

## Stocks

DGEN ▼ 0.39%  
2,570.96

CSCX ▼ 0.38%  
5,059.73

## Asian Markets

MUMBAI ▲ 0.59%  
8,954.86

TOKYO ▼ 0.04%  
7,457.93

SINGAPORE ▲ 0.04%  
1,617.44

SHANGHAI ▼ 3.87%  
2,121.25

## Currencies

	Buy Tk	Sell Tk
USD	68.35	69.35
EUR	85.40	90.00
GBP	95.64	100.54
JPY	0.69	0.73

SOURCE: BANGLADESH BANK

## Commodities

**Gold** ▼ \$946.08  
(per ounce)

**Oil** ▲ \$43.38  
(per barrel)

SOURCE: AFP

(Midday Trade)

## More News

### City IT 2009 kicks off

The government should make available necessary infrastructure and ICT equipment to the masses to realise the "Digital Bangladesh" dream, said the FBCCI president. The government and educational institutions should concentrate on the development of final product and human resources behind the sector, said Anisul Huq.

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### International

#### Stress tests for banks



Big banks are taking turns on the treadmill to see how well they can take a pounding. The government began to conduct financial "stress tests" Wednesday to determine how well the biggest US banks could hold up if the recession gripping the country got worse.

#### Rescued bank Dexia posts 3.3 billion euros losses for 2008

Bailed out Franco-Belgian bank Dexia on Thursday announced a larger than expected 3.3 billion euro (4.2 billion dollar) net loss for last year thanks to US sub-prime toxic assets. Dexia suffered 3.326 billion euro losses in total, thanks largely to a 2.6 billion net loss in the fourth quarter.

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# Mutiny shuttered businesses Stocks lie low

SOHEL PARVEZ and SAYEDA AKTER

The second day of a bloody mutiny by border guards put brakes on business yesterday in the areas close to the Pikhana BDR headquarters and other parts of the city, as panic gripped shoppers and traders.

The stock market suffered a downturn for a second day, an indicator of low investor confidence. Banks recorded thin transactions amid a low presence of clients. Transport services also faced the blow as commuter movement thinned out.

Up to the Dhanmondi 27 crossing, businessmen shuttered their shops and offices along Mirpur and Satmashjid roads.

Except for the anxious steps of pedestrians, footpaths that are otherwise full of the buzz of hawkers were quiet. Similar was the scenario on the roads -- bare and calm.

Only the lanes connecting Mirpur and Satmashjid roads were greeted with sporadic crowds of retailers and salesmen. Yesterday they had no work.

"It's just bleeding here. I failed to deliver UPS (uninterrupted power supply) worth Tk 1.20 lakh to a customer, due to the BDR mutiny," said Nazmul Hossain, a distributor of battery and computer accessories, standing behind the bars of a shopping complex near Dhaka College.

"Our business is suffering losses. People in the surrounding areas are now in trouble," said Nazmul, before he ran to safety as gunfire rang out in the distance.

"Failed to make payments against imports due to the firing and bloodshed at the BDR headquarters yesterday," said Nazmul, who deals with his suppliers abroad through the Trust Bank branch at Rifles Square.

The Agora outlet of Rahimafrooz Superstores at Rifles Square remained closed for a second day. An official of Agora, seeking ano-



Shops remain closed yesterday at the New Market, not far from the site of a bloody mutiny by a band of disgruntled border guards.

nymity, said the branch would suffer a loss of about Tk 4 lakh.

"Our dealings are closely linked with retailers. If the markets remain open, we can carry out our transactions up to the mark," said Md Jainal Abedin Talukder, in-charge of the New Market branch of Uttara Bank.

The branch registered about Tk 1 crore in transactions on Wednesday, down from daily transactions of more than Tk 2 crore recorded earlier, he said.

Mohammad Ashraf Alam, owner of a women's clothing store Anika Fashion at Gausia market, was unhappy because his store was closed.

"Not only mine, more than a thousand shops here are incurring losses," Alam said, referring to the market that garners crores of taka every day in trade.

The Bata outlet down the

Elephant Road was open with a sparse presence of shoppers.

"Sales are dull amid a low movement of customers," said Monirul Islam, a Bata salesman. "We sold goods worth only Tk 14,000 on Wednesday," Islam counted only Tk 8,000 in proceeds from sales until midday. Sales figures usually near Tk 2.5 lakh a day, Islam told The Daily Star.

