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6,620.33

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12,695.35

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IDLC 50 ▼ 0.51%  
6,713.24

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## Asian Markets

MUMBAI ▲ 0.19%  
18,032.11

TOKYO ▲ 1.76%  
9,149.26

SINGAPORE ▲ 0.62%  
2,957.06

SHANGHAI ▲ 1.61%  
2,652.66

## Currencies

Buy Tk Sell Tk

USD 68.89 69.89

EUR 86.27 90.49

GBP 105.41 109.91

JPY 0.79 0.85

SOURCE: STANDARD CHARTERED BANK

## Commodities

Gold ▼ \$1,235.00 (per ounce)

Oil ▼ \$75.10 (per barrel)

SOURCE: AFP (Midday Trade)

## Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at [business@thedailystar.net](mailto:business@thedailystar.net)

# Inflation overshoots target

REJAUL KARIM BYRON

Inflation beat the government target last fiscal year, going up 0.81 percentage point beyond the ceiling.

On an average, the inflation rate was 7.31 percent in fiscal year 2009-10 although the government wanted to keep it within 6.5 percent. The rate was 6.68 percent in 2008-09.

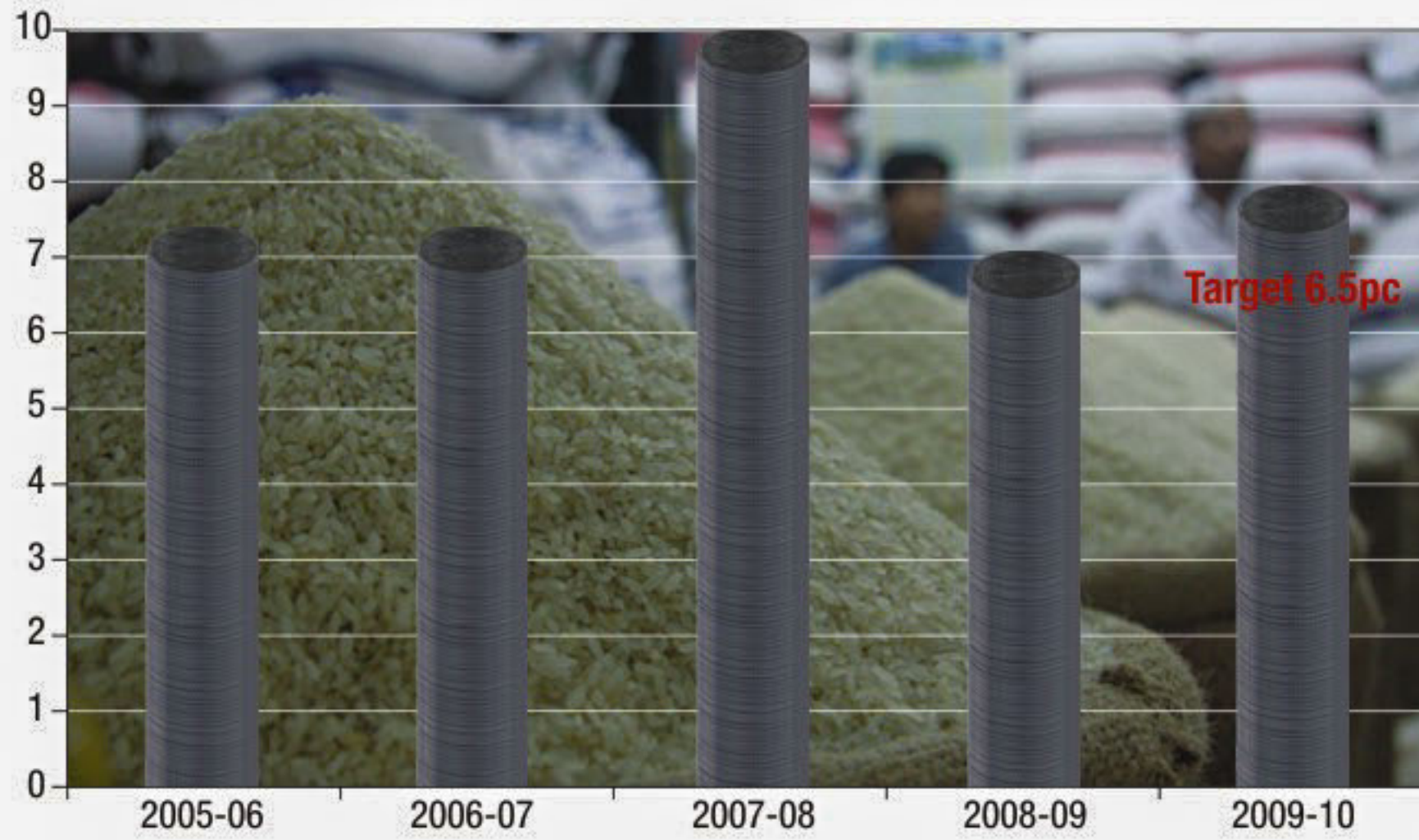
Bangladesh Bureau of Statistics (BBS) has finalised the last fiscal year's inflation and sent a report to the agencies concerned including the finance ministry yesterday.

According to the BBS statistics, food inflation increased but non-food inflation went down last year.

Food inflation was 8.53 percent last fiscal year, up from 8.36 percent in the previous year, while the last year's non-food inflation was 5.45 percent, down from the previous year's 5.91 percent.

On a point-to-point basis, inflation went up 0.05 percentage point in June to stand at 8.70 percent. Non-food inflation fell but food inflation increased in the month compared to May.

