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Stocks

DGEN	▲ 3.02%	5,312.44
CSCX	▲ 3.09%	10,038.46

Asian Markets

MUMBAI	▼ 0.47%	16,780.46
TOKYO	▼ 0.74%	10,512.69
SINGAPORE	▼ 0.28%	2,811.71
SHANGHAI	▼ 1.09%	3,094.41

Currencies

	Buy Tk	Sell Tk
USD	68.55	69.55
EUR	95.67	99.87
GBP	109.02	113.42
JPY	0.74	0.79

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	▲	\$1,110.27	(per ounce)
Oil	▼	\$74.25	(per barrel) (Midday Trade)

SOURCE: AFP

News in Brief

Trust Bank First Mutual Fund debuts tomorrow

STAR BUSINESS REPORT

Trust Bank First Mutual Fund will make trade debut tomorrow and Prime Bank ICB AMCL First Mutual Fund on February 2.

The Dhaka Stock Exchange (DSE) at a board meeting yesterday approved the listing of the two closed-end mutual funds and set the dates of their trade debut.

The size of the 10-yearly Trust Bank First Mutual Fund is Tk 200 crore, of which sponsors funded Tk 40 crore, while Tk 120 crore was raised through pre-IPO private placement and the rest Tk 40 crore through IPO (initial public offering). Per unit price of the fund is Tk 10.

The Tk 100-crore Prime Bank ICB AMCL First Mutual Fund is also a 10-yearly one. Sponsors funded Tk 20 crore, while Tk 40 crore came through pre-IPO private placement and Tk 40 crore from IPO. Its unit price is Tk 10 each.

Maksons Spinning okays 20pc stock dividend

STAR BUSINESS DESK

Maksons Spinning Mills Ltd has recommended 20 percent stock dividend for FY 2008-09 at the company's 19th board meeting in Dhaka recently, said a statement.

Abdul Ali, chairman of the company, presided over the meeting, while Mohammad Ali Khokon, managing director, and directors were present.

In the meeting, the company disclosed its turnover of Tk 93.43 crore, net profit before tax of Tk 11.56 crore and net profit after tax of Tk 7.48 crore. The company's earnings per share reached Tk 2.65 in 2008-09, compared to Tk 2.45 of the previous year, added the statement.

The company's fifth annual general meeting will be held on February 20.



A stall attendant waits for visitors at the 6th Dhaka International Plastic, Packaging and Printing Industrial Fair at Bangabandhu International Conference Centre in Dhaka yesterday.

Spinners back in the black

Rise in domestic yarn demand, signs of recession recovery decisive factors

SAJJADUR RAHMAN

The spinning industry has been experiencing good business for the past several months, showing signs of overcoming a situation close to collapse it faced since 2008, according to sector people and bankers.

They have attributed such revival to the rise in demand from local knitters and recovery of global recession as well.

"Demand for yarn is picking up since mid-2009," said Rajeeb Haider, managing director of Outpace Spinning Mills.

He thinks narrowing the price gap between Indian and Uzbekistan cotton also helped the industry, consisting of 350 mills, back in the black.

"Knitwear manufacturers are consuming more yarn now than the amount last year because of a rise in export orders on clear signs of global recession recovery," Fazlul Hoque, president of the Bangladesh

Knitwear Manufacturers and Exporters Association, said, pointing to spinners' return to a good time.

Echoing the Outpace's MD, the BKMEA boss said the price gap between Bangladeshi and Indian yarn has also caused increased demand for locally produced yarn.

A market survey suggests the price gap between Uzbek and Indian cotton has now come down to 3 cents from last year's 10 cents per pound, which also help spinners overcome bad time.

Currently, cotton (Uzbekistan) price has jumped to 82-83 cents per pound in international market from maximum 70 cents in June last year. It was selling at 56 cents per pound on March 29 last year.

Bankers have also breathed a sigh of relief on the turnaround of the industry because commercial banks have a huge exposure to this sector. They had also tightened

their grip last year on new lending to this sector, as it faced bad time, although the sector recorded a consistent growth for the past one decade.

