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Stocks

DGEN ▲ 4.22%
7,937.05

CSCX ▲ 2.22%
14,682.24
(Week-on-week)

Asian Markets

MUMBAI ▲ 0.46%
20,032.34

TOKYO ▼ 1.75%
9,202.45

SINGAPORE ▲ 0.42%
3,142.62

SHANGHAI ▼ 0.46%
2,978.84
(Friday closings)

Commodities

Gold ▲
\$1,346.75
(per ounce)

Oil ▼
\$81.67
(per barrel)
(As of Friday)

SOURCE: AFP

Merkel calls for more immigrants in public service

AFP, Berlin

German Chancellor Angela Merkel called Saturday for more immigrants in the country's civil service and deplored discrimination in employment, two weeks after saying attempts at a multi-cultural society had failed.

"We currently have a real under-representation of people of immigrant origin in the public service and we have to change that," Merkel said in her weekly podcast.

She added, "When someone has a name that doesn't sound very German, for certain jobs it often happens that they have difficulties in being employed."

Merkel was speaking ahead of an "integration summit" she will chair on Wednesday with 115 representatives of public services and other organisations concerned with integrating immigrants to draw up an action plan.

Banks look abroad as dollar demand peaks

JASIM UDDIN KHAN

The rise in overseas spending by the middle class and cash transfer to foreign countries have pushed the supply-demand gap in the greenback to an all-time high.

Bankers point to the purchase of the currency by around one lakh hajj pilgrims this year for their expenditure as another reason for skyrocketing demand for dollar notes.

"Around 1.25 lakh Bangladeshis travel abroad a month, of which 50 percent for business, treatment and travel purposes," an immigration official said, pointing to 15 percent yearly growth in Bangladeshi travellers.

"If you look at the number of patients visiting Mount Elizabeth Hospital in Singapore, you will see a third of them from Bangladesh. Most use notes for paying bills and other expenditures," said a private bank official.

In a bid to cope with the higher demand for dollars, some banks, including Standard Chartered Bank, have moved to collect notes from different sources such as London Exchange House.

A high official of the central bank that endorses any import of foreign currencies said Bangladesh Bank gave StanChart a go-ahead on August 4 to import a maximum of \$10 million and the Office of the Chief Controller of Import and Export permitted the bank on October 4 to import forex notes from Travelex Banknotes Limited in London.

"We are approaching to import dollars to increase the currency inflow, but the total amount has not been fixed yet," said Bitopi Das Chowdhury, StanChart's head of corporate affairs.

The bank official also said her bank sought a tax rebate on the import of dollars and approached Finance Minister AMA Muhith in this connection.

StanChart is the lone foreign bank that has a record of importing foreign currencies a few years back.

Meanwhile, most members of Bangladesh Foreign Exchange Dealers Association have sought the central bank's permission to bring dollar notes from their Nostro Account at New York.

Ashim Kumar Saha, head of treasury at NCC Bank, pointed out that the bank had been facing a severe cash dollar crisis for the last few months.

"We're negotiating with StanChart for buying some notes from them," Saha said.

Asked about the recent peak in demand for the foreign currency, an Eastern Bank official said most of their clients use cards for forex transaction.

Eastern Bank is in talks with the central bank to import dollars from the nostro account, he added. Previously, private banks were used to exporting cash currencies with permission from the central bank but now the trend is reverse, the official added.

Due to the tight situation of foreign cash notes in all scheduled banks, the private banks are currently unable to purchase such notes from the local financial market.

The local kerb market rate is higher than the bank rate, which also contributes to the slow inflow of foreign currency notes, especially US dollar, in the banking channel.

Tassaddek Hossain Khan, manager of Aabco Money

HIGHLIGHTS

- Overseas spending and cash transfer rise
- Supply-demand gap in the greenback hits an all-time high
- Hajj pilgrims push demand for dollar notes
- Standard Chartered Bank gets green light to import 10 million US dollars

Changer, said demand for cash dollar increased heavily in the kerb market for which they can sell with a good difference of prices with banks'.

Another money exchange house official echoed Khan's views.

The use of dollars in underhand dealings and asset buying abroad has also fuelled demand for the greenback.

"Some unscrupulous houses sell dollars to those who use the currency for bribing," said Ahsan Ullah Russel, manager of James Money Changer.

The dollar was selling at Tk 72.10 yesterday at different exchange houses, where the bank rate was 70.80.

Despite huge demand for dollar notes, the country's overall balance of payment situation maintains a surplus position in the local market.

Data shows a surplus of \$76 million in the first month of fiscal 2010-11 against the surplus of \$486 million in the same month a year ago.

The overall balance of payment was \$2.8 billion in fiscal 2009-10, as Bangladesh recorded export earning at \$16.23 billion and remittance earning \$11.61 billion. During the period, the country spent \$21.38 billion for importing products.

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Listed energy companies can raise Tk 4,500cr

SARWAR A CHOWDHURY

The government can raise around Tk 4,500 crore from the stockmarket if it offloads its stakes in five state-run energy entities that are already listed on the exchanges.

The share offloading by the government will also act as a short-term measure to increase the supply of stocks in the market, which is now on an upswing and hungry for new securities.

