

Stocks

DGEN ▲ 0.45%
3,004.76

CSCX ▲ 0.64%
6,685.41

Asian Markets

MUMBAI ▲ 0.38%
15,688.47

TOKYO ▼ 0.79%
10,497.36

SINGAPORE ▲ 0.25%
2,618.76

SHANGHAI ▼ 2.59%
2,915.80

Currencies

Buy Tk Sell Tk

USD 68.42 69.42

EUR 95.84 101.04

GBP 110.20 115.63

JPY 0.71 0.80

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▼
\$947.80
(per ounce)

Oil ▼
\$73.98
(per barrel)

SOURCE: AFP

(Midday Trade)

News in Brief

Daewoo to make \$1.7b investment in Myanmar gas project
AFP, Seoul

South Korea's Daewoo International said Tuesday it would invest some 1.7 billion dollars to develop an offshore gasfield in north-western Myanmar.

Directors approved the investment between October and September 2014 on facilities to produce and transport the gas, the company said in a regulatory filing.

Burger King profit rises despite sales drop



AP, Miami

Burger King said Tuesday its fiscal fourth-quarter profit rose despite a drop in sales as costs fell in the United States.

The nation's No. 2 hamburger chain earned \$58.9 million, or 43 cents per share, in the three months that ended June 30. That compares with \$50.6 million, or 37 cents per share, in the same period a year earlier.

Results beat Wall Street's estimate of 33 cents per share.

Revenue fell 2.4 percent to \$629.9 million. Analysts had expected revenue of \$632 million.

Contact Us

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

Eid shopping perks up early

SOHEL PARVEZ

Shopping ahead of Eid festivity has picked up the pace as retailers logged rising sales in the last two weeks.

Shoppers are roaming the markets, checking out the latest in designs and gift items. Traders who are gearing up for the year's biggest shopping time say sales have peaked at both retail and wholesale points.

"It appears to be a good season for sales this year. Buyers have already started trickling in to purchase clothes for Eid," said Luthfar Rahman, general secretary of Sharif Market Dokan Malik Samity in Old Dhaka.

Sharif Market is one of the largest wholesale points for punjabi, a traditional garment for men. Demand for punjabi surges during Eid as Muslims wear new ones to Eid prayers.

At the moment, it is mostly the suburban retailers and wholesalers who are now purchasing men's, women's and children's clothing from Old Dhaka.

"I bought punjabis worth Tk 100,000 along with other clothing items. I think I will have to come back to Dhaka by August-end to stock more items to sell to Eid shoppers," said retailer Jewel Ahmed, who came from Comilla to buy garments from wholesalers in Old Dhaka.

Clothing traders said the festival helps them register more than 40 percent of their annual sales, due to the buying frenzy among all, irrespective of class or income. This encourages retailers to procure more.

The month provides retailers, wholesalers and distributors a combined turnover of about Tk 14,000 crore, out of full-year turnover of nearly Tk 35,000 crore, according to the association of shop owners -- Bangladesh Dokan Malik Samity.

"I want to invest about Tk 15 lakh in garments to cater to the needs of Eid buyers. Last Eid, I sold goods worth in excess of Tk 15 lakh. I hope sales this year will exceed my shop's records for the previous year," said Mohammad Hanif, a retailer from Narayanganj. He bought dozens of shirts and punjabis from wholesalers at Bangabazar on Saturday.

City retailers are also optimistic about

sales this year, as customers have already increased in the last two weeks. However, customers dropped slightly in the last three days, on account of fasting.

"Eid shoppers have started coming in, but not in high numbers," Md Salahuddin, manager of Big Bell at Rapa Plaza.

"We are recording sales worth Tk 30,000 daily, on an average. Two weeks ago, our daily average sale was about Tk 20,000," he said. "But we hope the figures to rise ahead of Eid."

However, the expected sales bonanza would materialise only if shopping hours are relaxed, retailers said.

In bids to manage the power crisis, the government earlier imposed restrictions on shopping hours. Shops are not allowed to remain open after 8pm.

Recently, shops were given the permission to remain open until 10pm only on Fridays and Saturdays.

But shop operators said the move would not help much. Rather, it may create a mad rush to the shops on weekends.

"We receive nearly half of our customers during the day and the remaining half at night time. If the restrictions on shopping hours continue, it would be difficult for us to cross last year's sales figures," said Khairul Ahmed, manager of a children's wear shop -- Cathay.

"If there is a sharp rise in customer flow, it does not help increase sales, as we cannot handle the rush all at a time," he said.

Amir Hossain Khan, chairman of Bangladesh Dokan Malik Samity, also said shoppers started visiting the shops in the last two weeks.

