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Stocks

DGEN	▲ 1.51%	2,683.48
CSCX	▲ 1.54%	5,922.86

Asian Markets

MUMBAI	▲ 0.93%	15,008.68
TOKYO	▼ 0.75%	9,668.96
SINGAPORE	▼ 0.88%	2,362.74
SHANGHAI	▼ 0.41%	2,767.24

Currencies

	Buy Tk	Sell Tk
USD	68.45	69.45
EUR	95.00	101.28
GBP	109.68	115.34
JPY	0.70	0.78

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	▼	\$969.80	(per ounce)
Oil	▼	\$66.87	(per barrel)

SOURCE: AFP (Midday Trade)

More News

Remittance strikes record high

Remittance inflow in May was the highest in fiscal 2008-09, bringing relief from a continuous downward trend in the last few months. Expatriates remitted \$890 million in May 2009, demonstrating 22 percent growth in remittance inflow from the previous month. **B-3**

International

Rising rates threaten recovery



As the US Treasury continues to churn out hundreds of billions of dollars of fresh debt, officials are confronting one of the thorniest problems since the financial crisis began. Who's going to buy all this paper? And if demand dries up, how much higher will interest rates have to go to attract new buyers?

Japan Inc shrinks at record pace, says govt

Japan's corporate sales, recurring profits and capital spending all plunged at record rates in the first quarter due to the global downturn, a government survey said Thursday. Japan Inc's recurring profits fell 69.0 percent from a year earlier to 4.27 trillion yen (44.35 billion dollars) in the three months to March, the finance ministry said in corporate data excluding the financial and insurance sectors. **B-4**

Contact Us

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

Poll pledges hang heavy on budget

Says ADB in quarterly

STAR BUSINESS REPORT

The upcoming budget is poised to face challenges to set directives and create opportunities in line with the government's big election pledges amid impacts of global recession and slower revenue collections, the Asian Development Bank (ADB) said yesterday.

In its quarterly economic update, the ADB said Bangladesh has to mobilise additional resources even from foreign development partners such as ADB and World Bank to meet the required public spending.

"Slower revenue collection is a matter of concern because it can hinder the much-needed public spending," Paul J Heytens, country director of ADB in Bangladesh, told journalists at the quarterly report launching ceremony in Dhaka.

He said: "The government has to find alternative sources of financing to forward its poverty reduction efforts."

Assessing the trend, ADB predicted that the total revenue target of Tk 54,500 crore is unlikely to be met due to the impact of the global financial crisis and falling commodity prices.

The year-on-year revenue growth decelerated from 20.5 percent in the first quarter of the current fiscal year to 12.2 percent in the three quarters until March. ADB said a sharp fall in import prices has affected collection of import-based taxes that account for over 40 percent of all tax collections.

Revenue growth from import-based taxes fell from 27.7 percent in the first quarter to 8.4 percent for the first nine months of the current fiscal year.



"Reforms are critical to higher domestic resource mobilisation to support essential public spending," said Zahid Hossain, head of country programming of ADB, Bangladesh.

However, the ADB report hailed Bangladesh's macroeconomic management under the global economic slowdown.

"Despite slowing growth, Bangladesh will perform better than most Asian countries," ADB forecasts. It agreed with the Bangladesh Bureau of Statistics (BBS), which forecasted that economic growth would be at 5.9 percent this fiscal year.

Heytens said: "I don't expect growth to go below 5 percent in the next fiscal year."

The ADB said effects of the global slowdown have begun to pinch the country's industrial sector. Quoting a BBS estimate, it said growth in the industrial sector would fall to 5.9 percent this fiscal year from the previous year's 6.8 percent.

The services sector would also decline slightly to 6.3 percent from the previous year's 6.5 percent. However, agriculture sector would grow by 4.6 percent this year from 3.2 percent a

year ago. Growth in export earnings is decelerating steadily, falling from 42.4 percent in the first quarter of the current fiscal year to 19.4 percent in the first half and just 14.5 percent in the first nine months. However, import payments during the first nine months rose by 12.4 percent, far less than 23.9 percent for the same period of the previous year.

The overall balance of payments witnessed a surplus of \$942 million because of a continued rise in remittance, said the ADB update. Remittance flow continues to exhibit robust growth in fiscal 2008-09, with an expansion of 22.7 percent during July-April period over the same period last fiscal year.

Trade deficit widened slightly to \$4 billion for the July-March period of the current year, from \$3.8 billion in the same period of the previous fiscal year.

