

Stocks

DGEN	▲ 0.36%	2,942.43
CSCX	▲ 0.50%	6,537.34

Asian Markets

MUMBAI	▲ 0.21%	16,216.86
TOKYO	▲ 1.95%	10,513.67
SINGAPORE	▲ 1.05%	2,678.23
SHANGHAI	▼ 0.73%	2,924.88

Currencies

	Buy Tk	Sell Tk
USD	68.42	69.42
EUR	97.72	102.96
GBP	111.26	116.70
JPY	0.73	0.82

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	▼	\$992.65 (per ounce)
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Oil	▲	\$72.43 (per barrel)
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SOURCE: AFP

(Midday Trade)

News in Brief

EU offers poor nations billions in climate aid

AFP, Brussels

The European Union proposed Thursday to offer up to euro15 billion (\$21.8 billion) a year in aid to poor developing countries to persuade them to sign a new global climate change agreement.

However, development and environmental campaigners blasted the offer as insufficient because it assumes that poorer nations will bear most of the costs of reducing their greenhouse gas emissions.

EU Environment Commissioner Stavros Dimas said the promised funding was Europe's "first meaningful proposal" to urge faster progress toward a new United Nations global climate pact at Copenhagen in December.

P&G sees sales starting to rise again in Q3

AP, Cincinnati

The Procter & Gamble Co, maker of Tide soap and Gillette shavers, expects sales to begin rebounding this fall.

It also expects the sale of its prescription drug businesses to increase earnings by 32-34 cents a share this year, and the consumer products maker.

P&G leaders told investors Thursday in Boston that they project organic sales growth of 1 to 4 percent for its October-December quarter. Organic sales or sales not related to acquisitions have fallen in the past two quarters.

Contact Us

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

Call money rate at 6-month high

SAJJADUR RAHMAN

The inter-bank call money rate reached a six-month high of 5 percent yesterday, riding on an Eid spending spree and the central bank's \$150 million purchase from the market over the last two days, bankers and analysts said.

However, the rate for non-bank financial institutions rose up to 6 percent.

The interest rate was hovering between Tk 0.10 and Tk 0.25 -- a trend that started in April because of a steep decline in demand for money, said market players.

The call money rate is the rate of interest that is charged by lenders when extending loans to banks and other financial institutions.

"The demand and circulation of money increased this week. Banks will witness further cash withdrawals next week," said Helal Ahmed Chowdhury, managing director of Pubali Bank, one of the largest players in the money market.

But Chowdhury ruled out the possibility of any sudden rise in the rate ahead of Eid this year, as seen in the previous years because of a huge volume of cash in their reserves.

"I don't think the interest rate in the call money market will rise above 7 percent this year. Almost every bank has a surplus cash," said SA Faruki, managing director of Standard Bank.

In Bangladesh, the inter-bank call money market is accustomed to experiencing a sharp rise in the interest rate due to hefty cash withdrawal before Eid. In previous years, demand for funds was so high that the rate even jumped 50 percent.

This year the situation is different. In June 2009, banks had over Tk 34,000 crore excess liquidity without finding ways to invest this idle money.