"We had a total turnover of Tk 14,000 crore during the last Eid season. This year, it may top at Tk 15,000 crore, if the government relaxes the restrictions on shop hours. Otherwise, sales may dive to Tk 10,000 crore," he said.

Khalid Mahmood Khan, director of Kay Kraft, a leading fashion boutique house, said the present shopping hours are inconvenient for nine-to-fivers.

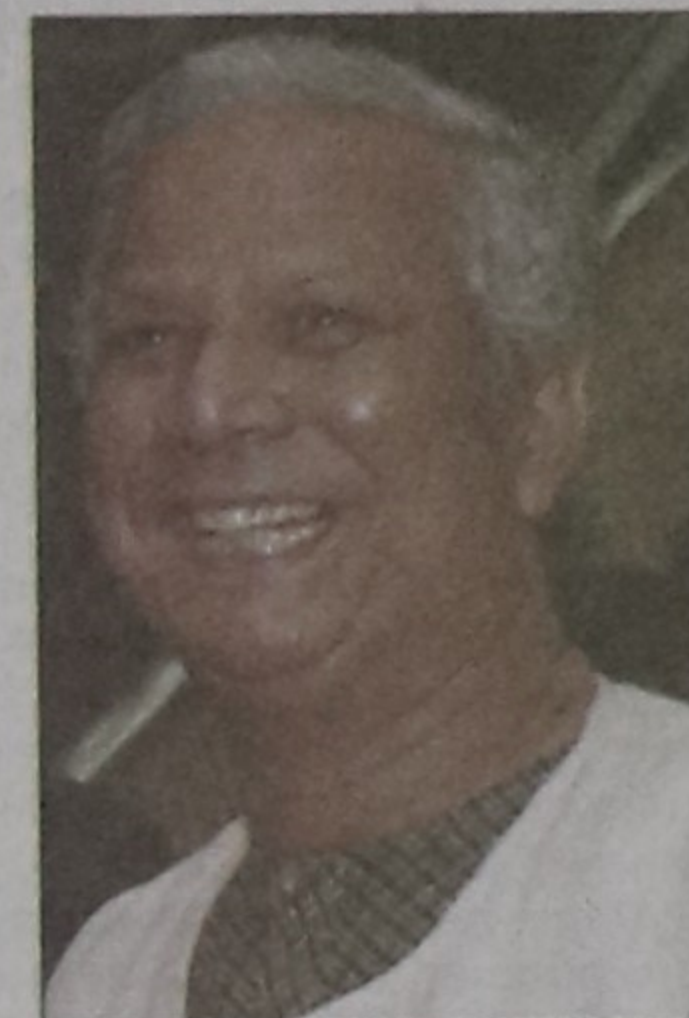
"If we fail to achieve our sale targets, producers in rural areas will suffer as we will not be able to pay their dues."

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SK ENAMUL HAQ

Shoppers browse clothes in a store in Dhaka yesterday, as Eid sales show early signs of a pick-up at retail and wholesale points.



Prof Yunus joins Malaysian advisory panel

UNB, Dhaka

Malaysian Prime Minister Mohd Najib Razak has invited Nobel laureate Muhammad Yunus to be a member of the Multimedia Super Corridor (MSC) Malaysia International Advisory Panel (IAP).

Prof Yunus, the founder of Grameen Bank, has accepted the invitation and will serve on the IAP for two years, according to a message available from Yunus Centre.

The MSC advisory panel counsels its government on issues regarding the economy and innovation.

It also advises the prime minister of Malaysia on matters of technology and wealth creation.

"Members of the panel range from industry luminaries to thought leaders," said the release.

The IAP has been running for 12 years and has expanded the realm of ICT companies from 300 to over 2000.

This in turn has generated \$5 billion in revenue and provided 80,000 jobs.

"This year's edition of the IAP will be a special one as the Malaysian government is looking to chart a new course in partnership with the panellists."

Exports to India swing down



STAR

Shipments to India decreased last fiscal year, which is a big shift in the export pattern from the previous years.

KAWSAR KHAN

Although Bangladesh achieved more than 10 percent export growth last fiscal year, the country's shipment to India slipped 22.76 percent, provisional statistics showed.

The country's exports to its giant neighbour shrank at a time when Bangladesh was enjoying a privilege of exporting eight million pieces of readymade garment (RMG) a year to India under South Asian Preferential Trade Arrangement.

The RMG export privilege was given to reduce the yawning trade gap between the two countries.

But the garment sector people said Bangladesh could not utilise the duty-free facility for different tariff and non-tariff barriers, which they said need to be removed to make a healthy bilateral trade relationship.

Bangladesh exported goods worth \$276 million to India last fiscal year, while its imports were worth \$2.8 billion.

