

Asian Markets

MUMBAI ▼ 0.99%
16,719.05

TOKYO Closed

SINGAPORE ▲ 0.01%
2,685.94

SHANGHAI ▼ 1.89%
2,842.72

Currencies

	Buy Tk	Sell Tk
USD	68.40	69.40
EUR	99.33	104.59
GBP	110.05	115.47
JPY	0.74	0.83

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▼
\$1,016.00
(per ounce)

Oil ▼
\$71.39
(per barrel)

SOURCE: AFP

(Midday Trade)

News in Brief

Ctg port activities goes on as usual

STAFF CORRESPONDENT, Ctg

Operations at the Chittagong port began from the evening shift on Eid day, while Bandar Bhaban and Chittagong Customs House kicked off operations yesterday.

There was no vessel or container congestion at the port as loading and unloading began on Eid day, according to the Chittagong Port Authority (CPA).

"Activities inside the port are now going on as usual. But delivery to and from the port could not be held till yesterday, as there was no one to receive or book goods or containers," said CPA Secretary Syed Farhad Uddin.

There were 17,031 TEUs (twenty equivalent units) of containers against a capacity of 31,022 TEUs.

A total of 2,451 TEUs containers were loaded and 2,980 TEUs unloaded on Tuesday, while handling of containers and other cargos continued in full swing.

Eight vessels were scheduled to depart and five to arrive at the port jetties yesterday.

Sources in shipping and freight forwarding agencies also said operations did not gain momentum as concerned exporters and importers are still to show up.

New DMDs for state banks

STAR BUSINESS REPORT

The government yesterday appointed three new deputy managing directors (DMD) in three state-run banks.

According to a finance ministry order, Dr Nurul Alam Talukdar has been promoted to DMD of Agrani Bank Limited from his present post as general manager (GM) of Ansar-VDP Unnayan Bank.

Tapan Kumar Ghose, Sonali Bank GM, has been promoted to DMD of Janata Bank Limited. Mustaque Ahmed, Sonali's GM, has been made DMD of the same bank.

Contact Us

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



The principal branch of Sonali Bank experiences a low transaction yesterday, the first working day after Eid vacation.

Titas Gas blots on pre-IPO

The company draws in five times more than offered

SARWAR A CHOWDHURY

On completion of sales after its debut on the country's prime bourse before Eid, Titas Gas drew in close to Tk 1,000 crore, almost five times greater than the price it offered.

The state-run gas transmission and distribution company received Tk 975 crore by offloading 2.14 crore shares worth Tk 100 each. Titas Gas sold each share at Tk 455 on an average, according to statistics from Investment Corporation of Bangladesh (ICB), the company's selling agent.

The market's overwhelming response to the offload of shares by Titas Gas will encourage other government entities to debut in the stock market, analysts said.

Direct listing is an option for profitable companies that do not prefer the existing IPO (initial public offering) method. Under this system, entrepreneurs or owners

get the best value for their shares, as prospective investors that are directly in the secondary market determine the price of a security.

The government should also offload greater portions of its stake in the already listed companies, they said.

The government can use the stock market as a source of financing and the market is ready to reward heavyweight companies, Salahuddin Ahmed Khan, former chief executive officer of Dhaka Stock Exchange (DSE), said.

"The government received a good response by offloading 20 percent stake of Titas Gas. If the government offloads another 29 percent in the market, it can gather a hefty sum, which can be invested to develop the energy sector," said Khan, who now teaches finance at Dhaka University.

However, Titas Gas took around a prolonged 14 months to offload its planned 20 percent or 2.14 crore

shares, he said. "The company might have received an even better value if the sale was completed earlier, when the price was high," he said.

Titas Gas made its trading debut on the stock exchanges on July 2 last year.

Opposing DSE's recent proposal to bar private companies from using the direct listing method to offload shares, Khan said it will have a negative impact.

In addition to government owned entities, private sector companies should also be encouraged to list under direct listing rules, he said.

"Instead of discouraging them, the rules should be amended so that no one can make unusual business by abusing the rules," he suggested.

Titas, which distributes gas in Dhaka and the greater Mymensingh region, was the fifth state-run company that is listed on the stock exchanges under direct listing rules. sarwar@thedailystar.net

Festivals boost shopping

SOHEL PARVEZ

Retail sales have posted a higher growth during Eid this year due mainly to a relatively better law and order situation, longer shopping hours, and a comeback of business confidence, operators said yesterday.

The rise in sales, according to the shop operators, was between 10 percent and 20 percent during the days prior to Eid, which helped generate about 40 percent of the annual turnover of retailers, wholesalers and distributors.

The sign of a let-up in fear among a section of shoppers about the drive against corruption and tax dodging has also contributed to the sales growth.

The retailers said a section of customers, especially politicians, who had been a bit edgy in spending during the last two years of caretaker government, spent more on Eid shopping this year.

"We have recorded very good sales this year compared with those in the past two

years," said Md Helal Uddin, president of Dhaka Mahanagar Doka Samity, a body of shop owners in the capital.

"It seems that a section of customers, who refrained from buying much during the caretaker government regime, have returned to a shopping spree," he said.

Sales in his outlet, Nilmoj Garments, were 20 percent higher in the month prior to the Eid day, celebrated on Monday.

Another religious festival Durga Puja that begins today had also helped traders mark a rise in sales, as the Hindus were buying clothes and gift items, among others.

Footwear and electronics retailers also registered growth in sales during the shopping season ahead of Eid and Durga Puja.

But the impact on sales was mixed as it varied from locations to locations and malls to malls.

"Sales were there but not as per expectation," said Khalid Mahmood Khan, director of a local fashion house, Kay Kraft. Khalid however said sales

fluctuated depending on locations and malls.

