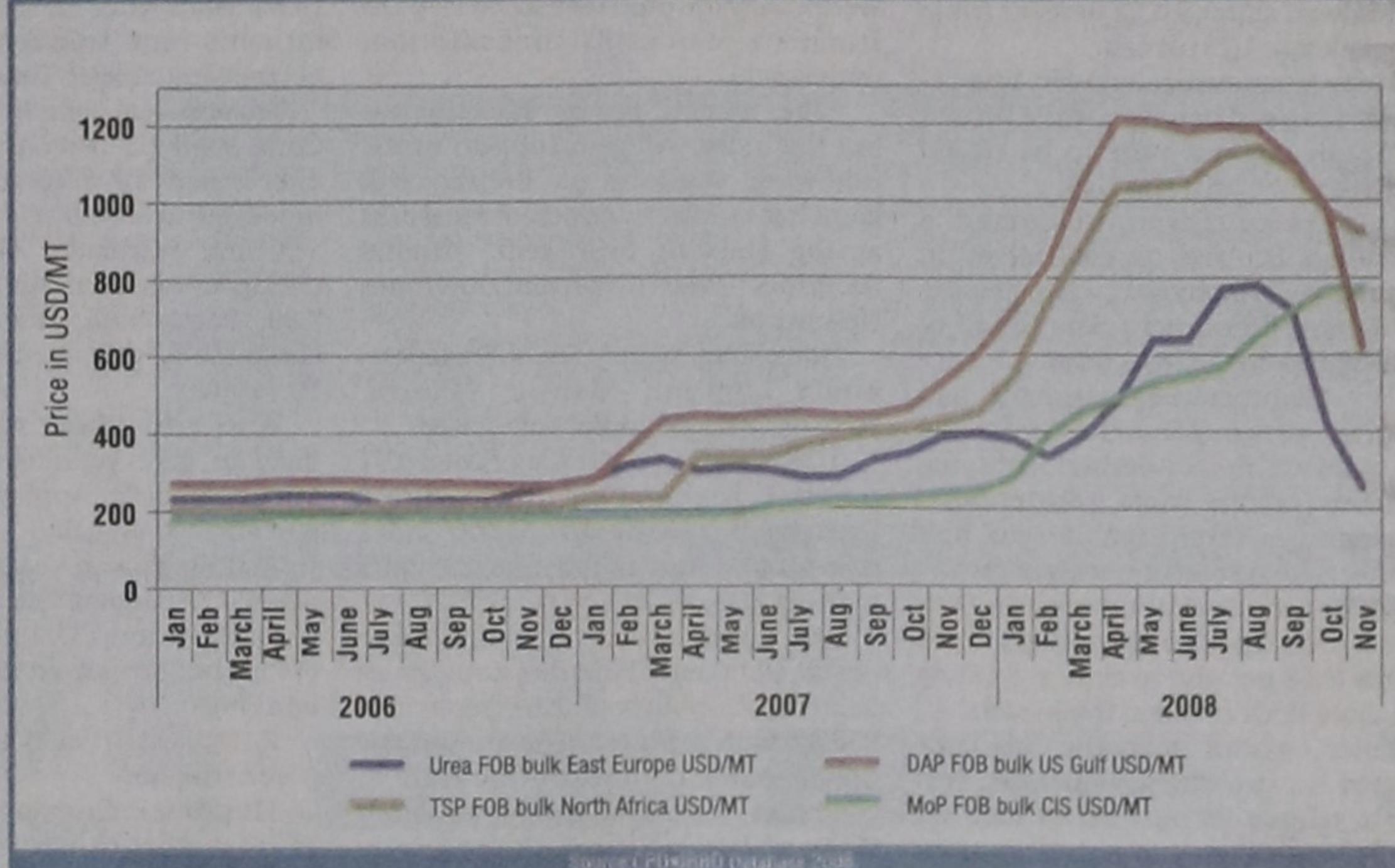
encourage farmers to use more of it.

"A fall in price may also increase misuse of urea fertiliser," he said.

