

Bidding for shares of Ocean Containers begins tomorrow

STAR BUSINESS REPORT

Institutional bidding for the shares of Ocean Containers Ltd (OCL), an off-dock service provider, will begin tomorrow under book building method. The company will be listed directly.

The three-day bidding, however, will start on Chittagong stock exchange first, as the Dhaka Stock Exchange is yet to give listing approval to the OCL, mostly owned by Summit Alliance Port, a listed company.

For price discovery, the newly introduced book building system will be followed during the bidding for OCL shares as prescribed by the stockmarket regulator.

OCL, whose paid-up capital is Tk 2.38 crore, yesterday presented a demo on book building system when around 100 representatives from different institutions were present.

The eligible institutions will bid for 11.90 lakh shares out of 1.19 crore shares of Tk 10 each. The rest 107.10 lakh shares have been kept for general investors.

An indicative price for each OCL share has already been built at Tk 121 through bidding by five institutions from three sectors.

Now in the price discovery phase, bidders cannot quote 20 percent more or less than the indicative price, meaning they will have to offer between Tk 98 and Tk 145 for each share.

National Housing Finance and

Investment joined the indicative price bidding from the financial sector. Eastland Insurance Company and Continental Insurance participated in it as insurance sector companies, and Platinum Securities and National Securities and Consultants as brokerage houses.

ICB Capital Management Ltd is the issue manager.

The book building method, a widely practised price fixing mechanism for initial public offering (IPO), was introduced in March last year, aiming to encourage private-sector entrepreneurs to list their big and profitable companies on bourses at fair prices.

In line with the book building mechanism, institutions bid for shares through which the price is discovered. A weighted average price is fixed based on the highest and lowest prices, and shares are allotted for institutions at the weighted average price. The lowest price is considered a cut-off price for public offers or general investors.

The institutions will not be allowed to sell shares in the first 15 trading days under the lock-in system.

The OCL is a pioneer for inland container depot and container freight stations in Bangladesh. Its activities, though initially were limited to storage of empty containers, now comprises of stuffing and unstuffing of more than 7,000 containers a month and a daily empty storage of 1,800 containers.

Bangladesh to emerge as software exporter in global market

German entrepreneur says



Arndt Huesges

BSS, Dhaka

Bangladesh will quickly emerge in the world market as a software exporting country as it has tremendous potentialities in the IT sector.

This observation came from Arndt Huesges, the newly appointed honorary consul general of Bangladesh in Germany, during an exclusive interview with the news agency here yesterday.

"Bangladesh will soon move in a dynamic speed in the international software markets as Prime Minister Sheikh Hasina is making very high professional fundamentals to develop the country's IT sector," said Huesges, also a promising entrepreneur.

Responding to a question, he said although some neighbouring nations of Bangladesh have already been in the international software market for a pretty long time, there is no reason for Dhaka to lag behind as the country is blessed with huge energetic human resources and other necessary ingredients to venture into this ever-flourishing trade.

"Without going abroad for job-hunting at huge costs, the young and promising boys and girls of Bangladesh will be able to earn huge foreign exchange by producing and exporting software sitting at their respective houses."

They will only create necessary facilities to distribute the local products to international business centres, Huesges added.

"Our company has household software programmes through which we provide services in 12 different languages," he said, claiming that no other company in Europe has such capabilities.

Huesges, also the top executive of Huesges Group, a leading trade and business company of Germany, is now in

Bangladesh leading a four-member delegation to explore investment potentialities here and identify the sectors where German investors may come for joint-venture initiatives.

Other members of the visiting teams are: Huesges Group Managing Director Hasanat Mia, Director of Sales of Relexa Hotel Group Tim Zerr and Director of AKH Group Shamim Haque.

The honorary consul general said he will devote wholeheartedly in enhancing Bangladesh's image among the German and other European trade leaders.

On their current mission in Bangladesh, Huesges said they will invest in IT, tourism, leasing company and efficient traffic management. "We like to open office and operate Huesges Group in Bangladesh."

