

Stocks

DGEN ▼ 0.22%
3,027.94

CSCX Flat
6,704.82

Asian Markets

MUMBAI ▲ 1.37%
15,012.32

TOKYO ▲ 1.76%
10,383.81

SINGAPORE ▲ 4.52%
2,559.57

SHANGHAI ▲ 4.52%
2,911.58

Currencies

	Buy Tk	Sell Tk
USD	68.42	69.42
EUR	95.45	100.65
GBP	111.24	116.68
JPY	0.71	0.79

SOURCE: STANDARD BANK

Commodities

Gold ▲
\$944.00
(per ounce)

Oil ▲
\$72.29
(per barrel)

SOURCE: AFP

(Midday Trade)

News in Brief

Bharti extends merger talks with S Africa's MTN

Airtel

AFP, New Delhi

India's top mobile phone company Bharti Airtel on Thursday extended until the end of next month merger talks with South Africa's flagship MTN cellular firm aimed at creating an emerging market giant.

The extension of the discussions until September 30 -- the second since the talks began in late May -- came amid media reports that MTN is holding out for Bharti to sweeten its offer.

The discussions which earlier had been prolonged to August 30, "continue to progress satisfactorily," Bharti said.

US economic index rises for fourth month

AFP, Washington

A forward-looking US economic index rose for the fourth consecutive month in July, a business research group said Thursday in another sign of easing recession.

The Conference Board said its index of leading economic indicators, a measure of economic conditions in the coming months, climbed 0.6 percent in July after a revised increase of 0.8 percent in June, 1.2 percent in May and 1.1 percent in April.

Contact Us

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

Sugar caught in global storm

SOHEL PARVEZ

Global sugar prices are likely to stay high in the months ahead, making the sweetener import costlier than it is now.

Early this month raw sugar, which local refiners import, hit a 28-year high and now is being traded at over \$22 cents per pound as traders bet on output fall in India, one of the leading producers.

After a year of shortfall in production, droughts due to low monsoon rain dampen output prospect in the biggest sugar-consuming nation, India.

Global funds expect that the once-sugar exporter India would buy the commodity on the global market at higher quantity to offset its production shortfall of more than 6 million tonnes to meet domestic consumption requirement of over 22 million tonnes.

Supply of sugar from the largest grower Brazil is also expected to remain under pressure as farmers and millers find cane too wet to harvest and mill because of heavy rainfall in parts of the Latin American country.

World demand may exceed supply by 5 million tonnes in 2009-2010 after a record deficit of 7.8 million tonnes in the current year, reports Bloomberg, quoting Peter Baron, executive director of the International Sugar Organisation, as saying.

Bangladesh, which supplies as much as 10 percent of its annual sugar consumption, is now in the trap of global supply-demand gap.

Bets taken by traders and funds may keep sugar price firm on speculations of no obvious solution for the next six to nine months.

"There is a supply-demand mismatch, which makes world market for sugar volatile," says Golam Mostafa, secretary general of Bangladesh Sugar Refiners Association, a grouping of private refiners that meets more than 90 percent of the local demand of about 12 lakh tonnes.

Now, as local refiners claim that price of raw sugar jumped to around \$555 a tonne including cost and



freight charge, the import cost for each kilogramme of raw sugar would stand at over Tk 38 in September shipments.

Based on yesterday's world market price, millers said cost after refining would be Tk 44.85-Tk 45.85 each kg.

Now retail-level price stands at Tk 42-Tk 45 per kg, down from Tk 45-Tk 48 a week ago, after the government withdrew import duty on unrefined sugar and reduced duty on refined sugar to Tk 3,000 from Tk 7,000 per tonne.

Following the duty cut, millers have agreed to offer the item at Tk 39 per kilo at mill gate. Until June 30, refiners were selling at Tk 35 a kg.

