

## Stocks

DGEN	0.99%
2,414.27	
CSCX	0.87%
4,932.13	

## Asian Markets

MUMBAI	1.97%
10,742.34	
TOKYO	2.69%
8,595.01	
SINGAPORE	1.02%
1,783.96	
SHANGHAI	3.76%
2,347.39	

## Currencies

Buy Tk	Sell Tk
USD	68.45 69.45
EUR	88.59 93.31
GBP	98.70 103.79
JPY	0.67 0.72

SOURCE: STANDARD CHARTERED BANK

## Commodities

Gold	\$887.00 (per ounce)
Oil	\$47.90 (per barrel)

SOURCE: AFP

(Midday Trade)

## More News

### Calls for pro-women budget

Speakers at a view exchange meeting yesterday urged the government to allocate more funds to women in the upcoming 2009-10 fiscal year national budget. Women, especially in rural areas, have to suffer various health hazards due to poverty, the speakers viewed.

B-3

### International

#### Chrysler's bold new move



It sounds crazy: Just a week after the White House scolded Chrysler LLC for relying too much on gas guzzlers, the company is heading to a marquee auto show Wednesday to unveil a new SUV. Chrysler insists the Jeep Grand Cherokee, which clocks in at 20 mpg in its two-wheel-drive version and 19 in four-wheel-drive, is a crowd favourite and a crucial part of its lineup.

#### India car sales edge higher in March

Indian passenger car sales growth edged higher in March from a year earlier but commercial vehicle sales plummeted, reflecting a worsening economy, industry figures showed Wednesday. Car sales rose by one percent in March to 129,358 units from the same month last year, according to data released by the Society of Indian Automobile Manufacturers (SIAM).

B-4

### 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)

# Banks rush into deposit rate cuts

SAJJADUR RAHMAN

About 20 banks moved to cut the interest rates offered on fixed deposits by as much as 1.5 percentage points, a day after the central bank reset the lending rate at a maximum of 13 percent, top bankers said yesterday.

"We have decided to cut the interest rate on fixed deposits in response to an order for lending rate cuts by Bangladesh Bank (BB)," said M Ehsanul Haque, managing director of Prime Bank.

Prime Bank has reduced the interest rate on its fixed deposits from 13 percent to 12 percent. Only last month, the bank cut this rate by 50 basis points to arrive at 13 percent.

