

DHAKA WEDNESDAY JULY 15, 2009

Stocks

DGEN ▼ 1.64%
 2,917.06

CSCX ▼ 1.60%
 6,357.09

Asian Markets

MUMBAI ▲ 3.38%
 13,853.70

TOKYO ▲ 2.34%
 9,261.81

SINGAPORE ▲ 1.94%
 2,310.55

SHANGHAI ▲ 2.10%
 3,145.16

Currencies

Buy Tk Sell Tk
 USD 68.45 69.45

EUR 93.70 98.97

GBP 109.23 114.72

JPY 0.72 0.81

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▲ \$921.20 (per ounce)

Oil ▲ \$60.49 (per barrel)

SOURCE: AFP

(Midday Trade)

More News

Brass wins back lustre



It was customary for kings and jamindars in ancient Bengal to wear ornate items at home and work -- made of gold, silver and brass, a clear display of social and financial status. These precious and semi-precious metals were mostly used in war and for military use to make weapons such as sword handles, shields, tridents, spears and tanks.

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International

Exxon makes first big investment in biofuels

Exxon Mobil Corp said Tuesday it will make its first major investment in greenhouse-gas reducing biofuels in a \$600 million partnership with biotech company Synthetic Genomics Inc to develop transportation fuels from algae.

Gas to cloud Germany, Russia talks

German Chancellor Angela Merkel will Thursday welcome Russia's President Dmitry Medvedev for talks set to be dominated by efforts to avoid another crisis over gas supplies to Europe this winter. Merkel and Medvedev will hold private talks near the southern city of Munich before being joined by key members of both governments, including the ministers for the interior, economy, environment and education, Berlin said.

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Contact Us

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

SEC sets lock-in to discipline market

SARWAR A CHOWDHURY

The stock market regulator has introduced a lock-in period barring sales of new convertible shares or shares against warrants issued by a listed company.

From now, there will be a three-year lock-in for directors or those who hold 5 percent or more shares. It means shareholders and investment companies will not be able to sell the shares they possess in a listed company within three years from the issuance of securities.

For others, Securities and Exchange Commission (SEC) has set one year as the lock-in time.

"The lock-in shall also be applicable in case of issuance of equity security against loan or debt security having no predetermined conversion feature if such equity security is not issued at a price equal to last six months' weighted average market price at the stock exchange(s)," the SEC said.

The market watchdog imposed such conditions in a gazette notification that came into effect from Sunday.

In the notification, the SEC said the commission introduced the lock-in system to protect the "interest of investors, capital and securities markets".

The lock-in will also be applicable for companies that have already received nod from the commission for issuing new shares or convertible

KEY FACTS

SEC has introduced a lock-in system for sales of new convertible shares or shares against warrants

Three-year lock-in for directors or those with 5 percent or more shares.

One-year lock-in time for others

The lock-in system will also apply to issuance of shares against loan or debt securities

The gazette notification effective from Sunday

The lock-in system is meant to protect interest of investors and check capital flight from market

securities, and equity shares against loan or debt security.

The SEC introduced the lock-in following media reports on a DSE investigation that a foreign investment firm had entered into a share subscription deal with a locally listed company, Bangladesh Thai Aluminium (BD Thai), without any lock-in.

Another listed company, Beximco Pharmaceuticals, has inked a share subscription deal with GEM, and also received permission from the SEC to issue warrants that are convertible to shares.

Lock-in is a measure by which investment companies are barred from selling before a certain time the shares they possess.

But, taking the opportunity of absence of the lock-in, the foreign firm, GEM Global Yield Fund, bought a huge chunk of shares against warrants and dumped almost all the shares within one and a half months of acquisition. The foreign firm thus repatriated \$2 million from Bangladesh capital market, according to the DSE probe report, which was submitted to the SEC for necessary actions.

Earlier the lock-in system had been in place for all companies -- both foreign and local -- to avert short-term speculative trading, and flight of capital from the market.

The two companies, BD Thai and GEM, also stroke a deal under which BD Thai intended to give shares as 'loan' or 'debt security' to GEM, and GEM could sell the loaned shares anytime.

But the central bank, instead of approving the deal, put two conditions -- the share borrower must arrange a guarantee in foreign currency by a foreign bank, and receive permission from the SEC.