The ADB country director hoped Bangladesh would start recovering from the ongoing global recession by the year end.

Other senior ADB officials were also present at the briefing.

DSE hits record turnover

STAR BUSINESS REPORT

Dhaka stocks continued to rise yesterday with the single-day turnover touching the highest-ever level of Tk 672.76 crore.

The turnover, which hit its previous highest at Tk 652.51 crore on May 4 this year, was dominated by Beximco Group companies, and energy and power sector shares.

The top five most-traded issues on the Dhaka Stock Exchange were of Beximco Pharma, Summit Power, Beximco Limited, Bextex and Desco.

"The record turnover is a result of active participation by the investors, whose confidence is growing gradually," said Moin Al Kashem, managing director of Prime Finance Asset Management Company.

He said in the last few days banking, non-bank financial institutions and energy and power sectors performed well attracting the investors to these sectors' shares.

The benchmark index of the premier bourse, DSE General Index, rose by 39.96 points, or 1.51 percent, to 2,683.48. The DSE All Share Price Index increased by 31.79 points, or 1.44 percent, to 2,234.41.

The market witnessed an initial jump of 22 points backed by energy and power companies, and Beximco Group, according to a daily market analysis by Equity Partners Limited, an investment bank.

After the initial jump, the market stayed stable for the next 60 minutes and then insurance companies started to dominate. Riding on the back of insurance and investment sectors, the market gained 10 points in the next 20 minutes.

During mid-session the market lost around 5 points as Beximco Group lost its momentum. At the final session, the market gained around 13 points contributed by banking sector. Most of the trade took place during this period and banks gained more than 2 percent.

The advancers beat the decliners 144 to 91. Nine scrips remained unchanged. A total of 3,38,80,254 shares were traded on the DSE.

Chittagong Stock Exchange also recorded a rise. The CSE Selective Categories Index gained 89.85 points, or 1.54 percent, to 5,922.85. The CSE All Share Price Index increased 136.36 points, or 1.51 percent, to 9,135.19.

A total of 51,06,400 shares worth Tk 70.91 crore changed hands on the port city bourse. Of the traded securities, 93 advanced, 58 declined and eight remained unchanged.

The top five turnover leaders on the Chittagong bourse were Beximco Pharma, AB Bank, Bextex, Beximco and Summit Power.



PRE-BUDGET QUIPS

Why is the developers' association (REHAB) in favour of whitening black money?

They are tired of converting customers' black money into white and vice versa.

MMI

Exports swing down in crisis

KAWSAR KHAN

Export earnings declined by 2.30 percent in April of the current fiscal year against the same month a year ago, what sector people say is the impact of global recession on shipments.

The country earned \$1,176.29 million in April, while the earnings were \$1,203.97 million in the same month a year ago, falling 9.10 percent short of the \$1,294.10 million strategic target for the period.

It is for the third month after October and December of the current fiscal year that export earnings dropped.

However despite a negative monthly growth, the country's overall export earning marked a 12.76 percent rise during the first 10 months of the current fiscal year, according to Export Promotion Bureau (EPB).

During the July-April period Bangladesh

bagged \$12.8 billion through export that was \$11.4 billion during the same time last fiscal year. Export target for fiscal 2008-09 was set at \$16.3 billion.

As the country passed several sluggish months in terms of export in the current fiscal year, the sector people said it might not be possible to achieve the export target amid global recession that affected earnings of RMG, leather and frozen foods.

"According to our calculation knit export achieved only 0.28 percent growth in April, which was 8 percent in the previous month," said Fazlul Hoque, president of Bangladesh Knitwear Manufacturers and Exporters Association.

He also said the country might fail to achieve export target for the current fiscal year, as the trend shows a dim prospect for the last two months of the year.

According to official figures, woven garments maintained a 17.13 percent growth in the first 10

months of the fiscal year, bagging \$4.9 billion, a 7.30 percent growth over the target.

However knitwear exports fell 1.15 percent short of the \$5.3 billion strategic export target set for the time.

During the 10-month period, the sector earned \$5.2 billion, posting over 19 percent growth, while the earnings were \$4.4 billion in the same period last fiscal year.

Out of 28 major export products, only six items achieved both strategic target and positive growth during the time, while seven items marked positive growth but fell short of strategic export target.

A total of 12 products such as raw jute, tea, jute goods, electronics, leather, frozen foods, chemical products and agro-processed foods could neither achieve positive growth nor strategic export target in the period.