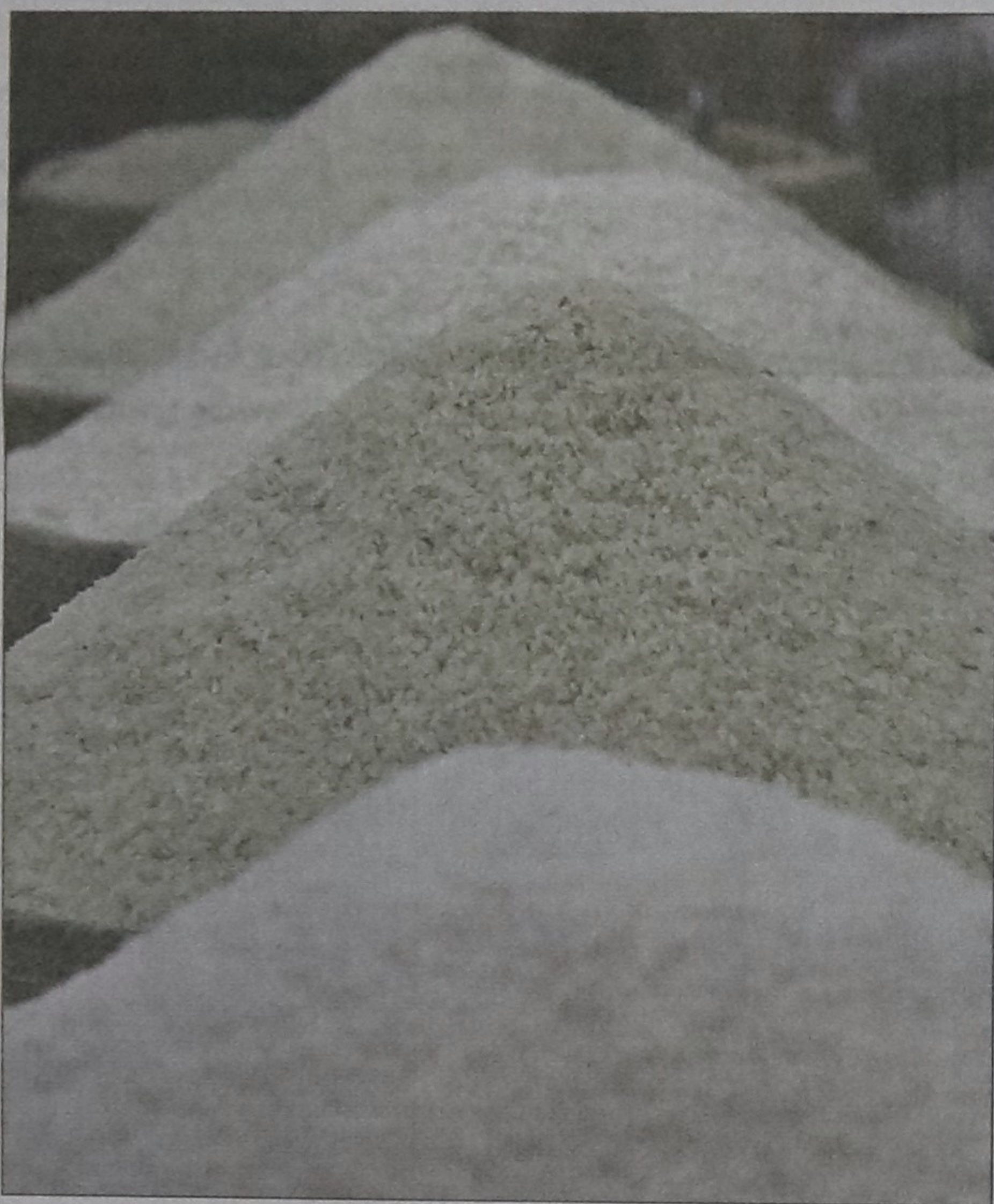
"No bank is in a cash crisis. We have a Tk 250 crore surplus cash at the moment," said the Standard Bank managing director.

Standard Bank is a third generation, relatively smaller private bank. The three state-owned commercial banks -- Agrani, Janata and Sonali -- are the biggest players in the money market with a huge cash flow. Among the private banks, Uttara, IFIC, Prime and National, are the major players.

Ashim Kumar Saha, vice president (treasury division) of NCC Bank, identified three reasons behind the call money rate hike in recent days -- Bangladesh Bank's purchase of Tk 900 crore through treasury bills last Monday after a pause of over a month, withdrawal of money for Eid spending and a panic for cash.

"Some Tk 2,000 crore to Tk 3,000 crore is generally withdrawn from banks during the Eid festival," said Saha. The money will be returned to the banking sector in two weeks after Eid, he added.

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Rice prices go up

SOHEL PARVEZ

A low supply of paddy has led to the rise in rice price, especially the fine variety, traders and millers say.

"The prices of almost all types of rice have soared by Tk 1-2 a kilogram in the past two weeks, while fine rice, such as miniket, leads the way," said Md Main Uddin, owner of Haji Ismail & Sons, a rice wholesale depot at Karwan Bazar.

Trading Corporation of Bangladesh data showed that miniket or najirshail prices went up by 2.78 percent to Tk 32-42 yesterday from Tk 32-40 a kilogram a month ago.

Middle and upper middle-income groups are the main consumers of such fine quality rice.

The price of the relatively better quality paizam (pari) or lata has also increased by about 2 percent to Tk 25-27 a kg on Tuesday from Tk 25-26 a month earlier. The price of low quality or coarse rice also marked 2.38 percent rise, according to the state-run trading agency.

Staples price marks a rise at a time when its demand dropped because of low consumption during Ramadan.

"Rice prices have been ticking upwards for the last two weeks. There is no rationale behind the rise, as consumption dips," said Md Shahjahan, a rice retailer at Palashi kitchen market.

Shahjahan now sells a kilogram of medium quality miniket at Tk 32, up from Tk 30-31 two weeks ago. He also charges higher prices for najirshail and other fine quality rice, such as paizam.

However, insiders said despite a fall in consumption, demand lingers at wholesale levels, as they wish to stock rice so that they can meet the increased post-Eid demand when production at almost all mills remains suspended.

The current relatively low cost of transportation of rice from the hubs to cities also prompts a section of wholesalers to buy rice in advance, they added.

Rice wholesalers and millers attributed the price hike to low supply from paddy growers and hoarders on speculation of low Aus output and delayed or possibly low Aman output.

Wholesalers at rice hubs, such as Naogaon district, said rise in the prices of super fine and fine quality paddy recorded the highest, while coarse rice price remains steady.

Fine quality miniket paddy now costs between Tk 680-700 a maund (37.324 kilograms) from Tk 560-580 a couple of months back, said Nirod Boron Saha, general secretary of Naogaon Dhanno-Chal Aratdar Babsaee Samity (association for paddy and rice wholesalers).