The price revision came amid

gradual spike of sugar price since early this year on tight supply forecasts on the global market. Rising import costs also drove the price in the domestic market by more than 35 percent since early January.

The price situation deteriorated further as sugar production by state-run mills dived to more than half in 2008-09 from a year ago because of low sugarcane production.

During the current fiscal year, the target of sugar production has been higher than the previous year's actual production of around 80,000 tonnes. But the amount of local production is less than one-tenth of total annual demand between 12 lakh tonnes and 14 lakh tonnes.

Now sugar prices face a 'bull' on the international market on supply deficit, causing Bangladesh to spend more on sugar, much of which goes for beverage consumption.

"Ultimately the price will be set by world supply and demand dynamics that Bangladesh cannot control," says Ifty Islam, managing partner of investment firm Asian Tigers Capital.

Islam pointed out 'the lessons' of the food price shocks in the first half of 2008. "No country can control the prices of globally traded items they import," he said.

"What the government needs to do is to ensure that our competition laws reduce the scope for cartels and price fixing so that markets can operate efficiently."

The refiners said the government can import a higher quantity beforehand to ensure smooth supply to the local market.

"As private sector, it's difficult for us to import in bulk after incurring loss last year," said Mostafa Kamal, chief of Meghna Group of Industries, one of the leading food items sellers.

Assigning around 4,000 dealers under Bangladesh Sugar and Food Industries Corporation to market refined sugar of private refiners may also be helpful to ensure smooth supply, market insiders said.

It will also help curb unusual hoarding by traders, they added.

Analysts also suggested fixing commodity price considering the current market price in India to check smuggling.

"The government should do two things: fixing the value chain and giving guarantee to the supply side," said Golam Mostafa of Deshbandhu Group.

Islam favoured reduction in costs for transaction, logistics and taxation to ensure that the consumers get sugar at the lowest sustainable price.

"The broad conclusion should be that we should try and allow market prices to be set fairly and efficiently rather than attempt to control prices artificially," he said.

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Banks sweeten Eid offers

SAJJADUR RAHMAN

Banks have joined shopping malls and consumer goods sellers in the race to introduce customised products for individuals and businesses for Ramadan and Eid-ul-Fitr.

Several banks have announced special packages, including festival personal and business loans, to help customers meet additional expenses.

A bank is also offering special discounts for debit and credit users for Eid shopping.

Shopping malls in the country, particularly those in big cities, are offering special discounts to lure customers and prompt sales during the festival. However, it is a fairly new phenomenon for financial institutions to come up with similar offers.

Mutual Trust Bank Ltd (MTBL) is offering the MTBL Mousumi (seasonal) Loan, ranging between Tk 2 lakh and Tk 10 lakh for small and medium enterprises (SME).

"The interest rate for the Mousumi Loan has been set at only 13 percent," said Anis A Khan, managing director of the bank.

National Credit and Commerce (NCC) Bank is also offering festival loans up to Tk 5 lakh for SMEs, at an interest rate of 17 percent, said Moniruzzaman, spokesman for the bank.

Both banks designed their season specific products to meet the immediate demands for cash by SMEs.

For individuals, several banks, including Standard Chartered, NCC and Commercial Bank of Ceylon, are also offering special packages to meet additional expenses.

Standard Chartered Bank is offering discounts for credit and debit card users. Shoppers will enjoy a 3 to 12 percent discount on purchases made with the bank's credit or debit at Anjan's, Westics, Sony Rangs, Singer, Artisti, Mantra and Persona.

NCC Bank has come up with a festival specific personal loan worth up to Tk 15,000 for jobholders, at a 17 percent rate of interest.

Commercial Bank of Ceylon, a Sri Lanka based foreign bank in Bangladesh, also launched a similar package. It is offering loans up to Tk 1 lakh at a 2 percent reduced rate, the bank said in a statement.

The loan will be payable in 12 months while the borrower must have a minimum income of Tk 20,000 a month to be eligible.

