

Stocks	
DGEN	0.14% 6,797.47
CSCX	0.05% 12,902.09 (Week-on-week)

Asian Markets	
MUMBAI	0.91% 19,594.75
TOKYO	1.23% 9,626.09
SINGAPORE	0.30% 3,076.37
SHANGHAI	0.15% 2,598.69 (Friday closings)

Commodities	
Gold	\$1,274.00 (per ounce)
Oil	\$75.04 (per barrel) (As of Friday)

FBCCI team off to New York

STAR BUSINESS REPORT

A 24-member delegation of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) left the capital last night for New York as part of the prime minister's entourage.

Prime Minister Sheikh Hasina, however, left Dhaka in the morning on a 10-day visit to attend the 65th United Nations General Assembly (UNGA) scheduled for September 23.

FBCCI President AK Azad leads the business delegation.

New brands hit edible oil market

SOHEL PARVEZ

New edible oil brands are hitting the market, as bottling gives oil refiners and packagers higher margins and the scope to ward off hiked prices in loose oil.

Demand has steadily risen for bottled soybean and other oils, such as blended rice-bran-safflower oil, which are convenient but also more expensive for consumers. It has attracted businesses to bottling.

In the past two years, at least five bottlers entered the vegetable oil market to tap the rising demand for it. The country consumes more than 12 lakh tonnes annually, some 15 percent of which is bottled.

Early this year, three companies, Nurjahan Group, Marico Bangladesh and ACI Foods Ltd, signed up to compete with other brands in the packaged segment.

Now more than 30 bottled soybean oil brands compete, and the rise in packagers has narrowed the chance of a cartel or syndicate forming, according to those in the industry.

It has also created pressure on all bottlers to improve quality, according to Shoeb Md Asaduzzaman, head of sales and marketing of Bangladesh Edible Oil Ltd (BEOL).

"Competition is stiff now because of the entry of the new packagers," said the official of BEOL, one of the oldest packagers of soybean oil. "Now none can increase price whenever they want as the price hike is inversely related to market share."

The new bottlers said many launched their brands to hedge the risk of losses from sudden price fluctuations in bulk oil. But some



Shoppers look at edible oil brands at a superstore in Dhaka. Rising demand for soybean and other oils has attracted businesses to bottling.

veterans in the bulk segment also opted to build a brand image and get bottler's margins.

"The price of loose oil changes frequently," said Zahir Ahammed, managing director of Nurjahan Group, which launched bottled oil brand in February this year. "But the bottled oil remains relatively stable."

Bottling offers the prospect of better margins, while the extent of losses remains low when prices fall, said Ahammed of Nurjahan Group, one of the leading edible oil importers and refiners.

"We have received a good response since the launch," he said. Nurjahan launched its brand as

demand for bottled oil was growing at more than 15 percent a year, buoyed by a rise in consumer health consciousness and concerns of adulteration, especially in the urban and suburban areas, the operators said.

"The consumers also show interest in bottled oil because the scope of adulteration is less in bottled oil," said Asaduzzaman of BEOL.

The operators said a rise in income and spending capacity of a section of consumers accelerates the demand for packaged edible oil, such as soybean, imported mainly from Argentina and Brazil.

Mostafa Kamal, managing direc-

tor of Meghna Group of Industries, said the market for bottled edible oil has been growing at a fast pace for the past five years.

"With the rise in buying capacity, the consumers are attaching more importance to hygienic product," said Kamal of Meghna Group, a local refiner that has been bottling soybean oil since 1998.

"When we started, the demand for bottled oil was very low, and it was around 2-3 percent of the total annual consumption of edible oil. But the demand started rising from 2004-05."

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After Eid, rice price creeps higher in Ctg

IQRAMUL HASAN

The retail prices of rice after Eid have risen above the highest fluctuations during Ramadan, according to importers and wholesalers of Chaktai wholesale market of Chittagong.

The prices increased by Tk 1 to Tk 2 per kg in every category, including the imported ones, on the first market day after Eid in the port city, and the price may remain on an upswing.

Mozaffar Ahmed, manager of Adarsha Rice Mill of Chaktai, told The Daily Star that after Ramadan, the price of coarse rice, both parboiled and normal, increased by Tk 40 to Tk 50 for per 40 kg, adding that this is usual after Eid.

Omar Azam, secretary of Chittagong Rice Merchant Association (CRMA) at Chaktai, said that in the international market the price of rice went up more than 18 percent to \$420 per tonne in a month.