He also linked the lower-than-expected sales to a decline in the number of shopping days due to a 29-day Ramadan, bad weather and traffic jam.

But a longer shopping period helped many retailers register good sales.

"No time bar on shopping helped us. A relatively better law and order situation also encouraged shoppers," said Mir Nizam Uddin Ahmed, chairman of Zaara Fashion Ltd, which was offering foreign garments.

"We have crossed our targeted turnover of Tk 50 lakh as Eid sales," he said.

Tariqur Rahman Milon, managing director of Artisti Collection, said leading garment brands recorded good sales. "Our sales were slightly better than the previous Eid," he said.

Jafrul Alam Khan, national sales manager of Transcom Electronics, said the electronics retailer also recorded a rise in sales this Eid. sohel@thedailystar.net

Excess liquidity punishes banks

State banks on the forefront

SAJJADUR RAHMAN

State owned banks bear the weight of excess liquidity more than private banks because of sluggish investment demand.

The country's banking sector is comprised of 48 banks -- 30 private, 9 foreign, 4 state-owned and 5 specialised -- all with large deposit bases.

Surplus liquidity reached Tk 34,762 crore in June 2009 from Tk 12,989 in June 2008, the finance minister said in parliament recently.

Loan against deposits stood at 59 percent for state banks against 87 percent for private banks, thus depicting a gloomy investment scenario for the government owned banks, according to central bank data.

Private banks are witnessing greater transactions than state banks despite higher interest rates and charges.

Finance Minister AMA Muhith said the high quality of quick services, diversified products and prompt loan disposals are some factors that contributed to the rise in the number of private bank clients.

The four state-owned commercial banks -- Sonali, Janata, Agrani and Rupali -- play a dominant role in the industry because of strong asset and deposit bases and countrywide networks. But onslaught of the ongoing global recession and poor energy situation in the country has negatively affected profitability of all banks.

Despite efforts, private banks are constantly outperforming state owned banks, according to bankers.

"We are not sitting idle. All our branches have been directed to seek new investment options, such as farm and small and medium

enterprise (SME) sectors," said Syed Abu Naser Bukhtear Ahmed, chief executive officer and managing director of Agrani Bank.

SM Aminur Rahman, managing director of Janata Bank, prefers investment in relatively safer instruments rather than commercial lending.

"We invested in treasury bills and bonds along with extending loans for some big NGOs," said Rahman.

Janata Bank has also made deposits in other banks. Rahman however said the main business for banks come from industrial credit.

According to Bangladesh Bank (BB) data, state-owned bank deposits reached Tk 83,992 crore in June 2009 -- Sonali at about Tk 25,000 crore, Janata Tk 20,000 crore and Agrani Tk 15,000 crore -- while loans amounted to Tk 49,501.58 crore.

At the same time, private bank deposits stood at Tk 1,60,015 crore against Tk 1,38,776.39 crore in loans, according to BB data.

"Banks are not receiving large investment proposals. We have unutilised money worth nearly Tk 500 crore," said the Agrani Bank CEO, blaming the energy crisis for the lack in investment demand. He is however upbeat on revival in the fourth quarter of 2009.

On the same note, the Janata Bank MD said, "The gloomy situation is bound to pick up in the last quarter of 2009."

"Investors have observed the situation for several months and now they will come up with investment options."

Regarding the prevailing energy crisis, Rahman said industries have started generating power for their own use.

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Activists of the anti-globalisation organisation Attac wear masks of, from left, German Chancellor Angela Merkel, French President Nicolas Sarkozy and US President Barack Obama, and present banners mocking world leaders yesterday in front of the State Council (one of the French highest courts) in Paris, on the eve of the G20 Pittsburgh summit.

Financial reforms on focus G20 summit begins today

AFP, United Nations

US President Barack Obama on Wednesday called on the two-day G20 summit to set new rules to strengthen the "regulation of all financial centres."

Obama will host his first international summit opening late Thursday when G20 leaders will gather in Pittsburgh, Pennsylvania.

"In Pittsburgh, we will work with the world's largest economies to chart a course for growth that is balanced and sustained," the US leader said in his maiden speech to the UN General Assembly.

"That means vigilance to ensure that we do not let up until our people are back to work. That means taking steps to rekindle demand, so that a global recovery can be sustained."

Another report from Washington adds: The United States is pushing key developing and developed nations to agree on a plan to phase out subsidies for fossil fuel industries ahead of the G20 summit, the White House said.

The plan is part of efforts to combat climate change, enhance energy security, improve public health and the environment, promote faster economic growth and support more effective targeting of government resources for the poor, officials said.

"I would simply say that we put on the table the desirability of reaching an agreement to phase out fossil fuel subsidies," Mike Froman, the national security advisor for international economic affairs, told reporters on Tuesday.

Key G20 nations China, India,

Russia and Brazil reportedly are among the top spenders of fossil fuel subsidies and are unlikely to easily agree to any plans to slash them.

Meanwhile a report from New Delhi adds: Indian Prime Minister Manmohan Singh said Wednesday that the world economy was still "not out of the woods" as he set off for the G20 summit of wealthy and emerging nations.

He also called for further progress on reforms of international financial institutions, such as the International Monetary Fund, and called for a "strong message" against protectionism.

The global economy has shown "distinct improvement" since the global financial crisis erupted but "we are still not out of the woods," he said.

Ford targets India with small car

AFP, New Delhi

US car giant Ford announced Wednesday it will launch its first small car in India early next year as it targets the country's fast-growing automobile market to boost global sales.

Chief executive officer Alan Mulally unveiled the hatchback Figo -- Italian slang for "cool" -- in New Delhi.

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