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Stocks

DGEN	▲ 1.56%	5,451.15
CSCX	▲ 1.56%	10,309.36

Asian Markets

MUMBAI	▼ 0.01%	16,356.03
TOKYO	▲ 0.07%	10,205.02
SINGAPORE	▼ 0.33%	2,736.17
SHANGHAI	▼ 1.60%	2,941.36

Currencies

	Buy Tk	Sell Tk
USD	68.60	69.60
EUR	93.74	97.93
GBP	107.96	112.36
JPY	0.74	0.79

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	▲	\$1,1083.21 (per ounce)
Oil	▼	\$73.19 (per barrel) (Midday Trade)

SOURCE: AFP

News in Brief



Janata MD gets extension for two years

STAR BUSINESS REPORT
The tenure of SM Aminur Rahman as managing director and chief executive officer of Janata Bank has been extended by two years. In line with approval from Bangladesh Bank, Janata Bank's Board of Directors made the extension effective from January 28, the bank said in a statement.

Under the Enterprise Growth and Bank Modernisation Project of the World Bank, Rahman was given contractual appointment as the Janata CEO on January 27, 2008 for two years.

Janata earned operating profit of Tk 700 crore and Tk 855 crore in 2008 and 2009. At the same time, classified loans came down to 8.5 percent of the total loan portfolio in 2009, which was 10.92 percent in 2008.

Seminar on Bangladesh investment in Washington

UNB, Dhaka

Speakers at a seminar in the USA said that there is huge potential in Bangladesh for the non-resident Bangladeshis (NRBs) to make investment in various sectors and reap returns on their money.

The seminar titled 'Investment Opportunities in Bangladesh for the NRBs: The Untapped Potentials' was held at the Bangabandhu Auditorium of Bangladesh Embassy in Washington, DC, on Sunday, according to a message received here Monday.

Akramul Qader, Bangladesh ambassador to the United States, said "diaspora diplomacy" is one of the priority areas of the mission.

Modern Dyeing takes to layoff

SOHEL PARVEZ

Modern Dyeing & Screen Printing Ltd has announced a layoff because of low gas pressure and failure to get an environment clearance certificate from the government for running the factory.

The company also blamed low efficiency of its ageing textile dyeing, printing and finishing machinery for the layoff.

Some workers said the announcement, which came on Sunday, has put more than 100 employees in uncertainty, as they were not informed in advance about the move.

Company Secretary Biplab Kumar Guha Neogi said it was a 'known' case among the workers, who he said will get back their jobs when the mill resumes operations. The layoff is 'temporary', he added.

KEY FACTS	
Name:	Modern Dyeing and Screen Printing Ltd
Year of commercial production:	1987
Listing year:	1988
Authorised capital:	Tk 3.5 crore
Paid-up capital:	Tk 1.4 crore
Employees:	100

But Modern Dyeing, a listed company that was set up in Tejgaon Industrial Area in 1987, did not mention when it will be able to come back to production.

"It depends on getting adequate supply of gas. We will talk to Titas to get required gas for resuming production," Neogi told The Daily Star yesterday.

The announcement, posted on the Dhaka Stock Exchange (DSE) website, weakened investor confidence with the company shares ending 4.19 percent lower at Tk 559.25 yesterday. Book value of Modern Dyeing share is Tk 100 each.

The layoff announcement came at a time when both industrial and household users, especially in the city, were suffering from gas shortage caused by a mismatch between demand and supply.

In a bid to improve the situation, the government has recently started gas rationing on a rotation basis in textile and readymade



Modern Dyeing & Screen Printing Ltd announced a layoff on Sunday, suspending production due to low gas-pressure and failure to get the government's environment clearance certificate.

garment sector by dividing Dhaka and its adjacent areas into seven zones.

"The gas pressure was too low to ignite fire in the boiler. It has become unbearable. We had our back to the wall," said Neogi.

"We also do not have enough space to set up an ETP (effluent treatment plant) on the present factory premises. If the government sets up a central ETP for Tejgaon Industrial Area, it will help us become environmentally compliant," he said.

In its posting on the DSE, the company said its board has decided "to lay off the mill with effect from 8pm January 31 until further order due to lack of environment clearance certificate, low gas pressure and low efficiency of existing machinery."