The spinning sector was facing an abnormal situation between a period stretching from November 2008 to October 2009, which threatened even its survival. A considerable number of such mills were closed down and many had cut their production by 30-50 percent at the beginning of 2009.

According to industry people, now the Tk 27,000 crore industry has no yarn stockpiled, which in 2009 had reached nearly 2.5 lakh tonnes worth of Tk 2,500 crore.

The then caretaker government's decision to allow random imports of low-cost yarn from neighbouring India had also taken a heavy toll on the local spinners.

"The situation of the spinning industry has substantially improved," said Helal Ahmed

Chowdhury, managing director of Pubali Bank.

Shahjahan Bhuiyan, managing director of United Commercial Bank said the bad time is 'over'.

"Local knitwear makers are now consuming locally produced yarn because of its convenient price," said Bhuiyan.

Head of Prime Bank's Corporate Banking Division Touhidul Alam Khan hoped the spinners would do brisk business, riding on an increased knitwear exports.

Khan also added that the existing spinning mills will be able to buck the trend as their fixed cost has already depreciated over the years.

"With only variable cost in their mind, coupled with less bank liability, made them a less cost producer of yarn in the current market situation. But competition will throw a new comer into a difficult situation," he added.

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Stocks lurch into danger zone

STAR BUSINESS REPORT

The stockmarket has traded close to an alarming level with a record-breaking trend for a third day.

Mutual funds and the lone telecom company led yesterday's rally, pushing the key index to its highest peak of 5,312.44 points, up 3.02 percent over the previous trading day.

Also, the single day turnover reached its highest level at Tk 1,503 crore.

More than half the gains on the DSE General Index came from Grameenphone, as a Tk 1 rise in its shares adds 3.5 points to the benchmark index.

The two sectors advanced 18.09 percent and 10.21 percent on the Dhaka Stock Exchange yesterday.

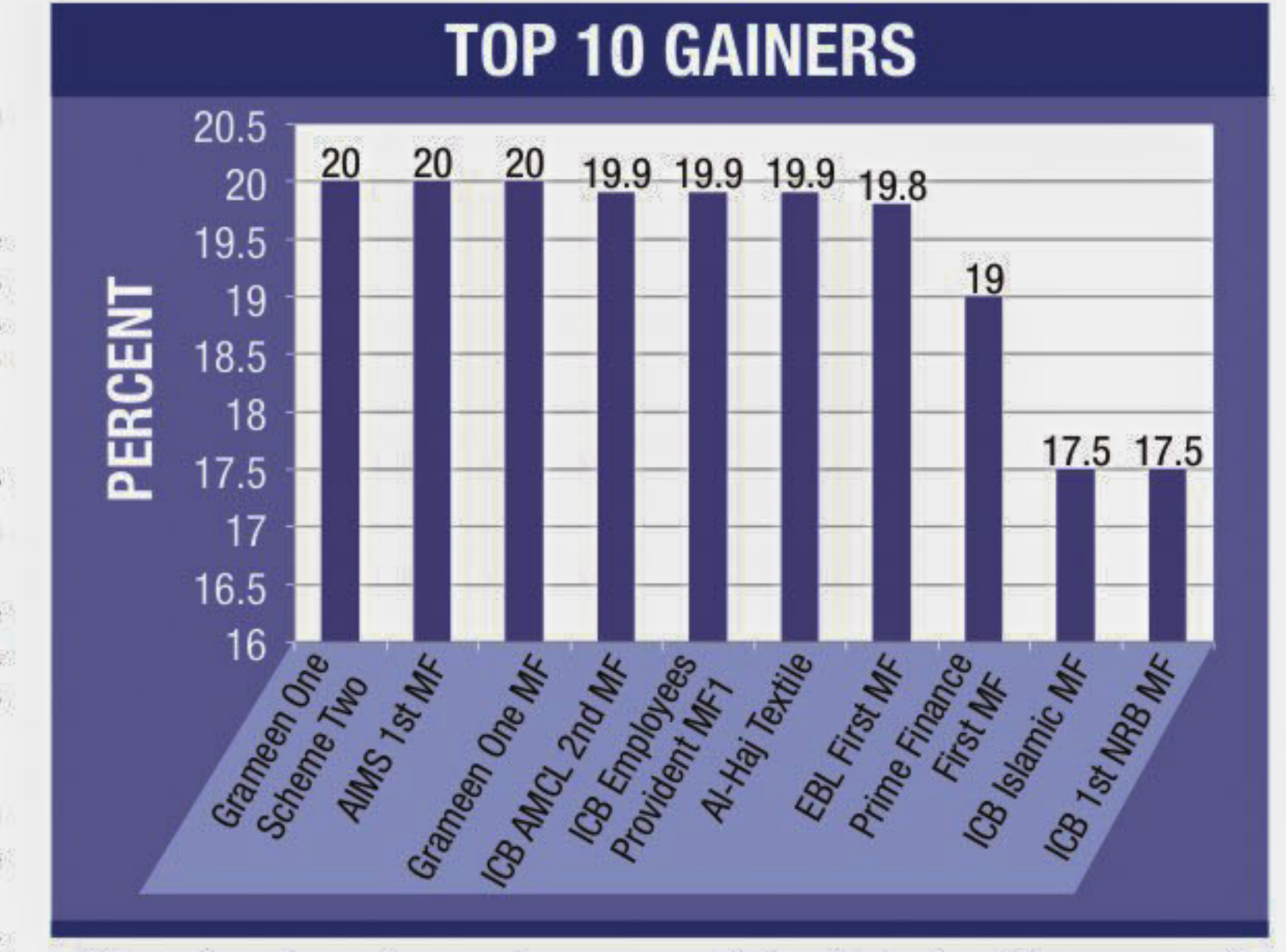
Some mutual funds hit circuit breakers after the Securities and Exchange Commission decided not to challenge the High Court's verdict on the mutual fund case.