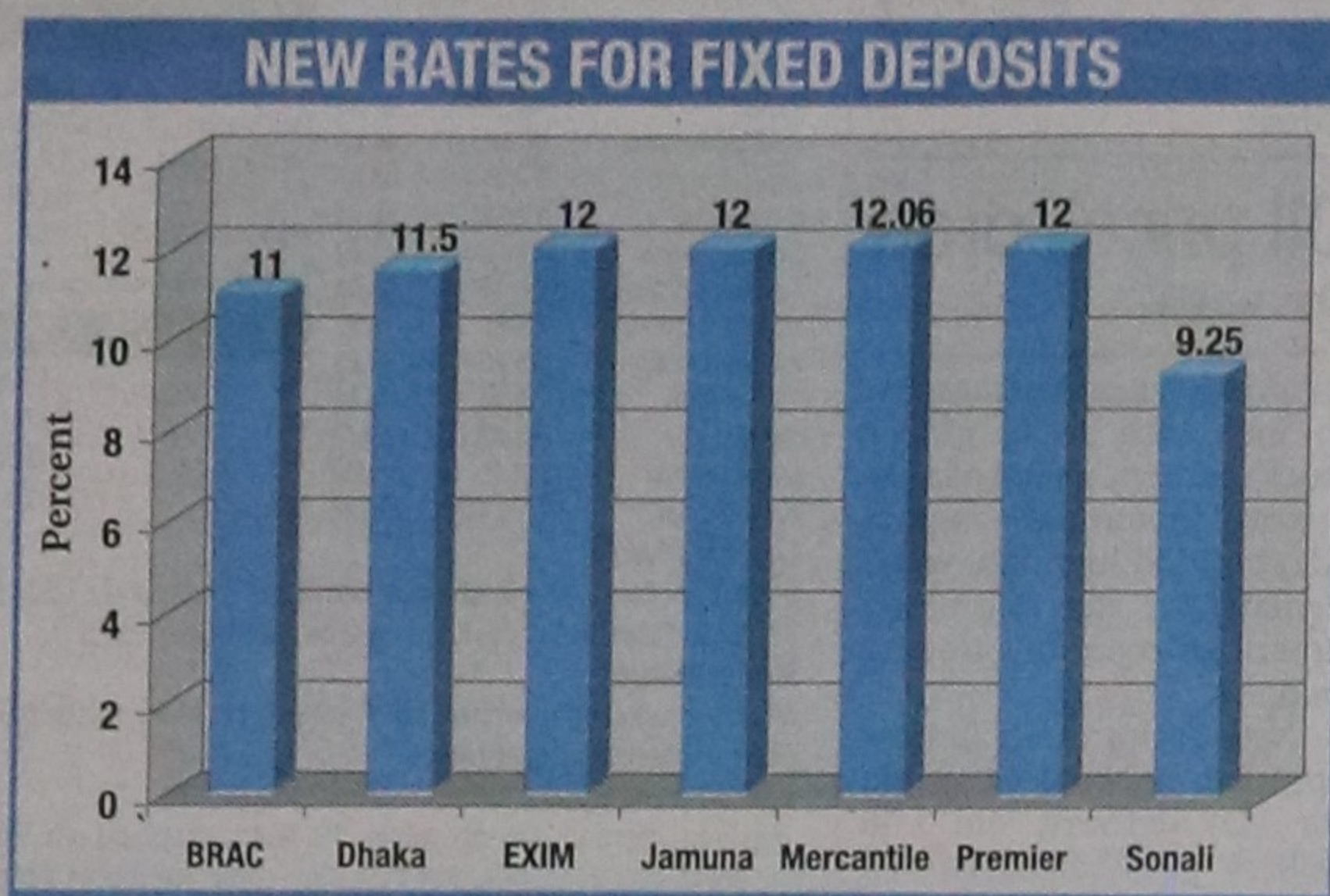
For the first time after liberalisation of interest rates in the mid-1990s, the central bank has instructed scheduled banks to reset the prime lending rates at a maximum of 13 percent. Earlier, the BB had tried to pursue banks to cut rates.

BB wants the spread between the lending and deposit rates to fall within 5 percent. The interest rate spread is the gap between the interest rate a bank pays on deposits and the higher rate it charges for loans.

Sonali Bank, United Commercial Bank, Premier Bank, Jamuna Bank, Exim Bank, Mercantile Bank, Standard Bank, National Bank, Dhaka Bank, One Bank, Southeast Bank, NCC, Dutch Bangla Bank, Mutual Trust Bank, Trust Bank, AB Bank, Eastern Bank and BRAC Bank are among the banks that slashed the interest rate on fixed deposits.

BRAC Bank has reset the rate for its two-years and above but less than three years and three years and above fixed deposit products at 11 percent, down from 13.50 percent. Dhaka Bank set it at 11.50 percent and 11 percent respectively.

Eastern Bank cut the interest rate



on fixed deposits to 11.75-12 percent from 13 percent. United Commercial Bank reduced it to 11.50 percent from 13 percent.

State-owned Sonali Bank fixed its highest rate on fixed deposits at 9.25 percent from the previous 10 percent.

Other banks have fixed the rate between 12 percent and 12.50 percent from the previous 13.50 percent, according to senior officials of those banks.

"If lending rates drop, deposit rates must follow suit," said Mahmud Sattar, managing director of The City Bank and president of the Association of Bankers Bangladesh (ABB), a forum of banks' managing directors.

Sattar said the deposit rate is the raw material for loan products.

The ABB president said many banks would not be able to implement their new rates soon because, according to central bank regulations, a bank can change the rate only once a month.

Another managing director of a

private bank said: "I will wait for the central bank circular on the lending rate to decide on any deposit rate cut."

Finance Minister AMA Muhith also said the deposit rate is entirely linked with the lending rate. His comment came after bank executives met him.

Private commercial banks have been offering at least 13 percent for fixed deposits to attract money from the market. In May last year, a bank had offered 14 percent for the fixed deposit, the highest ever in the country, and created uneven competition among the banks.