The two-day mutiny and bloodshed at BDR headquarters has also affected the economic activities in other parts of the city.

"It's tough to run shops under such panicked situations. Most shop owners kept their outlets closed today," said Helal Uddin, president of Dhaka Shop Owners Association.

An auto-rickshaw driver worried about how to pay the daily rents to the owner of the vehicle, as many

urban people stayed home. Many CNG auto-rickshaws and taxicabs lined the edges of the roads because of an absence of passengers.

The hospitality business also bore the brunt. Several programmes that were due Thursday were postponed and some advance bookings were also cancelled, industry insiders said.

MA Awal, sales director of Sonargaon Hotel, said two programmes have been postponed and some guests checked out amid worries of a further deterioration of the situation.

"If the situation does normalise shortly, we are afraid that advance bookings for some international conferences that are due to be held here might also be cancelled," he said.

Officials of the Dhaka Sheraton and Radisson Water Garden Hotel also echoed the same.

## STAR BUSINESS REPORT

Stocks on the country's two bourses continued to fall yesterday, as fallout from a bloody mutiny by a band of renegade border guards in Dhaka lasted into a second day.

But the fall was not as deep as it was expected to be. All the price indices of Dhaka and Chittagong stock exchanges slipped less than 1 percent.

Some soldiers of Bangladesh Rifles (BDR) started their mutiny at the Pikhana BDR Headquarters on Wednesday to protest "years of deprivation and repression and corruption" by the top brass.

On the Dhaka Stock Exchange, the first 30 minutes of trade showed signs of recovery.

"Later, some investors became nervous as the BDR incident lingered with no immediate solution," said Iftikharuzzaman, general manager of Investment Corporation of Bangladesh.

"However, it was a good sign that not every investor lost confidence. Many thought the situation such as this would be short-lived," he said.

Iftikharuzzaman also said strong institutional participation also helped the market from witnessing a big fall.

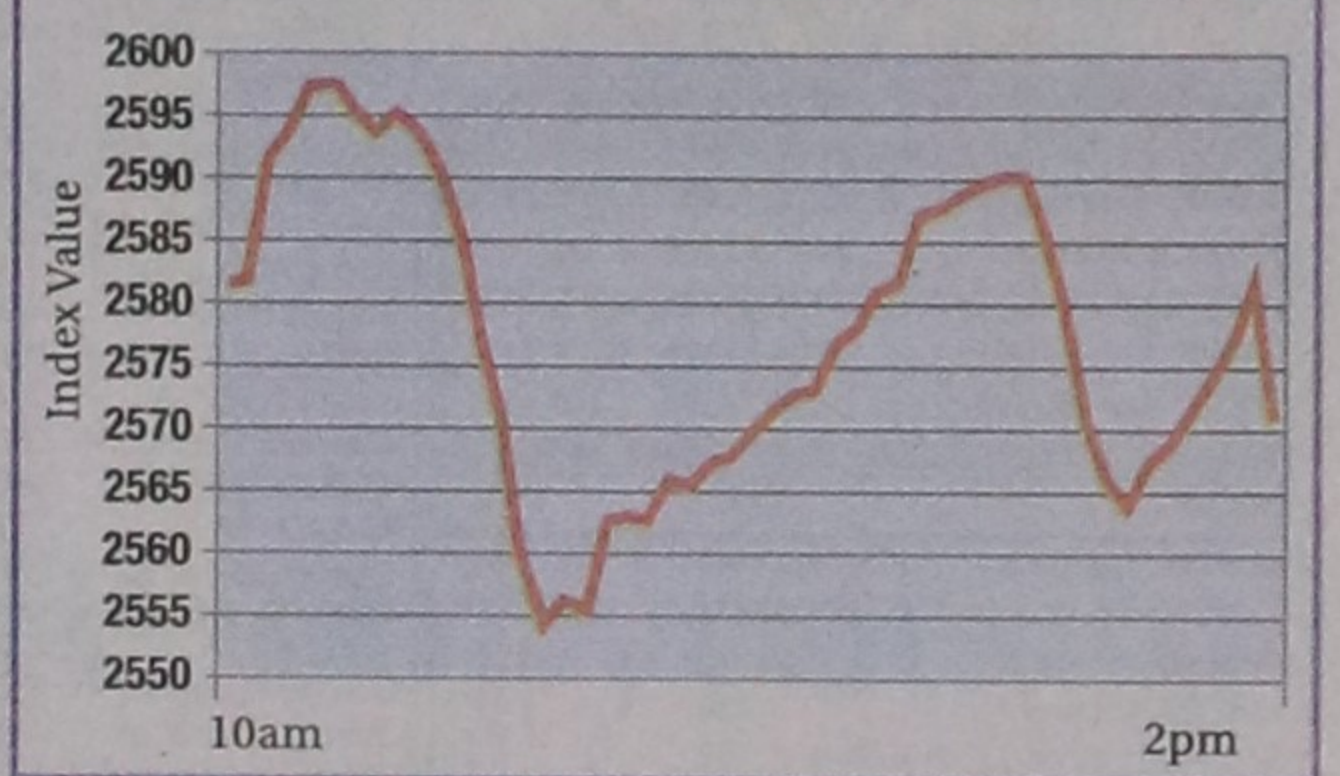
On the Dhaka Stock Exchange, the benchmark DSE General Index fell 10.15 points, or 0.39 percent, to 2,570.96. The DSE All Share Price Index also declined 5.76 points, or 0.26 percent, to 2,144.28.