"It's inhuman. It came suddenly. We have nowhere to go," said a worker who declined to be named.

The 35-year-old said he came to know about the layoff Sunday evening.

"My wife fell sick hearing the news. It will hurt schooling of my kids unless I get another job soon."

He said the company management has assured the workers of paying the dues. "But it's not clear whether they (the owners) will pay us more to sustain the blow," he said.

However, the company secretary denied the allegation that the workers were informed suddenly.

"In fact they were hinted about the layoff earlier. It was almost a known case. That's why we didn't notice them in advance," he said. "But we will bring them back after resumption of production."

In its unaudited half-yearly report as of December 31, 2009, Modern Dyeing said its net profit rose to Tk 0.53 million from Tk 0.47 million a year ago.

Its EPS (earning per share) also increased to Tk 3.84 from Tk 3.47 in the previous year, the report said.

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SEC steps in to calm market

STAR BUSINESS REPORT

The Securities and Exchange Commission yesterday reset the margin loan criteria in an effort to cool down the market, now riding high on a liquidity glut.

In line with the modified criteria, investors will no longer get credit against equity securities with a PE (price-earnings) ratio over 50.

A PE ratio is a company's current share price compared to its earnings per share. In general, a high PE ratio reflects that investors expect higher earnings in future or a strong chance that they will be able to make a capital gain.

In other words, share value will increase and the investor is free to sell at a rate higher than he paid for it.

A marginable security is a stock that can be purchased on margin loans provided by brokerage houses and merchant banks.

On December 9 last year, SEC made a similar decision, disallowing investors to get credit against equity securities having a PE ratio over 75.

In line with another decision yesterday, SEC has limited brokerage houses' margin loans to a 1:1.5 ratio, which means investors with Tk 100 capital will be eligible for a maximum of Tk 150 loans. The ratio was as high as 1:2.

Surging bank shares drove the Dhaka Stock Exchange general price index over the 5,400-point mark yesterday. A market update showed bank issues were the driving force for the surge.

All the three indices went up with DGEN increasing by 1.56 percent and DSI by 1.53 percent. Total turnover keeps on making records.

Grameenphone was another driver. The telecom sector gained 4.68 percent as GP closed at Tk 279.40 compared to Tk 266.90 a day earlier.

The market turned around and started increasing right from the start. Within the first 30 minutes it increased by 60 points from 5,365 points before decreasing a bit. Remaining at that level for some more time, the benchmark index started moving up through small ups and downs to close at 5,451.15 points.

Govt cash balance reaches Tk12,000cr

REJAUL KARIM BYRON

The government's cash balance up to December reached Tk 12,000 crore on receipt of more foreign aid and revenue but low expenditure, according to a finance ministry report on macro-economic situation.

This report was placed Sunday before a high-profile meeting with Prime Minister Sheikh Hasina in the chair.

Higher savings instrument sales this time also led to the surge in the cash balance, a certain amount of which the government always needs to keep reserved, officials said.

As per the report, around Tk 39,560 crore or 34.8 percent of the national budget for fiscal year 2009-10 was spent during July-December. The total budget size is Tk 1,13,819 crore.

Of the amount already spent, revenue expenditure in the first six months of the current fiscal stood at Tk 30,753 crore, or 36.9 percent of the allocated Tk 83,319 crore.

Meantime, the amount spent for the annual development programme (ADP) is Tk 8,807 crore, or 29 percent of the ADP size of Tk 30,500 crore.

Usually, revenue expenditure every year goes above the amount allocated, while ADP implementation lags behind.

Pointing to an exception this time, the ministry officials said the expenditure remained comparatively low because the new pay scale as per the government announcement is yet to be in force. They also pointed to the fact that a large portion of the money allocated for subsidy remained unutilised during the time.

Agriculture subsidy, employment programme, interest payment and cost of food procurement are lower than those were in the same period a year earlier.

No subsidy was given to the Bangladesh Petroleum Corporation in the six months, the finance ministry further reported.

On revenue earnings, it said Tk 35,115 crore, or 44.2 percent of the targeted amount has been collected.

The foreign aid received is Tk 6073 crore. It was Tk 1112 crore in the same period a year ago.

In the second quarter of the financial year, \$649 million was received from Asian Development Bank, a major contributor to the aid.