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Govt promises to fix housing crunch

STAR BUSINESS REPORT

The government plans to build four satellite townships around Dhaka to ease acute housing problems, the state minister for housing and public works said yesterday.

Abdul Mannan Khan was speaking as chief guest at the inaugural function of a three-day housing fair at Dhaka Sheraton Hotel.

The government will also build a ring road around the capital to establish road connections with the projects, Khan said.

A total of 175 real estate companies, along with four financial organisations, are taking part in the show organised by the Real Estate and Housing Association of Bangladesh (REHAB).

"The government will provide land for the projects, while developers will invest capital in the projects," said Khan, hinting at public private partnerships to implement the projects.

Khan said neither the government nor developers are capable of solving the housing crisis in the country on their own.

However, he did not give further details on the projects.

Addressing the fair, Nusrul Hamid, member of the Parliamentary Standing Committee on Ministry of Housing and Public Works, said the developers will have to come forward to deliver flats for city dwellers. He also criticised the government for failing to play its role.

In the last 20 years, private developers have constructed over 100,000 flats, while the government produced not more than 2,000 units in the period, said Hamid, also a developer.

The government will revitalise the Rajdhani Unnayan Kartipakkha (Rajuk), so that private developers could



Visitors gather at a stall at a three-day housing fair that began at Dhaka Sheraton Hotel yesterday. The government is planning to build four satellite townships around the capital to ease housing problems.

smoothly implement their projects, he added. Participants of the "Rehab Summer Fair" are showcasing their flats, plots and other services at the show. The fair is open from 10am to 8pm every day with a Tk 50 entry ticket and will continue until Saturday.

The fair is taking place at a time when the world is in the grip of recession. M Mahbubur

Rahman, acting secretary of the public works ministry, said the fair would help the sector minimise the impacts of recession.

"Although most realtors are working honestly, some entities in the sector are adopting unfair means, which ultimately taints the sector's image as a whole," Rahman said.

GP moves to cut carbon footprint

STAR BUSINESS REPORT

At a time when carbon emissions by mobile operators are widespread, Grameenphone, the top mobile operator, moves to reduce its carbon footprint through innovative approaches.

The company yesterday launched "Stay Green, Stay Close", an environment and climate change campaign, aiming to control its carbon emissions by adopting climate-friendly technology.

Grameenphone also signed power purchase and system procurement agreements for renewable energy equipment with Grameen Shakti Ltd, LM Ericsson Bangladesh Ltd and Huawei Technologies Ltd at the same programme.

Among the six mobile operators, Grameenphone is the market leader with 21 million customers out of the market's 46 million customers, accounting for a 47 percent market share.

The company started adopting green-energy solutions for its base station sites. It introduced the installation of two hybrid solar-powered base stations.

The new green energy solution deal will be implemented in different parts of the country in coming days. Grameenphone is also in the process of installing a wind-turbine at the base station sites, on an experimental basis.

Global environmentalists started campaigning a few years back, as carbon emissions by the mobile operators, according to them, will be a big threat in future.

According to estimations by Ericsson, a global telecom equipment maker, around 0.14 percent of global carbon dioxide (CO2) emissions and around 0.12 percent of primary energy use are attributed to the mobile telecom technology. For instance, this compares to 20 percent of CO2 emissions and around 23 percent of primary energy use for travel and transport.

The annual CO2 footprint for an average mobile subscriber is around 25 kilograms, which is equivalent to driving an average car on the motorway for an hour or running a 5-watt lamp for a year.

The Ericsson study consistently reveals that the environment is most significantly impacted by energy consumption in the 'use phase' of the radio access network, out of all the company's products.

Usually, in the radio access products of the mobile networks, the highest volume, or 75 percent, of indirect CO2 emissions are made, according to Ericsson.

In Bangladesh, 22,000 base stations of the six mobile operators, supporting the nationwide telecom network, could raise a question as to how much CO2 is emitted by the rapidly growing mobile sector.

Speaking on the occasion, Oddvar Hesjedal, chief executive officer of Grameenphone, said, "We are all contributors to this global crisis and we all need to be the part of the solution."

Grameenphone Chief Communications Officer Rubaba Dowla presented the "Global and Bangladesh Climate Context", highlighting the acuteness of the problem and the need to act.

"We will be one of the worst-hit countries for climate change, by losing liveable land due to sea-level rise," she said.