Majority securities traded up on the premier bourse. Of the 258 traded securities on the DSE, 149 advanced, 106 declined and three remained unchanged. A total of 3,27,91,858 shares worth Tk 317.55 crore changed hands.

On the Chittagong Stock Exchange, the CSE Selective Categories Index dropped 19.37 points, or 0.38 percent, to 5,059.73. The CSE All Share Price Index slid 17.91 points, or 0.22 percent, to 7,870.63.

Of the 172 traded issues on the port city bourse, 89 advanced, 76 declined and seven remained unchanged. A total of 65,22,929 shares worth Tk 37.40 crore changed hands on the CSE.

## DSE General Index



# Govt tightens rules on yarn import

SAJJADUR RAHMAN

The government has reinstated procedural restrictions on the import of yarn through Benapole, following concerns of local millers and bankers.

"We got the National Board of Revenue (NBR) order in this regard Wednesday," said Abdul Kafi, commissioner for Benapole Customs House.

With the issuance of the new order, the import of yarn through Benapole would face tough procedural systems in customs, including inspection and bond licences.

"Certainly, this is a good move taken by the government. It will save the local industry," said Abdul Hai Sarker, president of Bangladesh Textile Mills Association (BTMA).

In February 2006, the government imposed some conditions on the import of yarn through Benapole Land Port. The imports were subject to yarn count and chemical tests.

In July last year, the government relaxed those conditions. To take advantage of this, importers started buying



The photo shows yarn rolls on a spinning machine. The government yesterday tightened procedural restrictions on yarn import through Benapole Land Port.

low-cost Indian yarn, ignoring local spinners' production.

Local spinning mills, an estimated Tk 35,000 crore industry, are on the verge of losing business to imported yarn. Industry people say they have Tk 25,000 crore in unsold yarn stocks, piled up in six months.

Banks, both private and government, are troubled because they have huge financial inter-dependence on 350 spinning mills across the country.

"The situation has created a chain effect -- on millers, backward linkages and banks," said Khondker Fazle Rashid, managing director of Dhaka Bank.

"Already some payments due from millers have been delayed," admitted a top official of Sonali Bank, the largest bank in the country. "Some borrowers are demanding a reschedule of loan payback times."

The customs commissioner for Benapole however denied media reports on yarn and termed the reports "motivated and intentional".

"We have records of yarn worth only Tk 168 crore being imported from India

through Benapole between August 2008 and February 20, 2009," Kafi said. "The figure doesn't match with claims of yarn stock lots worth Tk 25,000 crore."

The BTMA president, however, said strict scrutiny is needed. Many a time, unscrupulous traders import 25 tonnes against a LC worth 10 tonnes, in collaboration with corrupt customs officials, he alleged.

He said some traders also misuse the bond facility.

According to BTMA statistics, a total of 43 new spinning mills were set up in 2008, with 9,44,744 spindles. In 2007, 28 mills were installed with 4,42,848 spindles.