The verdict allows mutual fund managers to declare dividends pending for more than two years.

Analysts however said investors' attitude towards the market is not rational. "It is true that the market is facing a supply scarcity, but it does not mean one will have to chase for shares that are already overpriced," one of the analysts said, asking not to be named.

Fundamentally strong shares could be overvalued sometimes if there is a huge mismatch between demand and supply. The market goes on a roller-coaster ride, led by a tide of liquidity and thousands of fresh investors.

As of yesterday, the overall market P/E neared 30, which was 18.42 a year earlier, which means investment is running into graver risks.



"Now that the stalemate is gone off the mutual fund industry, it's natural for the funds to see an upward trend. But the scrips should not hit circuit breakers," said Saiful Islam, senior vice-president of DSE.

Nine mutual funds, which passed 10 years, will be taken off the market by December 2011.

M Fazlur Rahman, president of Bangladesh Merchant Bankers Association, said the merchant bankers have identified some securities that are overvalued. "We will advise our clients to invest in them carefully."

The association also decided that they would cut or stop the margin loan facilities if they think any stock becomes overpriced.

Evaluating the current market trend, Rahman said a huge gap between demand and supply is one of the major reasons behind the existing situation.

"The SEC should approve the IPO proposals that are awaiting the green light. And the government should offload more stakes to cool down the market."

Managing directors and other high officials of brokerage houses, operated by banks and non-bank financial institutions, urged the SEC to reverse the decision of allowing new companies to go for IPO with 40 percent of paid-up capital.

The decision, if implemented, will hold back many companies from going public, they said.

They also requested the SEC to continue direct-listing of private companies and apply a book building method for price discovery.

The DSE authorities and management will sit with managing directors and authorised representatives of 55 brokerage houses to discuss the current market trend.

Regulator looks into GP trading

SARWAR A CHOWDHURY

The stock market regulator is looking into the transactions of Grameenphone (GP) shares, whose price rocketed to a record high yesterday.

A surveillance team of the Securities and Exchange Commission (SEC) has collected information about GP share price, trade volume and margin loan to the security from six brokerage houses.

The SEC also instructed the two stock exchanges to look into the reasons for the price hike of the mobile operator's shares.