Some banks have recently reduced the deposit rates because of the global financial crisis and its impact on domestic demand.

The government and the central bank have long been pursuing the private banks to reduce the spread by cutting the lending rate. The central bank on Tuesday forced these banks to slash the rate.

sajjad@thedailystar.net

# Foreign investor share sales outstrip purchase

## Global economic crisis blamed

SARWAR A CHOWDHURY

Amid the global financial crunch, selling pressures by foreign fund managers or investors continue in Bangladesh stock market in the first quarter of this year.

Such pressures also slowed net portfolio or foreign investments here.

During January-March 2009, foreign investors sold shares worth Tk 246.99 crore, while they bought shares worth only Tk 27.13 crore, according to Dhaka Stock Exchange (DSE) statistics.

The global fund managers began withdrawing their investments in line with their financial redemption packages to face the recession, according to people who supervise the foreign portfolios in Bangladesh.

Even though economists, experts and stakeholders repeatedly said the market is less allied with global stock markets, the foreign investors were in a profit-taking

selling mood since the crisis that began in mid-2008.

"Since the onset of crisis, foreign investors have been more active in selling than purchasing," said a foreign fund manager at DSE.

According to the prime bourse, the present portfolio investment accounts for less than three percent of its total market capitalisation.

In January, the foreign investors sold shares worth Tk 17.13 crore and bought shares worth Tk 3.15 crore, while in February they sold shares worth Tk 117.37 crore and bought shares worth Tk 11.71 crore.

In March they sold shares worth Tk 112.48 crore and bought shares worth Tk 12.26 crore.

However, analysts and portfolio managers see a better situation in near future, as foreign fund managers are gradually returning to Bangladesh market.

"It is now proven that the global recession will not

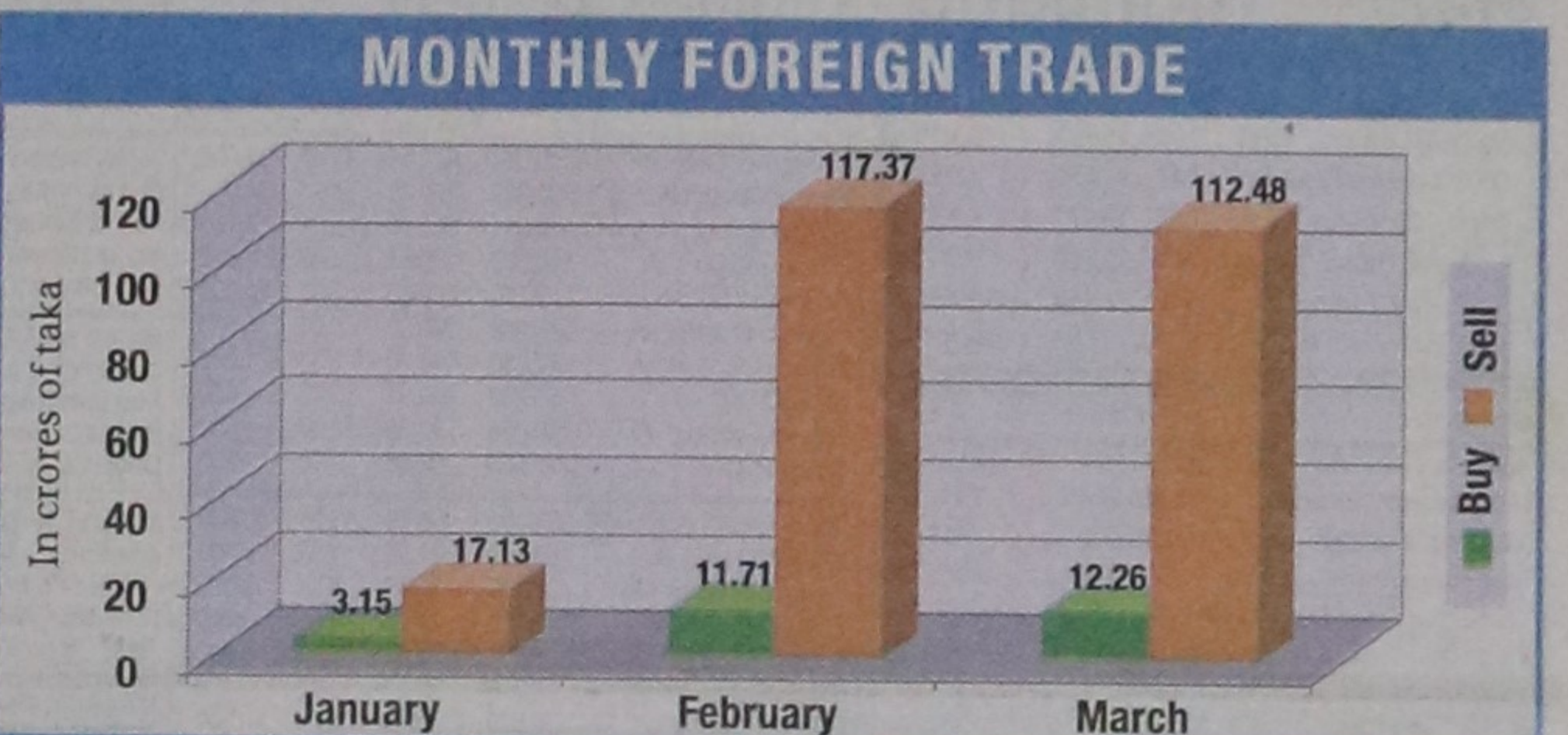
have any significant impact on the Bangladesh market and economy, unlike many other developed countries," said Equity Partners Ltd (EPL), an investment bank that manages global portfolios.