When asked, the top executive of the German company that has 250 installations in Germany and other European countries said initially they want to invest 50 to 70 million Euros in Bangladesh.

After IT, development of tourism that has huge prospect and potentialities will be the second priority of the group in Bangladesh. "Primarily we want to construct a five-star tourist resort at a convenient place," he said, adding that for this purpose they have already visited Chittagong and sea beaches of Cox's Bazar and Innani.

He categorically said that tourism could be developed in Bangladesh showing respect to the country's religious and cultural heritage.

Pointing to the fact that Bangladesh is blessed with picturesque natural beauties, world's largest natural sea beach, mangroves forest of Sundarbans, oldest replicas of human civilisation and many places of historical interests, he said these are the ingredients that attract the real tourists.

The honorary consul general informed said since his delegation's arrival in Bangladesh on February 15, they called on Prime Minister Sheikh Hasina and Tourism Minister GM Quader.

They also met Minister for Expatriate Welfare and Overseas Employment Mosharraf Hossain, Commerce Minister Faruk Khan, Communications Minister Syed Abul Hossain, State Minister for Environment and Forest Dr Hasan Mahmud and senior officials.

"We believe through our joint efforts, cooperation and strategy for economic development, our existing ties can reach to a new height," Huesges said.

The delegation will leave for Germany today with a hope to start their work in Bangladesh within six months.



M Abul Kasem, right, chief engineer of Power Development Board of Bangladesh, and MS Chawla, left, general manager of India's National Thermal Power Corp, exchange documents after signing a memorandum of understanding in Dhaka yesterday to build a coal-fired power plant in Bangladesh. Abul Kalam Azad, Power Division secretary, far left, was also present. The two sides will bear the cost of building the plant with two units, which will be largely managed by the Indian company and will use imported coal. (Related story on page 1)

US January consumer prices inch up

AFP, Washington

US consumer prices edged higher in January but core prices, stripping out food and energy, unexpectedly fell for the first time in 27 years amid a sluggish recovery, official data showed Friday.

The consumer price index rose 0.2 percent, led by a surge in gasoline prices, the Labor Department reported in seasonally adjusted data.

The CPI increase was a tick below the analyst consensus forecast of 0.3 percent and marked the fifth month in a row the headline inflation reading has held at 0.2 percent.

"The bottom line is that when you exclude the vagaries of petroleum product prices -- prices which are largely determined in world markets -- and other taxes, fees, administered rates and import duties levied by the various levels of government -- inflation is non-existent," said Brian Bethune, chief US financial economist at IHS Global Insight.

On an unadjusted annual basis, consumer prices were up 2.6 percent from January 2009, a low base for comparison because consumer prices had fallen for five consecutive months in late 2008 as the global financial and economic crisis accelerated.

Unemployment has peaked, crisis over, says Australia

AFP, Sydney

Australia's central bank chief Friday declared unemployment had peaked at a lower than expected six percent and told lawmakers his focus had turned from crisis management to renewed economic expansion.

Reserve Bank of Australia (RBA) governor Glenn Stevens said Australia was emerging from a relatively mild downturn in a very strong position, a "quite different" situation to most other major economies.

"One measure of this is that the rate of unemployment peaked at less than six percent, much lower than we or most others forecast," Stevens said, in the first of his twice-yearly addresses to parliament for 2010.

"Only a few years ago, unemployment rates like this would have been seen as a good outcome in strong times, let alone in times of economic weakness."

Australian unemployment dropped to 5.3 percent this month, but Stevens is the first to declare the jobless rate has peaked

High demand, strong dollar fuel rice price on global market

BSS, Dhaka

High demand coupled with a stronger dollar increased rice prices on the international market in the past weeks, according to media reports.

Rice Online, a US-based website specially designed for updated news on global rice market, reported a significant increase in demand on the international market, particularly by the Philippines.

According to them, the Philippines, the world's biggest rice importer, will allow private companies to buy two lakh tonnes, boosting purchases to a record this year.

The private purchases will take the country's imports to 2.45 million tonnes, exceeding the record 2.4 million tonnes in 2008, when prices reached an all-time high.