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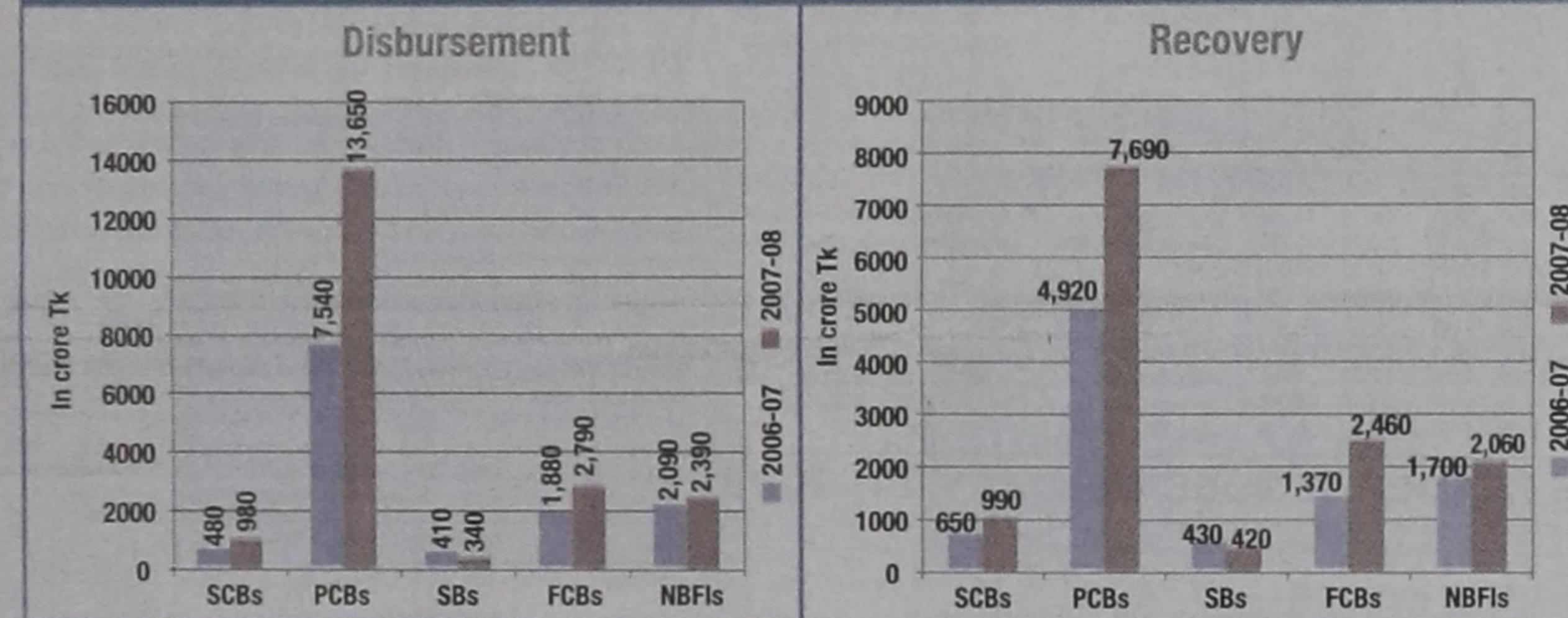
International prices of fertiliser (Urea, DAP, TSP and MoP)

January 2006 to November 2008



PCBs double industrial lending

Industrial loan terms of banks and financial institutions



SAJJADUR RAHMAN

Private commercial banks (PCBs) have almost doubled their stake in industrial term lending outpacing state-owned banks, a domination the latter enjoyed for years, central bank data show.

"With a very high level of past over-due, their (state-owned banks) actual role in industrial lending has become quite minor," said a senior Bangladesh Bank (BB) official quoting its report of the 2007-08 financial year.

According to bankers, the SCBs' contribution to industrial credit was

above 80 percent until 1990, but the situation started getting reversed since the mid-90s with the more private banks' into business.

As per the report, the industrial term credit disbursed by all financial institutions in the country last fiscal stood at Tk 20,150 crore.

Of which, 30 PCBs alone disbursed Tk 13,650 crore, which was Tk 7,540 crore in FY 2006-07. Nine foreign commercial banks gave Tk 2,790 crore and non-bank financial institutions Tk 2,390 crore.

On the contrary, four state-owned commercial banks (SCBs) and five specialised banks disbursed only Tk

1,320 crore or 6.6 percent.

Of the amount, Sonali, Janata, Agrani and Rupali banks disbursed Tk 980 crore, while the specialised Bangladesh Krishi Bank, Rajshahi Krishi Unnayan Bank, Bangladesh Shilpa Bank, Bangladesh Shilpa Rin Sangstha and BASIC Bank disbursed Tk 340 crore.

Such loan disbursement by the banks and financial institutions marked a 62.6 percent rise and recovery 50.2 percent to Tk 13,620 crore.

According to bankers, the SCBs' contribution to industrial credit was

above 80 percent until 1990, but the situation started getting reversed since the mid-90s with the more private banks' into business.

Shahjahan Bhuiyan, managing director of United Commercial Bank Limited (UCBL), a first generation private bank, said professionalism, services and above all customers' care have helped PCBs improve their stake significantly in lending.