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DSE trade halted on tech glitch

STAR BUSINESS REPORT

A technical glitch forced suspension of share trade on the premier bourse for more than two hours yesterday.

The trading, which usually continues from 10:00am to 2:00pm everyday, came to a halt from 1:35pm to 3:45pm.

However, it resumed on the Dhaka Stock Exchange at 3:45pm and closed at 4:00pm.

DSE's Chief Technology Officer ASM Khairuzzaman informed journalists that the trade stopped because of a problem in the trading server, which was pointed out by some brokerage houses.

These houses complained that they were not receiving trading confirmation from the main server, Khairuzzaman said.

Meanwhile, stocks finished in the red for a third straight day.

Benchmark index of the prime bourse, DSE General Index, fell by 48.89 points, or 1.64 percent to 2,917.06. The DSE All Share Price Index also dropped by 40.96 points, or 1.64 percent to 2,442.85.

The losers beat the advancers 179 to 45. Three securities remained unchanged.

A total of 3,38,65,108 shares worth Tk 561.65 crore were traded on the DSE.

Beximco topped the turnover leaders, with 18,98,900 shares worth Tk 57.51 crore being traded, followed by Titas Gas, AB Bank, Summit Power, Beximco Pharma, Grameen Mutual Fund One: Scheme Two, LankaBangla Finance, Rupali Life Insurance and AIMS 1st Mutual Fund.

Chittagong stocks also fell yesterday. The CSE Selective Categories Index slid by 103.99 points, 1.6 percent to 6,357.09. The CSE All Share Price Index also declined by 172.73 points, or 1.67 percent to 10,138.38.

A total of 56,53,376 shares worth Tk 75 crore changed hands on the Chittagong Stock Exchange. Of the traded securities, 21 advanced, 123 declined and three remained unchanged.

AB Bank topped the turnover leaders on the port city bourse with 1,11,290 shares worth Tk 11.42 crore being traded. Other turnover leaders were Beximco, Beximco Pharma, Rupali Life Insurance, Bextex, Grameen Mutual Fund One: Scheme Two, Titas Gas, AIMS 1st Mutual Fund, LankaBangla Finance and Shinepukur Ceramics.

India extends ban on wheat exports

PALLAB BHATTACHARYA, New Delhi

India on Monday reimposed a ban on export of wheat in less than two weeks after relaxing the curb.

The government had clamped the ban on wheat export and wheat products in 2007 to increase the item's supply to domestic market and contain rising prices but had eased it 11 days ago when it allowed exports of up to nine lakh tonnes of the food grain through three government-owned firms.

The directorate general of Foreign Trade on Monday issued a notification, cancelling the previous export order.

Meanwhile, All India Rice Exporters Association has urged the government to withdraw the ban on exports of non-basmati rice to enable them to ship 20 lakh tonnes it has decided to sell to friendly countries.

"We urge the government to allow us to export non-basmati from the quantity earmarked for overseas shipment. This is something that the government has already committed to and would in no way harm any body's interests", said Non-basmati Promotion and Market Access Committee Chairman Prem Garg.

The ban on rice export was made effective in April last year to contain soaring prices in domestic market.

Feed millers complain of high business cost

SOHEL PARVEZ

Feed millers count extra costs of doing business, as they are not registered, operators said yesterday.

If the feed mills had been registered, they would not have paid 10 percent duty on imports of raw materials.

A feed miller is now treated just as another trader, which means they are missing out on duty benefits now enjoyed by hatchery, poultry operators and animal health companies, millers said.

According to industry people, the high costs of importing feed ingredients add to prices on the domestic market. Consumers ultimately pay the high price.

Currently, there is no law specific to the feed industry, which is badly needed to discipline the sector and put in place a registration process for the feed mills, the millers said.

More than 60 mills lined up for registration.

The millers argued that the government should issue licences based on an SRO (statutory regulatory order) issued by the National Board of Revenue in March 2008 for an interim period.

"We have been waiting for months and counting the high costs of importing raw materials," said Saiful Alam Khan, president of Feed Industries Association of Bangladesh (FIAB), a lobby group for more than 100 mills engaged in making feed for poultry, fishery and cattle.