The global fund managers have started gathering information on the market and securities, which means that they are keen to make fresh investment, the EPL said.

Another portfolio manager said foreign investors are now on the lookout for new investment destinations, including emerging markets like Dhaka.

The banking sector shares were initially the top most choice of foreign investors. The investors, mainly from the US and Europe, now also take interest in the shares in power and utilities, pharmaceuticals and multi-national companies.

sarwar@thedailystar.net



# RMG exports slow in crisis

## Businessmen fear tough time ahead

RMREFAYET ULLAH MIRDHA

The average month-wise exports of ready-made garment (RMG) products slowed in February, compared to the previous month of this fiscal year, because of the ongoing global recession, the latest data of Export Promotion Bureau shows.

The February earnings from woven exports came down to \$532.80 million, with an 11.47 percent rise from January's \$584.24 million. January's growth figure was 18.66 percent.

The knitwear exports in February also slumped to \$466.71 million from \$562.94 million in January. The state-run export promotional agency showed 2.56 percent growth in February, while it was 21.22 percent in January, compared to the figures in the same period a year earlier.

However, the overall export performance of RMG products (woven and knitwear) in eight months (July-February) of the current fiscal year is still maintaining a 21.22 percent growth despite recession.

Woven and knitwear exports have grown 19.26 percent to \$3.922 billion and 23.08 percent to \$4.270 billion respectively in July-February.

The annual export target of knitwear was fixed at \$6.583 billion and woven at \$5.684 billion for FY2008-09.

The exporters have expressed their disarray over what they said inconsistency in the growth and the low prices international buyers now offer.

