

Regulators discuss bearish trend in stock market

STAR BUSINESS REPORT

An eight-member delegation of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) led by Securities and Exchange Commission (SEC) met Bangladesh Bank officials yesterday to discuss the recent bearish trend in the markets.

The central bank will not take any step, which may cast any negative impact on the capital market, said a DSE statement.

The Bangladesh Bank (BB) does not need to know about the portfolio of an individual, said the statement.

However the BB officials who were present at the meeting could

not be reached for comments despite repeated attempts.

After the present government came to power, the share market started to show a bullish trend, but recently it has been on a downward curve.

There have been protests under the name of general investors against such a downswing.

Officials alleged that a type of companies and market players in collusion take the market to abnormal height and make a huge profit.

They also said the SEC as the regulatory body has failed to play its due role to keep the market stable.

The central bank issued a circular

early this month advising all banks not to make risky investment in the share market beyond their limit.

After the circular was issued, it was alleged that the central bank notice was responsible for the fall in the share market.

Against this backdrop, the DSE pushed for withdrawal of the Bangladesh Bank circular, an official present at the meeting said.

After the meeting, DSE President Rakibur Rahman told journalists that the Bangladesh Bank said it might withdraw the circular, if needed.

He also said the central bank from now would not seek detailed information of the investments made by

the banks, but it would ask for information regarding their investment limits.

The DSE in its statement quoted Bangladesh Bank Deputy Governor Murshid Kuli Khan as saying that the central bank will oversee the activities of the financial institutions, but will not take any steps that may create a negative impact in the capital market.

Khan also said what is happening in the market is based on rumour, and the BB did not conduct any such investigation into investment by any bank or financial institution that may cause panic among the investors or banks, according to the statement.

Work for ADP implementation

Muhith asks DCs

BSS, Dhaka

Finance Minister AMA Muhith has said everyone has to work for implementation of the budget, especially the annual development programme (ADP).

"In my budget speech I said that parliament, administration and people have to work for implementing ADP," he told deputy commissioners from different districts in the cabinet conference room yesterday.

"Small and big projects are implemented at the field level and that is why DCs have to work for project implementation," Muhith said.

Cabinet Secretary Md Abdul Aziz presided over the meeting. Finance Secretary, External Relations Division Secretary, Internal Resources Division Secretary and Planning Secretary, among others, attended the meeting.

Besides, the DCs have some works like acquisition of land, maintaining law and order, the minister reminded the district administration top brasses.

Workers continue protest against jute mill lay-off

STAFF CORRESPONDENT, Khulna

Security measures were stepped up yesterday at ATRA industrial belt in Khulna city as workers of two private industrial units Afil Jute Mills and Mohsin Jute Mills continued staging demonstration against any extension of layoff period.

Raw jute crisis has forced the extension of the Afil Jute Mills lay-off for the third time from July 24 to July 31, according to the unit's Manager (admin) Anwar Hossain.

The jute mill that went for a June 30-July 16 lay-off extended such a suspension of production for the second time from 17 to 23 of the current month.

However, Hossain expects resumption of the production from August 1 on raw jute availability.

The Mohsin Jute Mills lay-off has been extended from July 20 to July 31.

The acting general manager of the manufacturer of jute goods, Md Fazlur Rahman, also expected that production would resume from August 1, if they could overcome some problems, including fund constraints and shortage of raw jute.

Meanwhile, the protesting workers, over four thousand in number, have threatened a tougher movement if the two jute mill authorities go for lay-off extension.

Tk 200m term loans for Peoples Leasing

STAR BUSINESS DESK

Sonali Bank Ltd, one of the largest commercial banks in the country, has granted a term loan of Tk 200 million to Peoples Leasing and Financial Services Ltd, says a press statement.

Abdul Latif, deputy general manager of Sonali Bank, and Dalilul Huq, managing director of Peoples Leasing, signed the agreement on behalf of their respective organisations.

The loan was granted as part of the bank's socio-economic development activities by financing SMEs, micro enterprises, leasing institutions and equity support, added the statement.

Viacom's Q2 profit falls 32pc

AP, New York

Viacom Inc said Tuesday its second-quarter profit tumbled 32 percent as revenue fell amid a weak advertising market, slower video game sales and lower box-office results.