"But it would not affect the market, as we are still selling rice imported before last month," added Azam, also an importer of rice from Myanmar, Pakistan and Vietnam.

However, other factors are also at work. He said that importers stockpiled rice for Ramadan, but have had to pay more bank interest and storage costs on what is only being sold now, which increases the retail.

Also, supplies are becoming scarcer as a few want to import more at the current international price.

Yet he said that in last month the import cost of the rice was high relative to the market price, so that now the retail price is more in line with the true cost.

"The price of the rice will increase again if we import new consignment from abroad," Azam predicts, unless global rice prices drop.

Finally, the shortage of domestic rice has also increased the price.

Anamul Huq, president of CRMA, said that after Eid no rice came from the northern and other areas of the country, so that they are solely wholesaling imported rice.

Huq said: "The farmers of the northern regions do not want to sell their rice to the dealers, for the fear of a poor harvest from a flood in the upcoming months."

In the retail markets, coarse rice was found on Thursday at Tk 30 per kg, which was Tk 28 before Eid, and the price of pajam rice, now Tk 37 per kg, was Tk 35 before Eid.

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A growing class boosts credit card use

MEHDI MUSHARRAF BHUIYAN

The consumer habits of the growing middle class is a boon for the credit card business of top banks in Bangladesh, even while the majority still deals in cash.

Top players in the country's plastic money business are adding up to 4,000 new users a month, industry insiders said. The number of the cardholders could potentially double in the next five years, they added.

A top bank that issues credit cards now estimates there are nearly 8 lakh credit cards in the country. A growing number of visitors at shopping malls and restaurants and a rise in overseas travel are driving the growing trend.

"The booming middle class in the major metropolis, here, is spending more and more money on eating out, electronic appliances, travel and entertainment, and retail fashion wear," said Gitanka Datta, head of credit cards at Standard Chartered Bank.

"Most big restaurants and retail stores these days offer credit card facilities, which their customers find to be a more convenient way of making big transactions."

Retail shoppers account for 60 percent of total spending through credit cards, followed by restaurants with 20 percent.

The total value of credit card transactions in Bangladesh is approximately \$23 million per month, said Datta, adding that StanChart's share is 40-45 percent.

"The number of cardholders could reach 15 lakh by the end of 2015 if the existing regulatory restrictions are withdrawn," a City Bank banker said.

StanChart was the first bank in Bangladesh to introduce credit cards. More than a decade later, the use of credit cards is turning out to be more than fashionable among the urban people.

"Currently, there are around 200,000 StanChart credit card holders in the market, which was 180,000 a year back," Datta said. "Executives of public and private limited companies, professionals and businessmen are our target cus-

tomers."

Overseas travellers account for much of the credit card business seen by City Bank, a leading local financier. The bank introduced a line of international credit cards in conjunction with its newfound partner, American Express, early this year.

"The move was a big boost for our plastic card business," said Mashrur Arefin, head of retail banking at City Bank. "From the time we launched the Amex card, we're adding around 3,500 to 4,000 new holders each month to our client base."

"There is a billion dollars worth of travel industry in this country," said Arefin. "Many middle-class families can afford at least one overseas trip a year. As the economy grows, the number of overseas travellers is on the rise."

Many people also travel for business or medical assistance, he added.

Many inactive credit cards holders have unused cards. "Currently, we've around 60,000 credit card holders -- but only 47,000 are actually active," said Zeeshan Kingshuk Huq, head of corpo-

rate affairs at BRAC Bank Ltd.

Additionally, a credit limit is also in place on how much can be transacted through credit cards -- which is 500,000 in taka, the local currency, and 6,000 in US dollar.

"The low credit limit ultimately prompts overseas travellers to use hundi and other informal channels," said Arefin. "So the restriction ultimately boomerangs."

Bangladesh Bank only allows the online charging of local taka-denominated credit and debit cards.

The taka-only rule, however, helps little, as the number of online merchants is almost nonexistent, said Datta.

"Most online transaction that could take place would be dealt in US dollars," Arefin said. "So the move can only be useful if the online facility is opened up for international transactions," he added.

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Yahoo seeks to ease tensions with Alibaba

AFP, San Francisco

Yahoo! chief executive Carol Bartz sought Friday to ease tensions with Alibaba Group, the Chinese e-commerce giant in which the California internet company holds a 39 percent stake.

"Our investment as a shareholder in Alibaba Group is strategic," Bartz said in a statement a day after Alibaba said its bid to buy back part Yahoo!'s stake had been rejected.



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