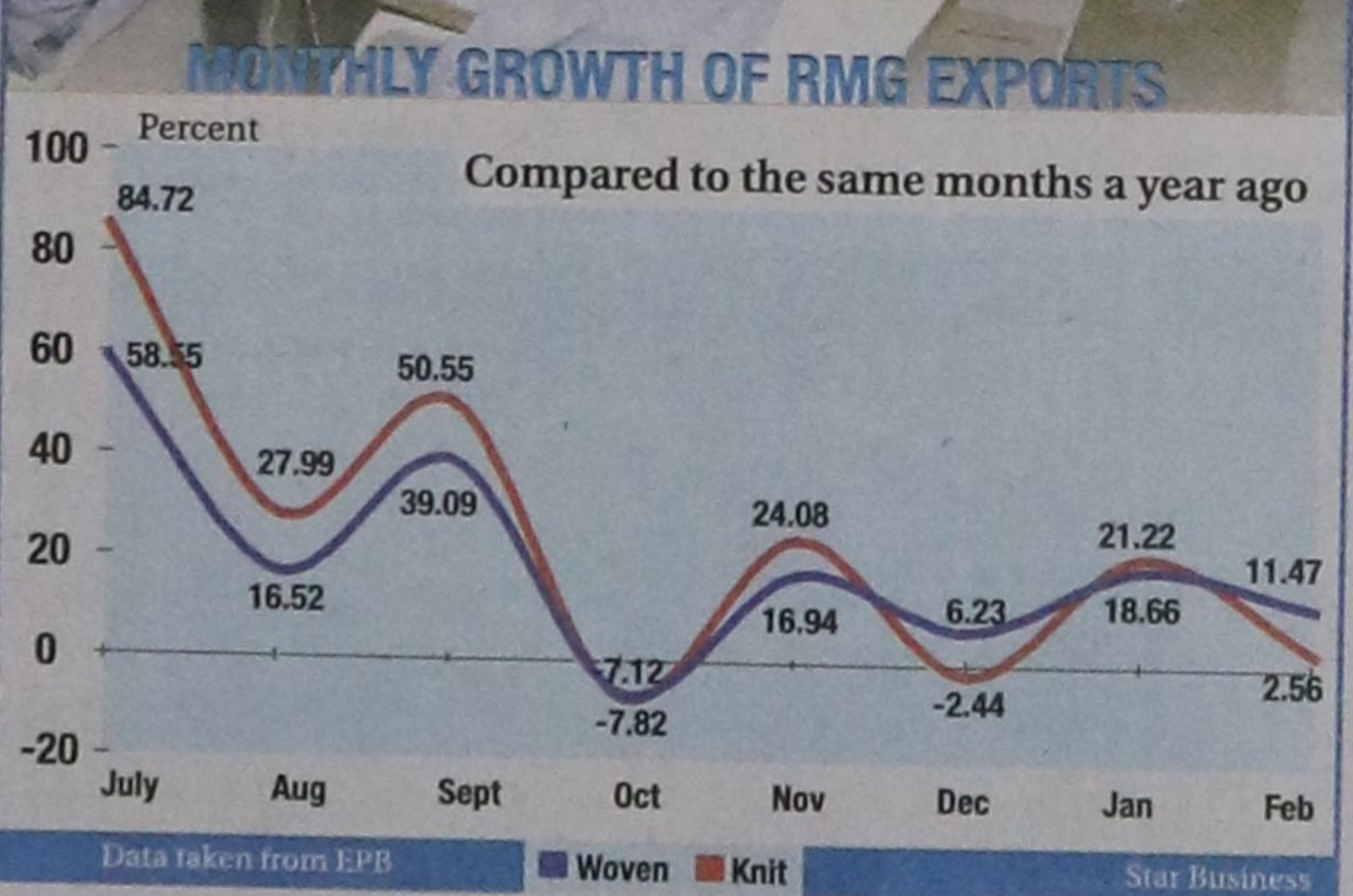
Raising an alarm on a declining trend in January, February and March, some demand that the government immediately come up with stimulus package for the garment sector, now under the shadow of global recession.

Exporters said the overall performance of RMG export still maintains higher growth, as the country experienced 84.72 percent, 27.99 and 50.55 percent growth in knitwear exports in July, August and September respectively.

Woven exports grew 58.55 percent, 16.52 percent and 39.09 percent in the months respectively.

The RMG sector felt the real pinch of recession in the month of October when knitwear export growth slipped 7.82 percent and woven 7.13 percent from targets, compared to the month a year earlier.

Except those of woven and knitwear products, the EPB showed that terry towel exports grew 19.08 percent



to \$87.14 million in July-February period, compared to the same period a year earlier.

Talking to The Daily Star, Apurba Ahmed Apu, chief of the Buying Department at SAG Fashion International, a leading merchandising and garment house, pointed to the worse situation in terms of export volume in the three months of 2009, the last portion of the current fiscal year.

He said export orders declined to \$3.0 million from \$10 million a month on an average during the time.

However, he sees a better situation now, as his company is getting more orders.

"But the problem is the continuous price-cutting. Sometimes they offer throwaway prices for Bangladesh's RMG products," Apu lamented.