## GENERAL INFLATION RATES



In the recent times, on an average basis the inflation rise was the highest at 9.94 percent in FY2007-08. After that the rate started to decrease but since July 2009 inflation increased every month except one or two months.

A Bangladesh Bank (BB) official said

inflation is on the rise in other countries also. The prices of food and non-food items are increasing globally, he added.

The official also said although food production increased in Bangladesh, due to the global price hike, especially in India, the prices in the local market could

not be brought down.

The monetary policy statement of the central bank released in July said: "The current high double-digit inflation in immediate neighbour India remains a concern, influencing prices in Bangladesh through formal and informal trade."

The BB official also said a huge amount of remittance -- around \$11 billion -- flowed into the country last fiscal year. Also, agriculture credit disbursement was more than Tk 1,100 crore, and private sector credit growth was 24 percent last year, 10 percentage points more than the previous year's.

These types of credit had an impact on consumer spending and fuelled inflation, he added.

The central bank has taken a number of steps to contain inflation. Cash reserve requirement was increased in May, and the repo and reverse repo rates were hiked in August, to rein in monetary growth.

The government also took different measures to keep the prices of commodities stable, and expects the inflation rate will not exceed 6.5 percent this fiscal year.

# SEC hikes credit limit for mutual funds

STAR BUSINESS REPORT

The stockmarket regulator yesterday reset the margin loans criteria for mutual funds by increasing the limit by 35 percentage points, a sweetener for the investment securities that are now undervalued.

In line with the new criteria, the mutual funds that will trade 50 percent higher than their latest NAV (net asset value) will not qualify for credit. The earlier limit was 15 percent that the regulator fixed five months ago.

The new ceiling, which will come into effect from Thursday, means if a mutual fund has Tk 100 in NAV per unit and trades only up to Tk 150 (50 percent higher than NAV), margin loans can be approved for the fund.

The Securities and Exchange Commission said most of the mutual funds are now being traded around their NAV, and some below their NAV.

"The commission decided to increase the credit limit, tightened five months ago to calm down the overvalued mutual funds, considering the current price level of the funds," Anwarul Kabir Bhuiyan, executive director of the SEC, said after a meeting of the market observation committee of the regulator yesterday.

Besides, he said, the investors were demanding for a long to increase the margin loan ratio for the mutual funds.

A mutual fund is a professionally managed collective investment scheme that pools money from many investors and invests it in stocks, bonds and short-term money market instruments.

Currently, 26 closed-end mutual funds and three open-ended unit funds are being traded on the bourses.

# Sugar prices rise as Eid nears

SOHEL PARVEZ

Sugar prices edged up as retailers moved to build a good stock to cash in on a probable rise in demand ahead of the biggest religious festival, Eid-ul-Fitr.

The retail price of each kilogram of sugar scaled up by 3 percent to Tk 48-Tk 52 yesterday from Tk 47-Tk 50 a week ago, according to the daily retail price data by the Trading Corporation of Bangladesh (TCB).

Traders said supply has fallen short of the recent spike in demand.

"Retailers have become active in buying sugar prior to Eid. It appears that everyone has come to buy refined

sugar," said Abul Hashem, vice president of Bangladesh Sugar Merchants Association, a body of sugar wholesalers at Maulavibazar, Dhaka.

Traders said the wholesale price has started going up since Thursday, spurred by a rise in demand from the retailers.

Each maund (37.32 kilograms) was traded between Tk 1,720 and Tk 1,730 yesterday at the Maulavibazar wholesale market, up from below Tk 1,700 on Thursday, according to Hashem.

The latest spike came after more than 15 days when Ramadan began and consumption jumped.

Industry insiders estimate that the

demand for sugar rises to nearly 5,000 tonnes a day during Ramadan from more than 3,000 tonnes other times.

"Supply does not keep pace with the rise in demand ahead of Eid," said Hashem.

The traders also linked the rise in prices to a reduction in supply by some sugar refiners. They also blamed the low supply on Bangladesh Sugar and Food Industries Corporation.

The refiners claimed they did not cut daily supplies and are selling sugar at Tk 43 a kilogram at mill gates.

"We are delivering nearly 5,000 tonnes of sugar every day," said Golam Mostafa, secre-

tary general of Bangladesh Sugar Refiners Association, a body of seven private refiners.

Mostafa Kamal, chairman and managing director of Meghna Group of Industries, said technical faults forced them to cut sugar refining during the last couple of days.

"We are delivering 1,000-1,200 tonnes of sugar a day after we faced some troubles in our factory. Before that, we refined 1,800 tonnes," said Kamal.

The refiners and traders suggested the government increase supply of sugar to the market through its agencies, such as TCB.

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# India gives BlackBerry reprieve

AFP, New Delhi

India gave the makers of BlackBerry a 60-day reprieve Monday as it reported headway in a bid to settle a security standoff that could have seen key features of the smartphone shut down this week.

The announcement came after GK Pillai, the top home ministry bureaucrat, met

government officials, security chiefs and representatives of Research in Motion (RIM), the Canadian manufacturers of BlackBerry, in New Delhi.

"The Home Ministry will review the security issue relating to BlackBerry services within 60 days, by which time the DoT (Department of Telecommunications) will submit its report," a government statement said.

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Offer available on other models also.

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- Add BDT 45,000 for a Home Theater System (Model: HTS-7540/RSP: BDT 59,900)
- Add BDT 29,900 for a Home Theater System (Model: HTS-3373/RSP: BDT 36,900)
- Add BDT 21,000 for a Bluray Player Cable (Model: BDP-7500/RSP: BDT 35,500)
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