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Green Delta swaps 20pc shares with LR Global

STAR BUSINESS REPORT

A local brokerage firm has found an affiliate of a New York-based value investment firm to provide best financial services as well as new and innovative investment products for Bangladesh capital market.

The brokerage house, Green Delta Financial Services, subsidiary of Green Delta Insurance Co, swapped 20 percent shares with the investment firm, LR Global Bangladesh Asset Management Company, the affiliate of LR (Logan Rockefeller) Global.

After signing a strategic alliance deal in Dhaka yesterday, officials said the partnership aims to be leader in the local financial services sector, now at a rolling stage.

Nasir A Chowdhury, chairman of Green Delta Financial Services, and Don LaGuardia, chairman of LR Global Bangladesh, signed the deal on behalf of their organisations.

"It's a milestone for us," said Waqar A Choudhury, chief executive officer of Green Delta Financial Services.

Green Delta LR Financial Services Ltd will be the new name of the joint venture company.

Don LaGuardia said LR Global has a reputation worldwide and efficient staff, while Green Delta knows better about Bangladesh market.

"Bangladesh is an important market for us and we see a great potential here. We will introduce a wide range of products and services over the next couple of years," he said.

LaGuardia also attached importance to the development of Bangladesh's financial services sector.

Reaz Islam, chief executive officer of LR Global Bangladesh, said strengthening the brokerage house by providing skilled manpower and foreign investors is his company's goal.

This company began its operation in Bangladesh last year as an asset management firm after obtaining licence from the Securities and Exchange Commission aiming to provide a full range of investment management services for local and offshore investors.

Founded in 1997, LR Global was with the Rockefeller family to exploit untapped opportunities in developing countries. It has offices in New York, Phnom Penh, Hanoi and Dhaka.

Poultry farmers ask govt to reverse import decision

STAR BUSINESS REPORT

Poultry farmers yesterday urged the government to take steps to reduce chicks and poultry feed prices rather than resorting to imports to contain the market price of eggs.

After a daylong convention, farmers announced they would no longer buy chicks from hatcheries until chick prices come down to a tolerable level.

Presently, poultry farmers have to spend Tk 55 to Tk 65 for a day old broiler chicken, while they have to count Tk 75 for the same aged layer chicken. The farmers allege that the price of each broiler chicken was Tk 25 and each layer chicken was less than Tk 35 a month ago.

Meanwhile, the prices of poultry feed also shoot up. At present a kilogram of broiler feed sells at Tk 28 and layer feed at Tk 24.

Poultry farmers urged the government to fix the price at Tk 20 for layer feed and Tk 23 for broiler within the next seven days.

The government has recently announced that it would import eggs to check egg prices on the local market.

"Importing eggs is not enough to keeping egg prices within tolerable limits," said Abdul Berek Sarkar, president of Bangladesh Poultry Khamar Rakkha Jatiya Sangram Parishad, at a press meet at the National Press Club in Dhaka.

Four eggs are now selling at Tk 28-Tk 30, according to Trading Corporation of Bangladesh's daily market price update.

"We are now trying to regain our foothold in the sector that was crushed by the onslaught of bird flu. Under such circumstances, any step favouring the import of egg and

poultry from neighbouring India will obstruct our efforts," said Khandker Md Mohsin, general secretary of Bangladesh Poultry Khamar Rakkha Jatiya Sangram Parishad.

Farmers expressed resentment over moves to relax existing import restrictions, as many are struggling to make up for losses from the perils of bird flu that hit the Tk 15,000 crore worth poultry industry in early 2007.

"We have to spend as much as Tk 5.30 to produce an egg because of the high price of day-old chicks and feed," said Mohsin.

He also blamed middlemen for the high prices of eggs, which are now selling at more than Tk 8 a piece at retail level.

More than one lakh poultry farms are now producing 1.25 crore eggs a day. The farmers also supply about 1,000 tonnes of chicken a day.

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