SM Aminur Rahman, managing director of state-owned bank Janata

identified some factors for the SCBs' low volume of credit disbursement, which include the credit ceiling set by the central bank, lack in business confidence and the fall in commodity prices in the international market.

"We could not disburse a significant amount of industrial credit in 2008," said Syed Abu Naser Buktear Ahmed, managing director and chief executive officer of Agrani Bank.

He blamed political instability for this poor project financing by the bank.

Janata Bank MD has added another point: "Businessmen also did not come up with new ventures in 2008."

SM Aminur Rahman, however, claimed that it is the SCBs that still create new entrepreneurs, not the PCBs.

Bhuiyan opposed Rahman's claim on developing entrepreneurship terming his idea an outdated one.

"Now PCBs are creating entrepreneurs, not the SCBs," he added.

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Stocks move past a bullish week

STAR BUSINESS REPORT

Dhaka stocks finished up last week, backed by the rising confidence of investors about future market gains.

Analysts say the market will win back its full rhythm when institutional investors are able to inject funds into the market after the year-end book closures.

Investors are more confident than before as uncertainty over the national election is over, the analysts say. The investors are waiting for healthy returns after the election.

Moreover, some positive signs about inflation and balance of trade have shored up confidence about the economy among investors.

On the closing day of last week, the market showed signs of a rebound. Apart from the second trading day of the week, the market gained with a significant amount of trade volume on each day.

The benchmark index of Dhaka Stock Exchange, DSE General Index, went up 112.12 points, or 4.45 percent week-on-week to 2,630.14 points. The DSE All Share Price Index jumped 92.06 points, or 4.42 percent, to 2,176.05 points.

Both the total and daily average turnover jumped 84.63 percent last week. Total turnover on the DSE was Tk 987.06 crore against Tk 534.63 crore a week ago. Daily average turnover was Tk 246.76 crore last week against Tk 133.65 crore of the previous week.

Most securities traded up throughout the week. Of the 254 traded issues, 221 advanced, 27 declined and six remained unchanged. A total of 6,69,62,946 shares were transacted last week against 3,60,29,247 shares a week ago.

Private banks have quickened their branch expansion programme to net the un-banked population across the country. According to Bangladesh Bank data, the central bank has granted licences to 30 private commercial banks to open around 150 branches this year.

Retail investors are now interested in the banking sector as the time of dividend declaration is nearing. Banks are expected to

declare stock dividends as in the previous years.

Banks gained almost 5 percent on average. Non-banking financial institutions gained 3.6 percent on average, while the average gain of the insurance companies was more than 7 percent.

The fuel and power sector was still maintaining the previous week's price appreciation. In their election manifestoes, both the major parties emphasised the development of the power and energy sector to ensure uninterrupted power to the industrial sector for smooth economic growth.

The financial services sector rose. Mutual funds gained with an average of about 1.25 percent.

The pharmaceuticals sector gained 5.33 percent on average, while the cement sector's average gain was almost 6 percent and the tannery sector recorded an average gain of 4.3 percent.

Total market capitalisation rose 3.41 percent to Tk 99,762.73 crore from Tk 96,475.89 crore a week ago.

Summit Power topped the turnover leaders with 9,63,100 traded shares worth Tk 77.42 crore, which accounted for 7.84 percent of the week's total market turnover on the premier bourse.

The other turnover leaders were Beximco Pharma, ACI Formulations, Titas Gas, Beximco, Shimpukur Ceramics, Uttara Bank, ACI, National Bank and Grameen Mutual Fund One: Scheme Two.

Chittagong stocks however recorded a sharp rise. The CSE Selective Categories Index gained 1.3 percent to 5,359.57 points. The CSE All Share Price Index also increased 1.19 points to 8,225.93 points.

A total of 1,41,91,263 shares worth Tk 162.23 crore changed hands on Chittagong Stock Exchange against 75,30,840 shares worth Tk 82.50 crore the previous week.

Of the 160 traded issues on the port city bourse, 103 advanced, 46 declined and 11 remained unchanged.

Beximco topped the turnover leaders on the CSE with 9,80,080 traded shares worth Tk 16.37 crore.

Bleak economic data piling up

AP, Washington

A series of gloomy economic reports Wednesday showed consumers holding tight to their wallets with US job losses expected to mount in the months ahead.

There was one glimmer of good news, however. Lower gas prices and widespread holiday discounts are giving consumers greater buying power. Consumer spending, when adjusted for those price drops, rose last month after five months of declines, the US Commerce Department said.