The savings instrument sales surged 203 percent to Tk 5176 crore in July-December. The figure was Tk 1706 crore during the time last fiscal.

Meanwhile, the amount the government so far borrowed from such instruments has surpassed the Tk 3277 crore target.

Govt plans to open more commercial wings abroad

REFAYET ULLAH MIRDHA

The commerce ministry has proposed to open up nine new commercial wings abroad to expand bilateral trade with the respective countries.

But the majority of the existing 16 commercial wings are failing to reach the export targets, according to data from the Export Promotion Bureau (EPB).

Speaking to The Daily Star, Commerce Minister Faruk Khan said the cabinet may approve the proposal soon as the government is trying to strengthen economic diplomacy with potential trade partners.

Six of the new commercial wings are likely to open in New York, Birmingham, in any country of Central Asia, South Africa, in any country of Central Africa and in Agartala, India.

"Both commerce and foreign ministries are working out the details of the proposal for approval from the cabinet," Khan said.

The minister said it is true that many commercial wings fell short of the export targets. "But it was because of global recession."

"I have already asked the officials of the wings to perform well," Khan added.

Exporters have limited marketing capacity and knowledge about export destinations -- the reason they could hardly exploit the potential of overseas markets, he said.

The minister said the government is training both businessmen and officials of such wings to help the country widen its export markets.

In the July-December period of fiscal 2008-09, the wings that missed the targets are in Moscow, Paris, Berlin, Brussels, Madrid, Beijing, Yangon, New Delhi, London and Tehran.

In the same period, actual earnings from the Moscow mission were \$39.96 million against the \$43.68 million target, \$511.30 million from Paris against the target for \$555.50 million, \$1,159.89 million from Berlin against the \$1,262.92 million target, \$267.01 million from Brussels against the target for \$295.31 million and \$299.23 million from Madrid against the \$335.28 million target.

Bangladesh logged actual earnings from Beijing at \$51.26 million against the \$58.90 million target, \$3.18 million from Yangon against the target for \$5.27 million, \$154.61 million from New Delhi against the \$196.85 million target, \$790.36 million from London against the target for \$816.33 million and \$26.79 million from Tehran against the \$28.38 million target.

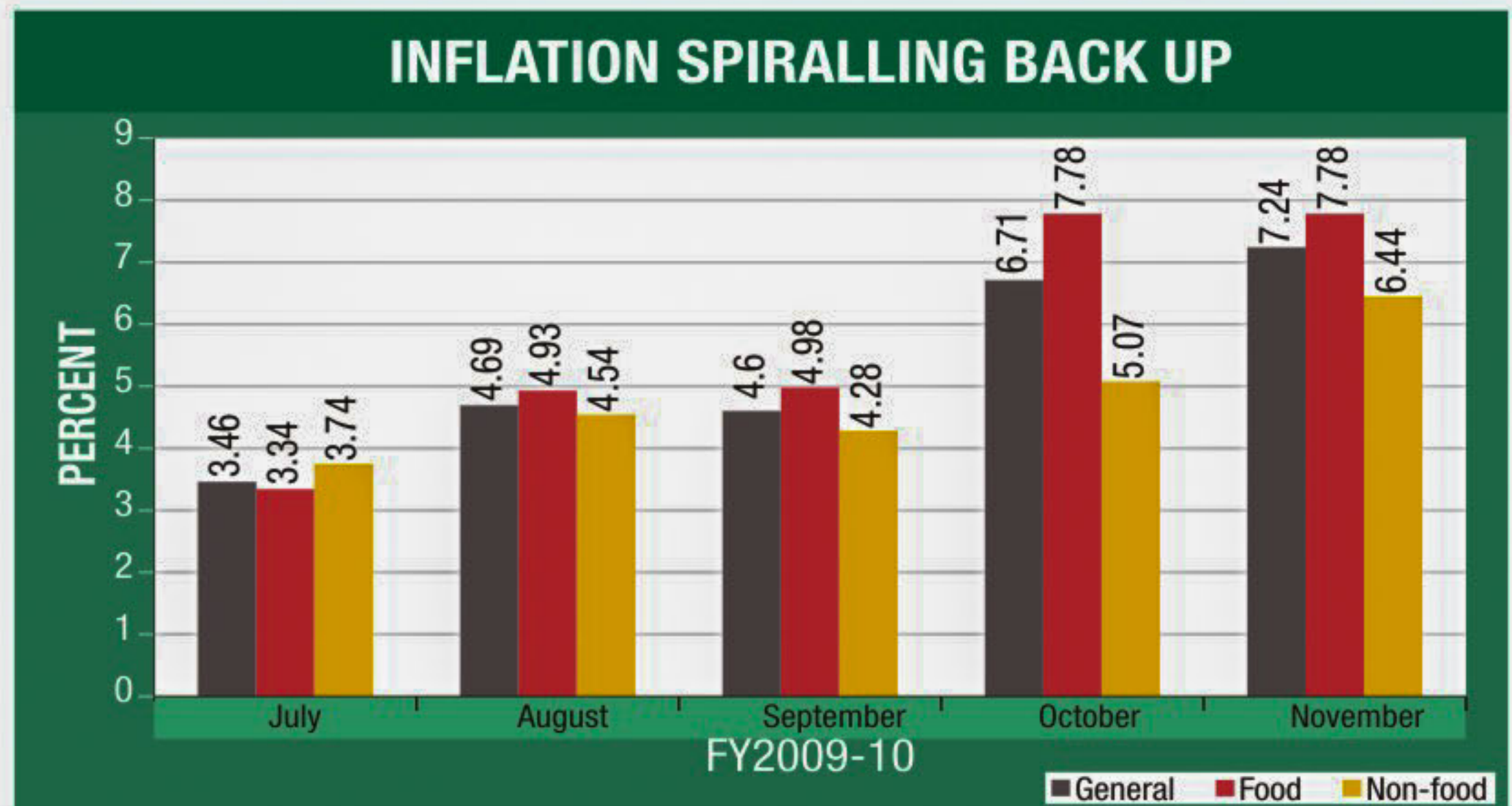
In the July-December period, the wings that achieved the targets are Washington, Ottawa, Tokyo, Kuala Lumpur, Dubai and Canberra.