The immediate past president of the premier bourse made the recommendation to the prime minister recently, while briefing Sheikh Hasina about what the government should do now to stabilise the market.

It is possible to collect Tk 4,595 crore from public, if the government holds 51 percent stakes in every company and offloads the rest at a 10 percent reduced price compared to the existing market price, Rakibur Rahman, the former president of the Dhaka Stock Exchange, told the prime minister.

The five companies are: Desco, Powergrid, Jamuna Oil, Meghna Petroleum and Titas Gas -- all listed directly.

The government can do this within three working days, Rahman told her adding: "There is no alternative to increasing fundamental securities."

"Taking short-, medium- and long-term measures, these should be implemented quickly to strengthen the supply side."

Presently, the government holds 75 percent stakes in Desco, 76.25 percent in Powergrid, 70 percent in Jamuna Oil and Meghna Petroleum each, and 75 percent in Titas Gas.

Public holdings in the five companies are 5.75 percent, 4.59 percent, 13.37 percent, 13.44 percent and 25 percent respectively.

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If the government offloads 22.43 percent stakes in the five entities on an average, it can raise 13 times more than their face value, Rahman, also a director of the DSE now, told the prime minister.

Also, the government can offload another 10 percent stakes in other eight listed state enterprises, which are: Rupali Bank, Bangladesh Shipping Corporation, Eastern Lubricants, National Tubes, Osmania Glass, Eastern Cables, Atlas Bangladesh and Padma Oil.

"It's a wrong perception that the government will lose its control over a company if it does not hold 51 percent stakes in it. In many countries the government controls a company holding only 10-20 percent stakes in it," he told Hasina.

The government should, as a long-term measure, list Biman, Sheraton hotel, Sonargaon hotel, Bangladesh Telecommunications Company Ltd, Jamuna bridge and Padma bridge.

Rahman said listing of these institutions will also increase transparency and accountability among those. The government can also allot shares at a 10 percent reduced price of these companies to their employees to avoid any unrest, Rahman said.

About the lock-in system on private placement of shares, the former DSE president requested the government not to lift the lock-in system. If the lock-in is withdrawn, it may cast a negative impact on the retail investors' confidence.

When contacted, Rahman said he recently placed a set of recommendations on behalf of the bourse and other stakeholders to the prime minister.

He said the prime minister assured him of taking necessary steps.

CPA buys more equipment

STAFF CORRESPONDENT, Ctg

The Chittagong Port Authority (CPA) has collected 16 new equipment to speed container handling.

"At least 15 more equipment will be added to the system by November," CPA Secretary Syed Farhad Uddin Ahmad told a press conference at the CPA board room in the port city yesterday.

All these equipment were bought through bidding in the last fiscal year, Ahmad said.

Of the already collected 16 equipment, six straddle cranes were imported in June, while five fork-lifts and five stackers are now being unloaded at a port jetty.

The CPA official said loading and unloading of goods will be further expedited on collection of 47 more equipment through bidding by December.

Coordinator of the Port Army Security Cell Major Shahriar Morshed said the army is helping the CPA in implementing workers' welfare amenities.

Stocks swell on 3rd quarter gains

STAR BUSINESS REPORT

Listed companies with an eye on the yearend started announcing their third quarter earnings last week. The financial results of the institutions, especially banks and non-bank financial institutions (NBFIs), showed huge profit growth. Much of the growth came from stock investment.

The growth in the earnings added excitement to the investors to rush for the financial sector securities, as speculation over similar growth in other stocks, which are yet to disclose their financial reports, has already gripped the market.

The key index and turnover also hit new highs.

Week-on-week, the benchmark index of the Dhaka Stock Exchange, DSE General Index (DGEN), advanced 321 points, or 4.22 percent, to its highest level at 7,937 points -- showing a bull run for the sixth consecutive week.

The single-day turnover also reached a new high of Tk 2,946 crore on Thursday, beating the previous peak of Tk 2,836 crore set on Tuesday last.

Stockbrokers said the rally in the financial sector was backed by the third quarter earnings of the companies that showed a huge profit growth,



most of which coming from investment in the stockmarket.

Seeing the third quarter earnings of the companies, investors were taking positions in other companies expecting a good return grounded on third quarter earnings, the stockbrokers said.

The banks saw an average gain of 5.91 percent, while the NBFIs 4.12 percent.

Energy and power sector moved up 4.61 percent, pharmaceuticals 1.21

percent and cement went up 1.75 percent.

On the downside, telecom was the only major sector finishing the week in the red, as Grameenphone, the sole constituent in the sector, declined 2.84 percent.

The total turnover jumped up by 60 percent to Tk 13,101 crore, while the daily average turnover went up 28 percent to Tk 2,620 crore. Market capitalisation stood at Tk 3,37,784 crore, up by 2.73 percent.

Maruti profit up

REUTERS, New Delhi

Maruti Suzuki met forecasts with a 5 percent rise in quarterly net profit as strong demand for cars in a surging economy helped offset a rise in input costs.

Car sales in India increased by more than a third in the September quarter, fuelled by robust economic growth, and are set to remain strong this quarter on the back of festive season demand that peaks in November.

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