The deadlock over registration of feed mills deepened after the Fisheries and Livestock Ordinance 2008 became ineffective, as it was not ratified by the new government yet.

"There was a decision to introduce registration under the SRO (issued by NBR), but it is yet to be implemented," said Moshirul Rahman, managing director of Paragon Group, referring to a meeting between feed millers and fisheries and livestock officials in early May.

"We were told that the government was examining legal matters in this regard," said Rahman.

"We should not be kept waiting for months," he said.

Millers said they are not getting any 'no objection certificate' (NOC) from the Department of Livestock Services (DLS) as their firms are not registered as feed mills. NOC, according to millers, is needed to get duty benefits offered by the government.

"We have to pay additional 6 percent tax for importing raw materials of feed due to non-issuance of NOCs," said the FIAB president. "It increases our import costs."

Industry operators said the sector depends largely on the imports of raw materials such as soybean meal, meat and bone meal and maize to make feed for poultry, fishery and dairy industry.

More than 50 companies are active in the business catering to the 20-lakh tonnes market a year. The bulk of the feed go to poultry farming, which has long been suffering from high production costs due to doubling of feed prices.

Khan also said the registration is also needed to ensure manufacturing of quality feed and bring the sector under a regulatory framework to check adulteration and toxic substances in the products.

"Bringing feed mills under registration is a good initiative to discipline the sector. Now the government should pass a law fast," he said.

Asked, Dr Habibur Rahman, director general of DLS, said the department has already put forward some of the recommendations to overcome the current stalemate.

"I hope the problem will be resolved soon," he said.

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2010 EXPERIENCE: Models (in the foreground) pose at the launch of Ford's new car at the Uttara showroom of AG Automobiles Ltd, the local agent of the US auto giant. Commerce Minister Faruk Khan (second from left in the background) attended the programme as chief guest.

STAR BUSINESS REPORT

With the launch of new 2010 car models through an agent in Bangladesh, Ford Motor Company, a US automobile giant, has expanded its business here at a time when carmakers are facing slack sales in the wake of financial crisis worldwide.

According to people close to the local car market, the Ford brand cars might have a good prospect, although BMW, Mercedes-Benz, Volvo and Nissan along with Toyota's latest brands are also available here.

"Our position has so far been strong in the global car market, although some other car makers are facing problems," David M. Westerman, Asia Pacific regional manager, Ford Export Operations, told the launching programme.

"Ford's entrance in Bangladesh will obviously help us stimulate our global sales," Anwar Group that has been appointed as the US carmaker's local seller.

AG Automobiles has already sold 68 different brands of Ford vehicles.

This local firm will introduce a wide range of new 2010 Ford models, including Ranger Pickup, Everest SUV and Focus cars.

Commerce Minister Faruk Khan formally launched the Ford's new version at a showroom at Uttara. Health Minister AFM Ruhul Haque, US Ambassador to Bangladesh James F Moriarty and Managing Director of Anwar Group Hossain Khaled were also present.

For the first time in 2009, Ford's sales volume of new vehicles was up in June compared with the same month a year earlier in the European market. Ford's market share in the continent marked a rise in the first half of the year by 0.5 percentage points to 9.2 percent.

Its Europe operations however reported a loss of \$550 million in the first quarter of 2009, compared with a \$739 million profit a year ago.

In 2008, Ford had posted a full year automotive operations profit of \$1.06 billion in Europe, which is \$63 million higher than in 2007. "As with the second half 2008, first quarter 2009 results were affected significantly by the dramatic lower demand for J and production of J vehicles as a con-

sequence of the economic downturn affecting the European markets and the automotive industry," according to Ford's latest fact sheet.

"We expect the weak economic situation to continue to constrain earnings in 2009," the fact sheet says.

In Bangladesh, around 20,000 cars are imported every year. Of these cars, 2,000 are brand new ones.

The commerce minister in his speech said the business interest of a global automobile giant like Ford in Bangladesh proves that the country's economy is booming.

The US envoy said his country has a strong trade relationship with Bangladesh, but it could be even stronger. "I urge the government of Bangladesh to maintain a free and open market that benefits both consumers and producers," said Moriarty.