The New York-based media conglomerate controlled by billionaire Sumner Redstone earned \$277 million, or 46 cents per share, compared with \$407 million, or 65 cents per share, in the same quarter last year.

Business News in Brief

Sanofi-aventis to pick up Shantha stakes

PALLAB BHATTACHARYA, New Delhi

French drug manufacturer Sanofi-aventis will pick up a controlling stake in Indian vaccine maker Shantha Biotechnics in a deal estimated at \$783 million in the first major acquisition in Indian biotechnology sector.

The acquisition of 78 percent stake in Shantha Biotechnics is being done through Sanofi's vaccine making arm Sanofi Pasteur, which has signed an agreement with Merieux Alliance's French subsidiary ShanH. ShanH holds the stake in the Indian company.

Merieux Alliance acquired 60 per cent stake in Shantha Biotechnics three years ago.

Britain's GlaxoSmithKline was earlier reportedly interested in acquiring Shantha Technics and had held talks with Merieux.

Shantha, which expects sales of around \$90 million this year, has introduced hepatitis B vaccine, the first genetically engineered healthcare product in India.

Among a wide portfolio of products of the Indian company are vaccines for diphtheria, cholera, pertussis and tetanus.

Australian central banker warns rates must rise

AFP, Sydney

Australia's central bank chief Tuesday voiced growing confidence the economy would escape the worst of the global downturn and said he was looking at raising interest rates from a 49-year low.

Reserve Bank governor Glenn Stevens said the country may not be hit as badly as previous slumps, commenting that Australians were increasingly seeing their glass as "half-full."

"The downturn we are having may turn out not to be one of the more serious ones of the post-War era, in contrast to the experiences of so many other countries," he told a business function.

"It is becoming more common for Australians to see the glass as half-full than as half-empty."

Signalling the most aggressive rate cuts of recent times may be over, Stevens said there was nothing to prevent monetary policy tightening while unemployment was on the rise.

"I've never seen... some rule of thumb that says we wait until unemployment has peaked before we lift the cash rate, it depends on what else is happening," he said.

"We eased very aggressively, which I thought was a right thing to do. Hopefully we're in a suitably timely way of returning to normal when the time for that comes, whenever that is."



A Pakistani florist puts bundles of flowers into an auto rickshaw in Karachi yesterday. Pakistan pledged on July 27 to make its ailing export sector competitive within three years, setting an initial target of six percent growth in the fiscal year that ends June 30, 2010.

China says inflation rebound possible in second half

AFP, Beijing

China's central bank said Tuesday a rebound in inflation was possible in the second half of the year, following months of declining prices, as demand picks up at home and abroad.

The consumer price index (CPI) fell 1.7 percent in June from a year earlier, the fifth consecutive monthly drop, but economists at the bank believe it could bottom out by the end of the third quarter.

"Overall, CPI will stabilise in the second half, and there is a possibility that it will rebound," the bank said in a report posted on its website.

The continued decline in consumer prices comes as China struggles with its most serious economic slowdown in nearly two decades, brought about by the worldwide financial crisis.

However, the central bank on Tuesday suggested improved conditions on the horizon, including signs of recovery in global commodities markets.

It also cited evidence from 5,000 large domestic industrial enterprises suggesting growing confidence that they would be able to get better prices for their products in future.

China's economy, the world's third-largest, grew 7.9 percent in the second quarter, up from 6.1 percent in the first, also suggesting a pickup in activity.

French unemployment numbers drop

AFP, Paris

The number of unemployed in France saw a surprise drop in June, official figures showed on Monday, but a top French official warned of "difficult" months ahead for unemployment.

After 11 consecutive months of rising numbers, the numbers of people without a job went down by 18,600 in the month to 2,524,500, the figures showed.

But the overall number of unemployed was up 25.7 percent from June 2008.

France's junior employment minister Laurent Wauquiez said the numbers were "a nice surprise" but said there would still be "difficult" times ahead.

"I don't think we've come out of the crisis," he told AFP. French Economy Minister Christine Lagarde said the unemployment figures were "an encouraging sign," adding however that "even a gradual recovery of economic activity will not lead to an immediate scaling back of unemployment."