The country's shipment to India was worth \$358 million in FY2007-08, \$289 million in 2006-07, \$242.2 mil-

lion in 2005-06 and \$143.7 million in FY2004-05, according to official statistics.

"Bangladesh's trade gap with India increased to \$2,566.42 million in 2008-09," said Shahab Ullah, vice chairman of Export Promotion Bureau.

Non-tariff barrier is the main impediment to the country's export to India, he said, adding that separate quality standards of Bangladesh and India also thwart export efforts.

He also said negotiations are going on at both the government and private level to reduce the trade gap.

Garment industry people said exporters got certificates from the government to export 3.5 million pieces of RMG under the duty-free facility last fiscal year, while the real export was much more lower than it should have been against the certificates issued.

M Fazlul Hoque, president of Bangladesh Knitwear Manufacturers and Exporters Association, said though local apparels cross Indian border without any duty, these products have to pay around 16 percent duty in Indian market, which dis-

courages local manufacturers to exploit the opportunity.

Talking on Indo-Bangla trade, Abdul Matub Ahmad, president of India-Bangladesh Chamber of Commerce and Industry, said the chamber has set a target to increase Bangladesh's export to \$1 billion by 2011.

He also said talks are on in a number of areas, including inland container handling and raising Bangladesh's duty-free RMG export quota, to increase export to India.

Though Bangladesh has a wide trade gap with India, some businessmen said it was not something to be worried about since Bangladesh enjoys a huge trade surplus both with the United States and EU, offsetting the deficit.

"Sometimes importing from India is beneficial to us as the country is very near to us compared to Iran or Turkey," said a businessman.

Bangladesh's overall export stood at \$15.56 billion last fiscal year that ended in June, while earnings in FY2007-08 were \$14.1 billion.

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Lending rates still stay high

INTEREST RATE IN 2009

Percent

Months	Lending rate	Deposit rate	Spread
February	13.47	8.16	5.31
March	13.62	7.91	5.71
April	13.53	8.17	5.36
May	13.77	8.27	5.5

SAJJADUR RAHMAN

Lending rates stay high despite deposit interest rate cuts twice in just five months.

The latest one percentage point slash in deposit rate was enforced by 30 private commercial banks (PCBs) from 16 of this month. Earlier in April, the rate was capped at 9.5 percent.

PCBs' persistent reluctance to slash lending rates, a long time demand from the business community, has also irked the central bank.

"In a situation of surging market liquidity with low fund off-take for imports and investment activities from faster growing export receipts and remittance inflows, banks were quick to respond with slashing deposit interest rates, but not with commensurate decline in lending interest rates," Bangladesh Bank said in its latest monetary policy review.

Banks, especially local private and foreign ones, are often blamed for charging high interest rates. Businesses have been complaining on high borrowing costs for years.

Spread, a gap between the lending and deposit rates, also remains high in Bangladesh compared to other countries.

Businesses expected that the sluggish domestic investment demand and huge excess cash would prompt banks to go for cutting lending rates as other countries do to spur demand.

"There is scope to cut the lending rates as the government has given banks a huge concession by reducing tax rate by 2.5 percentage points," said Abdul Hafiz Chowdhury, president of the Metropolitan Chamber of Commerce and Industry (MCCI).

Chowdhury cited example of many countries that came up with a reduced lending interest rate to spur their economies amid recession.

He said bankers say that they could not reduce the lending rates mainly due to bad

loans.

The MCCI president said banks charge 13 percent for different sectors, but it is 15 percent for commercial lending. Consumer loans cost much higher.

Clients are yet to be benefited from the government's move to cut corporate tax rate of banks and other financial institutions by 2.5-percentage point to 42.5 percent in July despite banks' hefty profit income.

Bangladesh Bank Governor Dr Atiur Rahman says he wants clients to benefit from such corporate tax cuts.

The BB in its monetary policy review also pointed out that besides inflation, there are other structural factors for what lending rates tend to remain relatively high.

"All the alternative non-bank financing options for borrowers in Bangladesh (NBFIs, MFIs, debt issues in capital markets) happen to be costlier than bank loans. These options therefore impart no competitive downward pull on lending interest rates of banks," the BB analysis said.

It said investors in the capital market have limited appetite for debt issues of corporate houses, as their past experiences were not that satisfactory. In advanced economies, interest rates are lower because good corporate houses can raise equity cheaply and quickly in the capital markets.

"This is not yet the case for corporate borrowers in Bangladesh, generally because of limitations in quality of their corporate governance and in transparency of their disclosures," the central bank analysis said.

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Correction

The Aug 24 report headlined "Pharma industry set for expansion" wrongly mentioned that the size of the local pharmaceutical industry stands at Tk 20,000 crore. In fact, industry leaders said the market would reach that figure by 2020. We regret the error.