The actual export earnings from the Washington Commercial Wing were \$2,169.86 million against the target for \$2,000.12 million and \$314.49 million from Ottawa against the \$297.77 million target, according to data on the July-December period of fiscal 2008-09.

In the period, the actual earnings from Tokyo were \$93.94 million against the \$93.33 million target, \$20.88 million from Kuala Lumpur against the target for \$13.65 million, \$27.83 million from Dubai against the \$25.76 million target and \$26.61 million from Canberra against the \$25.40 million target, EPB data shows.

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Inflation continues rising trend



STAR BUSINESS REPORT

The overall inflation continued its rising trend in November last year, going up by 0.53 percentage point to stand at 7.24 percent.

The inflation in urban areas increased more compared to that in rural areas, according to Bangladesh Bureau of Statistics (BBS) data.

However, food inflation fell slightly in the rural areas because of Aman harvest.

The food inflation increased by 0.06 percentage point at national level in November and stood at 7.84 percent compared to a month back. Non-food inflation went up by 1.37 percentage points to reach 6.44 percent.

The overall inflation rose by 0.21 percentage point in the rural areas and hit 6.83 percent. But the food inflation fell by 0.26 percentage point and stood at 7 percent.

However, the overall inflation shot up by 1.31 percentage points and stood at 8.27 percent in the urban areas.

The inflation went down to two percent in June last year, which later began to witness a rising trend each month from July because of a hike in food prices.

The non-food inflation was higher than that of food in November.

The government considers the rising inflation as one of the major risks for future economic stability.

In a recent meeting on 'macro-economic situation', the prime minister has directed the authorities concerned to take necessary steps to keep the inflation rate at a tolerable level.

Finance Minister AMA Muhith on Sunday said the biggest challenge for the government in macro-economic management is reigning in the inflation.

After the meeting with the premier, Muhith said prices of a good number of commodities, including petroleum products, are increasing on the international market resulting in a rise in the inflation risk.

Finance Secretary Dr Mohammad Tareq said the meeting decided to take measures to keep the cost of living at tolerable level. It also made a number of decisions to keep inflation under control. One of the measures is to increase the supply of commodities.

The amount of farm loans has been increased this year to strengthen the supply side, he said.

Tareq blamed the inflation on the price hike of fertilisers, petroleum products and food items on the international market.

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