**DHAKA WEDNESDAY JUNE 16, 2010** 

0.11%

6,332.20

0.02%

12,035.96

**▲** 0.43%

17.412.83

0.08%

9.887.89

Sell Tk

69.68

86.54

104.21

\$1,222.50

(per ounce)

\$74.82

(per barrel)

(Midday Trade)

Stocks

Asian Markets

Currencies

**EUR** 82.53

**GBP** 99.94

**Buy Tk** 

SOURCE: STANDARD CHARTERED BANK

Oil

Banks in Ctg

Bss, Dhaka

yesterday.

closed tomorrow

The branches of scheduled

banks under Chittagong City

Corporation (CCC), exclud-

ing Cantonment Board area,

will remain closed tomorrow

Bangladesh Bank will

keep its port city branch

closed, the central bank said

due to the CCC election.

**Commodities** 

**DGEN** 

CSCX

MUMBAI

TOKYO

S USD

## SEC steps in to calm market

SARWAR A CHOWDHURY

...... The regulator has stepped in again by resetting the margin loan criteria to cool down the stockmarket, which is now riding high on a liquidity glut.

In line with the modified criteria, investors will no longer get credit from Sunday against an equity security with a PE (price-earnings) ratio that exceeds 40. The current Sunday," he added. ratio is set at 50.

"The commission revised the PE ratio down to 40 in an effort to cool down the market as well as control excess liquidity in the market," said

Securities and Exchange makeacapitalgain. Commission.

A low PE ratio means a decline in the liquidity flow to the market, as investors will get less credit to purchase shares, he said.

"We sent a directive to merchant banks, stockbrokers and the exchanges on the latest move, which will come into effect from

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

Mansur Alam, member of chance that they will be able to

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

A marginable security is a stock that can be purchased on margin loans provided by brokerage houses and merchant banks. For a few months now, the mar-

ket is floating on excess liquidity that is being reflected on the daily turnover.

The daily average turnover on Dhaka Stock Exchange was more than Tk 2,100 crore in the last four sarwar@thedailystar.net

trading days.

With the liquidity glut, shares prices are also on the rise, as excess liquidity increases demand.

The key indices of the premier bourse are reaching new heights now and then. The benchmark DSE General Index set a new high yesterday by finishing the day at 6,332 points.

On February 1, the SEC reset the PE ratio at 50, down from 75. The regulator first set the PE ratio as margin loan criteria on December 9 and fixed the ratio at 75.

### Makeshift committee on consumer complaints

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UNB, Dhaka

The government yesterday decided to form a committee to investigate consumers' complaints.

The committee will be formed under the Consumer Rights Protection Act, as the Directorate of National Consumer Rights Protection (DNCRP) remained inactive due to the manpower crisis.

The decision came from the third meeting of the National Consumer Rights Protection Council at the commerce ministry with Commerce Minister Faruk Khan, also the chairman of the council, in the chair.

In line with the organisational structure, there should be 106 class-1 officials in the 238-member body that is still under

the finance ministry's consideration, meeting sources said. The committee will work until DNCRP is reactivated with required workforce.

# Growers widen jute farming

SOHEL PARVEZ

Jute acreage has increased this year as farmers, inspired by higher prices, are bringing more lands under cultivation of the cash crop.

The higher acreage is likely to boost production if weather conditions remain favourable in the days to come, growers and agriculture officials said.

"Our preliminary estimates show that acreage has increased to about 13 lakh acres from 10 lakh acres a year ago," said Mahmudul Huq Bhuiyan, director general of the Department of Jute. Shamsur Rahman, a farmer at Madhukhali in

Faridpur, a major jute producing area, said there are prospects of greater outputs than before. "Except for pest attacks on some fields, the

crop situation is fine," said Rahman. He said the jute growing area in his locality

has widened, as farmers are increasingly interested in reaping gains from the high prices as seen last year.

"The price of fine jute surged as high as Tk 3,000 a maund at a point. That's why farmers have taken up risks to grow an increased amount of jute," said Rahman. He is cultivating jute on 1.5 acres.

The farmer said he sold jute at Tk 1,200-1,800 a maund last season, up from Tk 800-1,200 in the previous season. The jute price now hovers between Tk 1,500 and Tk 2,000.



Traders and jute goods makers said a production-demand gap led to the price spiral on the global and domestic markets. The price hike was also caused by speculations and a move by a section of traders to stock the natural fibre.

"The use of jute increased worldwide as it is environment-friendly," said Sk Farook Hossain, chairman of Bangladesh Jute Association, a body of raw jute traders.

Hossain said the price of raw jute remained high in the last two years due to higher rise in demand than in production.

Raw jute production rose to 49.70 lakh bales in fiscal 2008-09 from 47.29 lakh bales a year ago, according to agriculture ministry data. Nearly a third of raw jute is usually exported.

Local mills use the rest to make jute products, mainly for exports, industry insiders said. The agriculture extension officials said total

acreage crossed the target of 4.8 lakh hectares this year. (1 hectare = 2.47 acres) "Acreage will cross five lakh hectares this

year," said Habibur Rahman, director of field services wing of the Department of Agricultural Extension. Shamsur Rahman, the farmer from Madhukhali, fears that the high price, which

lured many farmers to grow the natural fibre,

might not sustain due to a rise in production. "There is a risk of a fall in prices." Traders and jute goods makers however expect that there might not be a sharp fall in prices, as demand for jute and jute products is on

the rise. At present, about 40 lakh people are directly involved in jute cultivation, the second most important fibre after cotton.

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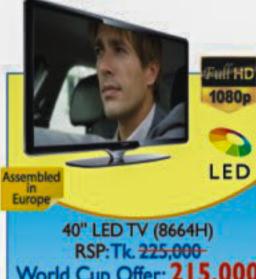
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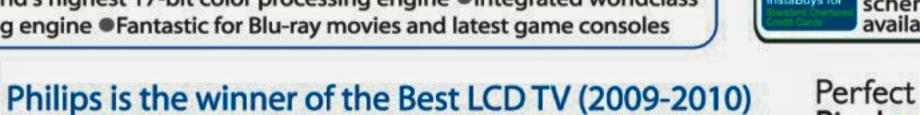


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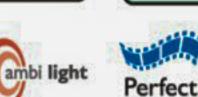
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