"A low supply from farmers pushed rice prices up," Saha said.

Increased paddy prices, according to millers, contributes to a rise in the cost of production for millers, many of whom now fix the price by taking into account their procurement costs and margins.

The interest rate on working capital from banks also influences price fixing by millers, they added.

Abdul Matin, owner of Titas Enterprise at Mohammadpur Krishi Market, said the price of rice increased by as low as Tk 30 each maund. "On Sunday, we sold miniket at Tk 1,100 a maund. Today, the price is Tk 1,130 for the same amount."

"The rise in the price of rice can only be explained by the increase in paddy prices. There is no other reason for it," said Abdur Rashid, managing director of Rashid Agro-food Products Ltd, a leading fine rice maker.

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A woman checks out a jewellery shop at Bashundhara City, a popular mall in Dhaka, yesterday. Shoppers are crowding markets -- both downscale and upscale, with the Eid around the corner.

Stone chips exports to India double on high demand

KAWSAR KHAN

Export of stone chips, an important construction ingredient, to India doubled in the last two years, thanks to its high demand from Tripura and Methalaya, the two north-eastern states of the neighbouring country.

Sector people say although India is a natural source of stone, the two states import the construction material from Bangladesh since it is cost effective for the users there. They also point to the fact that the Indian construction contractors prefer collecting Bangladeshi stone to the one available in different parts of their own country, as transportation costs much more than it costs in case of the import from Bangladesh.

"Last year we exported around one crore cubic feet (cft) of crushed stone to the Indian states and the demand was created due to huge construction works in those regions," said Abdul Ahad, president of Bangladesh Stone Merchants Association (BSMA).

The annual sales of stone chips to India were between 50 and 60 lakh cft two years back, the sector people said.

In the Indian market, each cft of crushed stones costs around Tk 120, while it ranges from Tk 100 to Tk 120 in Dhaka.

"Though crushed stones price is almost the same in Dhaka and in export markets of India, we can make a little bit more profit by exporting

because of the low transportation cost," said Abdul Matin Khan, general secretary of BSMA.

It costs around Tk 29 to transport each cft of crushed stone from Sylhet to Dhaka, while it ranges from Tk 15 to Tk 17 to send it to India, Khan added.

Besides earning foreign currency, crushed stone exports have also created job opportunities for around 10 lakh people directly and indirectly, according to industry insiders.

They, however, denied any environment pollution extracting stones by machine, though the government slapped an embargo on it in February.

Jafflong and Volaganj of Sylhet are the main sources for natural stone in the country.

The embargo was enforced to save environment of the rivers of Piyain and Dauki in Sylhet, a source of the 75 percent of stone supply.

However, manual extraction of stones was allowed. Restrictions led to drastic reduction of stone collection, followed by supply crunch and price hike.

"Though we are exporting stone chips to Tripura and Meghalaya, a few companies have also started importing stone from India due to short of supply from the domestic source," said the BSMA president.

Following the government embargo, some local contractors, who signed deals at the previous stone chips rate, have suffered a huge loss due to price hike of stones.

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22 firms awarded energy licences

STAR BUSINESS REPORT

Bangladesh Energy Regulatory Commission (BERC) yesterday awarded licences to 10 captive power plants (CPP) and 12 compressed natural gas (CNG) stations.

The commission gave the licences at a meeting at its office, where bidders presented their production capacity.

BERC acting Chairman Mukhlesur Rahman said some of the CPPs were in operation from before without licences and some were given fresh licences.

"The 10 CPPs will be able to produce about 99 megawatt (MW) of electricity a day. A significant amount of the power could be transmitted to the national power grid to reduce frequent outages," Rahman said.

He said BERC would not impose the annual licence renewal fee of Tk 5 lakh as was decided earlier.

But it would charge a minimum amount of fee a year to renew the licences.

However Rahman did not say anything about the minimum renewal fee.

Earlier BERC had sent letters to the CPP operators to pay Tk 5 lakh as the annual licence fee.

But the CPP operators, especially those in the spinning and textile mills, opposed the decision.

Later, Finance Minister AMA Muhith in his budget speech for fiscal 2009-10 announced withdrawal of the licence fee from the CPP operations, although it is yet to be fully implemented.

The CPP licence winners are Aristopharma Ltd with a capacity of 3.3 MW, Nassa-Taipei Textile Mills Ltd with 4.39 MW, Otto Spinning Ltd with 5.02 MW, Jeans 2000 Ltd with 2.03 MW, Pacific Jeans Ltd with 1.03 MW, Lina Power and Energy Ltd with 9.25 MW, New Town Knitwear Company Ltd with 2.95 MW, Hajee Islamuddin Spinning Mills Ltd with 4.76 MW, Outpace Spinning Mills Ltd with 3.19 MW and Biswas Poultry and Fish Feeds Ltd with 1.03 MW.

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