"Increased Philippine purchases may stretch a global rice trade estimated by the US Department of Agriculture at 30.85 million tonnes this

year, boosting prices," the report says.

Vichak Visetnoi, director-general of the Department of Foreign Trade in Thailand - world's biggest exporter of the grain, told media on Thursday that global rice prices would rise as the Philippines may open a new bid in March to import rice.

The National Food Authority (NFA), an agency of the Philippine government under the Department of Agriculture, has already advertised the planned private imports in the Philippine Star newspaper on Friday.

May-delivery of rough rice opened 0.5 percent higher at \$13.705 per 100 pounds after NFA published its advertisement.

Jonathan Barratt, managing director of Sydney-based Commodity Broking Services, said journalists on Thursday that the additional Philippine imports "will start to fuel demand," and rise prices.

The Philippines in the last 50 years tripled its rice yield while the world

average rice yield increased only about 2.3 times. But the country's rice production declined last year due mainly to the impact of El Nino, compelling the country to import rice.

News agency Reuters reported Friday that India planned urgent import of sugar and rice to stable the local market with increased supply.

A stronger dollar also fuelled the rice prices. The dollar last week reached a nine-month high against the euro after the Federal Reserve raised the discount rate charged to banks for direct loans for the first time in more than three years.

The latest reports on global rice prices posted on the Rice Online showed that rice were quoted at \$570 per tonnes in Thailand, \$420 tonnes in Vietnam and \$430 tonnes in Pakistan.

Robert Zeigler, director general of International Rice Research Institute, told reporters in New Delhi last week that rice prices are unlikely to decline amid "potentially tight" supplies.

Fewer people falling behind on US home loans

AP, Washington

The end of the foreclosure crisis is finally in sight. For the first time in almost three years, the number of homeowners falling behind on their loans is declining.

The drop means the number of people losing their homes will start to fall. But some pain from the crisis is sure to persist. Because millions of people are already in foreclosure, deeply discounted houses will put pressure on home prices for years.

"Housing is on a path to recovery," said Mike Larson, a real estate analyst with Weiss Research. "It's going to be a very long, gradual process."

In high-foreclosure cities like Las Vegas, Phoenix and

Miami, homes have lost roughly half their values from their peaks. But a report Friday from the Mortgage Bankers Association showed Nevada, Arizona and Florida had some of the biggest declines in new delinquencies.

The figures probably mark "the beginning of the end" of the crisis, said Jay Brinkmann, the trade group's chief economist.

However, more than 15 percent of homeowners with a mortgage have missed at least one payment or are in foreclosure, a record. Worse, nearly half of all delinquent borrowers were at least three months behind on their payments, up from a typical level of less than 20 percent.

"The bad news is that we still have a big problem,"

Brinkmann said. "The good news is it looks like it may not get much bigger."

That's because the percentage of borrowers who missed just one payment on their home loans fell to 3.6 percent in the October-to-December quarter from 3.8 percent in the third quarter, according to the Mortgage Bankers Association. That decline was even more surprising because delinquencies usually rise at that time of year due to higher heating bills and holiday spending.

In another encouraging sign, the number of borrowers who had missed at least one payment but were not yet in foreclosure also fell for the first time since the beginning of 2007.

Banks are delaying the

foreclosure process, traditionally between four and six months, as they evaluate borrowers for help under the Obama administration's \$75 billion mortgage-relief effort. It lowers borrowers payments to as low as 2 percent for five years and extends loan terms to as long as 40 years.

But experts warn that hundreds of thousands of borrowers will not be eligible or will not complete the process. So far, only 116,300 borrowers out of 1 million who enrolled have had the terms of their mortgages changed permanently.

Despite the government's efforts, there may be 6 million foreclosed homes that are put on the market over the next three years, according to Barclays Capital.



Shafiq Alam Mehedi, civil aviation and tourism secretary, hands over the best stall crest to M Mahfuzur Rahman, deputy manager of Concord Entertainment Company Ltd, on the concluding day of Parjatan Mela-2010 in Dhaka recently.