Each GP share jumped 10.21 percent to Tk 278.40 on Dhaka Stock Exchange yesterday.

"A team has collected some primary information about the Grameenphone share transactions from some brokerage houses to find out whether there were any irregularities," said Mansur Alam, an SEC member.

The transactions of GP shares seem a bit unusual in a sense that the recent trading pattern does not match the pattern up to the first week of January, the time when the one-month restriction on margin loan against the telecom stock was withdrawn, he said.

The commission will start formal investigation if the watchdog finds any abnormal behaviour in transaction, he added.

GP in reply to a DSE query said there was no undisclosed price sensitive information of the company for the recent price hike.

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Plastic fair kicks off

STAR BUSINESS REPORT

A fair to display plastic products began yesterday in Dhaka.

Household appliances, furniture, industrial mould, plastic raw materials, agricultural tools and machinery are occupying the premises of Bangabandhu International Conference Centre, where about 350 local and foreign firms are participating.

The 6th version of Dhaka International Plastic, Packaging and Printing Industrial Fair, a four-day event, aims to accelerate growth of the export earning plastic industry, which is believed to have created nearly 10,00,000 direct and indirect jobs in about 3,000 small and medium enterprises.

Bangladesh Plastic Goods Manufacturers and Exporters Association and Chan Chao International Co Ltd jointly organised the event, inaugurated by Finance Minister AMA Muhith.

The minister advocated conducting a comprehensive study to determine the future path of the sector.

Industries Minister Dilip Barua was also present.

"Plastic products are not biodegradable, so it carries the risk of affecting the environment. We should determine our stance on the plastic industry by involving stakeholders and scientists," he told the inaugural ceremony.

"On the basis of it (stance), policy support issues can be considered," said Muhith, who observed that about 40 percent of plastic products are not recycled and harm ecological balance.

"Plastic has destroyed the Buriganga River because we were not aware of its effects," said Muhith.

His remarks came after plastic goods manufacturers urged the government to relax the customs and bank guarantee rules, extend cash incentive and promptly establish a Plastic Industrial Park to boost export earnings by adding more plastic products in the export basket.

Presently, local manufacturers are exporting plastic hangers, polybags and shopping bags. Export earnings from plastic products registered Tk 1,636.76 crore in fiscal 2006-07, according to the sectoral trade body.

"Many other products, such as plastic toys and crockery, can be added in the export basket," said Ferdous Wahed, the association president.

"It will be possible to earn up to \$1 billion a year from exports, if the government extends policy support," he added.

Earlier, plastic manufacturers signed an agreement with Bangladesh Small and Cottage Industries Corporation (Bscic) on establishing an industrial park at Keraniganj, Dhaka.

Barua said his ministry will take steps to implement the establishment of the proposed park.

Mongla port offloads third batch of cars

QUAZI AMANULLAH, Khulna

A third consignment of 325 reconditioned cars was unloaded from MV Orange Horizon, a flag bearer of Panama, at Mongla port on Saturday.

Eight companies -- Auto Star, Mariam Enterprise, Faisal Enterprise, Sadia Enterprise, Excellent Motors Ltd, Azad Trading, Unaisa Automobiles, ZH Enterprise from Dhaka and AL Amin Enterprise from Jessore -- imported the cars from Japan.

The ship left Mongla port after unloading the cars on Sunday, said Mongla Port Authority Harbour Master Commander Enamul Huq. The unloading took 10 hours.

The latest shipment took the total number of reconditioned cars imported and unloaded through Mongla port to 1,294.

The first consignment of 255 imported reconditioned cars was unloaded through this port for the first time on June 3 last year.

The second consignment of 714 cars was unloaded on January 12.

Haq's Bay, owned by Md Abdul Haq, imported the first two consignments. But Haq's Bay is yet to take delivery of 804 of the 969 cars from the port shed, even after paying customs duties and complying with other necessary formalities.

Port authorities have taken steps to expedite the unloading of not only imported cars but other cargos also, said Director (traffic) Md Mahabubullah.

A further 300 reconditioned cars are expected to arrive on February 2.

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