Finance and central bank officials from 17 Asia-Pacific countries take part in a regional workshop on recession on its second day at Sonargaon Hotel in Dhaka yesterday.

Profit taking pulls down Wall Street

AFP, New York

US shares swung lower Tuesday as investors locked in gains from a hefty two-week rally and reacted to a weaker-than-expected survey on consumer confidence.

The Dow Jones Industrial Average dropped 30.38 points (0.33 percent) to 9,078.13 at 1455 GMT, pulling back modestly from a two-week rally of nearly 12 percent.

The Nasdaq composite shed 5.83 points (0.30 percent) to 1,962.06 and the broad-market Standard & Poor's 500 index retreated 5.58 points (0.57 percent) to 976.60.

John Wilson, equity strategist at Morgan Keegan, attributed the pullback to "some normal buyer's remorse following the huge rally of the last two weeks."

The market was digesting mixed news from the housing sector and consumer confidence.

The Conference Board reported its confidence index fell to 46.6 from 49.3 in June, which came after an eight-month peak of 54.8 in May.

The survey, hurt by a weak job market, underscored fears that while the US economy is showing signs of recovery from recession, rising unemployment could dampen any recovery by hurting consumer income and spending.

"Perhaps most concerning in the report is the deterioration in assessments of current job market conditions," said Scott Hoyt at Moody's Economy.com.

"This may foreshadow a disappointing employment report next week and clearly shows that consumers are not yet seeing much improvement in labor market conditions."

Hoyt said that although gains in confidence have stalled, "the upward trend should resume as it becomes more apparent to consumers that the recession is ending. Confidence will not rebound sharply but instead slowly rise over the rest of the year and into next year."

The Standard & Poor's Case-Shiller report showed home prices in major US cities improved in May for a fourth month but were still well below levels of a year ago.

NBR to use new tool to boost revenue

UNB, Dhaka

The National Board of Revenue (NBR) is set to adopt a new technique based on 'business-customs partnership' in a bid to increase revenue collection by preventing tax-dodging tricks.

Under the new method, the NBR will utilise the existing businessmen and their trade bodies in unearthing tax dodgers.

"This system is effective and worked in many places around the world," NBR Member (Customs and VAT Administration) M Farid Uddin told the news agency on Monday.

He said business-customs partnership is a new idea in the financial world and this has been proved effective in catching the evaders.

The NBR will sit with the leading businessmen and trade bodies from different sectors and request them to provide information about the 'culprits' who are dodging tax.

"An importer of a specific item, for example, knows better than the NBR officials

about the same item imported by dodging or paying less duty," he said about using the decoy to detect dodgers.

Farid Uddin said the selling price of an item would not be the same when the item was imported by dodging duty. That means the honest importer will be incurring loss for the dishonest importer. "We will take this kind of incident as our hitting point," he said.

The affected importer will be the source of information for the NBR.

Describing the reason for taking such technique, the NBR member said the revenue authority of the government suspected that due to wrong declaration of the importers the revenue-collecting agency of the government is losing a hefty amount of money.

"According to the new rule we cannot go for 100 percent verification of the imported items," he said.

After introducing the pre-shipment inspection (PSI) system, the customs officials could go for physical verification of only 10 percent of

the imports.

He also said it would not be viable for the customs officials to go for full physical verification. This will slow the release of imported goods from the port, Farid Uddin added.

The NBR prepares to discuss the issue among the businesses and their trade bodies.

The NBR is going to adopt such technique as the government fears less revenue from import duty in the days to come.

The revenue generation from imports will suffer more as the World Trade Organisation (WTO) is heading towards a duty-free world, levelling the frontiers on the economic globe.

Finance Minister AMA Muhith, who has targeted some Tk 61,000 as revenue income in the current budget, had emphasised improving the revenue collection by any means during his visits to the NBR several times.

He had also directed the NBR to find out the pockets from where the government could earn revenues.



Abdul Latif, deputy general manager of Sonali Bank, and Dalilul Huq, managing director of Peoples Leasing and Financial Services, exchange documents after signing a Tk 200m term loan agreement recently.