At present, the country has 341 spinning mills with annual production capacities of 1,600 million kilograms of yarn. According to Bangladesh Knitwear Manufacturers and Exporters Association, Bangladesh consumed 789.6 million kilograms of yarn in fiscal 2007-08 against 658.5 million kilograms in fiscal 2006-07.

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# Bank burnout reaches new pitch

AFP, London

Bank distress levels hit a new pitch Thursday, with a record British corporate loss chalked up by RBS topping a list of disastrous results as governments tried new ways to beat the economic crisis.

The British government threw another 325 billion pounds at Royal Bank of Scotland in a fresh effort to neutralise toxic assets by means of an insurance scheme while RBS said it would retrench sharply to restore its base business.

RBS reported a net loss of 24.1 billion pounds (34 billion dollars, 27 billion euros) for 2008, the biggest ever for a British company but not as bad as the 28 billion pounds some analysts had feared.

Britain's Lloyds Banking Group, 43-percent state owned after an earlier bailout, said after the RBS announcement that it too was in talks to take part in the government scheme to ring-fence toxic assets.

Other European financial groups, Germany's Allianz and French specialist banks Dexia and Natixis all reported serious damage Thursday but Switzerland's biggest bank UBS, one of the hardest hit by the credit crisis, got a boost on the market from

a change of chief executive.

RBS, now 70-percent owned by the state after a massive government rescue, was up 22 percent at 28.20 pence in midday trade while London's FTSE index of leading shares gained 0.98 percent, off early highs.

In Frankfurt, the market gained 0.80 percent and Paris 0.72 percent. In Asia earlier, Tokyo closed flat, Hong Kong fell 0.9 percent and Sydney gained 0.5 percent.

Commenting on the RBS figures, the head of derivatives at GFT, Martin Slaney, said: "Net losses, whilst a blot on the UK landscape as a new record loss, were not as bad as expected, and participation in the asset protection scheme looks more favourable than initial estimates."

Others were less forgiving. "It's of little comfort reporting figures better than analysts expected when you have booked the biggest loss in UK corporate history!" ETX Capital senior trader Manoj Ladwa said.

"Although the share price is likely to rally... a predominantly state-owned bank that is having a fire-sale on its assets gives investors little reason to buy," Ladwa said. In Washington meanwhile, the

authorities took a new tack in trying to relieve US banks of assets that are worthless or untradeable in current depressed markets, hoping thereby to get them lending again.

US banks with assets of at least 100 billion dollars are now to be subjected to official "stress tests" to see how they may fare in coming months and if they need further capital, either from the government or private sector.

The US Treasury said the aim was "to give banks the incentive to replace (government) provided capital with private capital or to redeem the (government) capital when conditions permit."

US regulators warned that economic conditions could yet be "more challenging than is currently anticipated" but the exercise should begin to make clearer what the true position of the banks is.

If there is greater transparency, it is argued, then the toxic assets can be more accurately valued and dealt with, allowing the banks to get their books straight after months of agony and massive losses.

Once that is achieved, the banking system should be in better shape to begin lending again to households and businesses in the hope of getting the economy back

on track from the bottom up.

The new strategies by the British and US authorities are set against a background of debate in Europe and the United States over nationalisation as a last resort for banks sinking under the weight of crippled balance sheets.

The chairman of the US Federal Reserve central bank Ben Bernanke told US lawmakers earlier this week the government was not seeking control of banks. "I don't think we want to do that," he said.

On the economic front, Thursday's news continued bleak or worse.

European consumer and business confidence dropped to a record low in February, undercutting early gains on the stock markets led by the banks.

Unemployment in Germany, Europe's biggest economy and the world's top exporter, rose to 8.5 percent in February from 8.3 percent in January and looks set to go much higher, analysts said.

Timo Klein at IHS Global Insight said "export and investment demand are both suffering markedly and will continue to do so for most of 2009. Unemployment will therefore now remain on a rising trend until well into 2010."



Marcel Rohner gestures during a press conference of Switzerland's biggest bank UBS. UBS said yesterday that former Credit Suisse chief executive Oswald Gruebel will take over as group chief executive, replacing Marcel Rohner. The bank has lost billions in the financial crisis.