The buyers offer even 50 percent less prices in some cases and on an average now they are giving 20 percent reduced price, compared with the corresponding period of the last year, he said.

Apu expects a higher volume of exports by June.

"The government should come forward to help the affected garment units during this bad period, otherwise there is a chance of losing competitiveness," Apu added.

Iqbal Latif, chief executive officer (CEO) and president of Design World International, a merchandising house, said his company has been getting fewer orders for the last four months.

He said a few days ago a buying agent from Italy offered him only \$47 for a dozen of shirts, although its break-even price was \$52.

"After a long bargaining I refused to carry out the order as I could hardly make any profit," he said.

ABM Shamsuddin, managing director of Fancy Fashion Sweater Ltd, said, "Since a critical time is ahead for the RMG sector, the government should announce stimulus for the manufacturers and exporters."

reifat@thedailystar.net

# UK remittance inflow may lose pace

## Bangladesh mission suggests steps

REJAUUL KARIM BYRON

Bangladesh high commission to the UK has expressed concerns that remittance inflow from the fourth largest remitter may lose pace amid increasing job losses and financial meltdown in the lucrative European economic powerhouse.

The high commission also made a set of recommendations including suggestion for the Bangladesh banks to consider setting up their own exchange houses in the UK.

In response to the UK mission's concerns, the Bangladesh Bank (BB) has recently directed all commercial banks to take cautionary measures in dealing with their exchange houses in Britain.

The central bank has asked the commercial banks to send to it the assessment of the balance sheet and credit report of their exchange houses in the UK after being audited by British auditing firms.

The banks will have to evaluate their transactions with the exchange houses and send report to the BB on a yearly basis, according to the central bank direction.

In last fiscal year \$896.13 million remittance came from the UK, which was 11.33 percent of the total remittances. In fiscal year 2000-2001 the figure was \$55.70 million or 2.95 percent of the total amount of the year.

In FY2007-08 remittance from Saudi Arabia was \$2,324.23 million, from USA 1,380.08 million, from UAE \$1,135.14 million, from Britain \$896.13 million and from Kuwait was \$863.73 million.

The Bangladesh mission in a recent letter to the central bank said: "The United Kingdom has emerged as the worst affected developed economy. With more than two

million people out of employment and the Bank of England's warning that British economy is likely to shrink by 4 percent the forecast of gloom is now a certainty. The credit crunch has hit the economy hard."

The recession has hit when the British-Bangladeshi community was struggling to come out of debts and the "Curry Economy", the flagship industry of Bangladesh community, was already suffering from stricter immigration regulations that are denying the restaurants the access to source chefs and workers from Bangladesh, the letter said.

"A new phenomenon has added to the anxiety of the remitters here. Sudden bankruptcy of the exchange houses/money transfer companies owned by and working among the British-Bangladeshi community members has rung the alarm bell," the letter added.

Top Solution Money Transfer Company and Rupali Exchange, private money transfer companies, were shut down in the last two months.

"This has created a trust deficit between the remitters and the exchange houses and likely to affect the confidence of the remitters in the existing system," the letter said.

There is a widespread speculation that out of some 60 money transfer companies/exchange houses working in the community, some are sick and may announce insolvency anytime soon.

The mission also recommended setting up an inter-bank remittance clearing house in Dhaka for quick transfer of money.

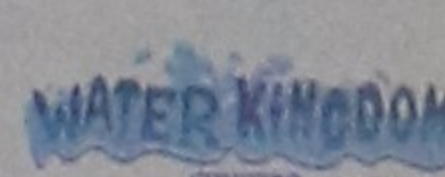
Both the public and private banks may come forward to open branches in the UK to net a sizeable portion of remittance.

"Telephone banking, maintenance of separate clients' account (by the money transfer/exchange companies), discouraging forward booking on the basis of the speculative higher exchange rates may be considered," the high commission suggested.

## CORPORATE BOOKING

Fantasy Kingdom, Heritage Park and Water Kingdom will be reserved on 9th April '09 (Thursday) for the Annual Picnic of HOP LUN (BD).

From 10th April '09 (Friday) all the parks will remain open for all.



Tel: 7701946-49, 8833786, 9896482, 01913531381