

| Stocks | |
|--------|----------------------|
| DGEN | ▲ 1.52% 8,580.19 |
| CSCX | ▲ 1.54% 15,583.27 |

| Asian Markets | |
|---------------|----------------------|
| MUMBAI | ▼ 2.31% 19,242.36 |
| TOKYO | ▲ 0.52% 10,285.88 |
| SINGAPORE | ▲ 0.23% 3,210.20 |
| SHANGHAI | ▼ 1.32% 2,810.95 |

| Currencies | | |
|------------|--------|---------|
| | Buy Tk | Sell Tk |
| USD | 69.98 | 70.98 |
| EUR | 91.37 | 96.41 |
| GBP | 108.93 | 114.06 |
| JPY | 0.82 | 0.88 |

SOURCE: STANDARD CHARTERED BANK

News in Brief

Bangladesh to make optical fibre cables

QUAZI AMANULLAH, *Khulna*
Bangladesh Cable Shilpa Ltd in Khulna will start producing optical fibre cables from January.

The factory, which went into commercial production in 1973 after its establishment in 1967, has also decided to go public from March to raise fund for its new project.

To this end, an agreement was signed on Monday with Swadesh Investment Management Ltd, which would work as issue manager.

Managing Director of Cable Shilpa Bahadur Ali and Managing Director of Swadesh Investment Mamun Ahmed inked the deal in the conference room of the plant.

Cable Shilpa, a state-owned enterprise, will offload its shares as intended by the government, said Ali.

"Swadesh has been asked to complete all the processes for offloading our shares within the stipulated time," said Lutfur Rahman, manager (administration) of the plant.

The decision to assign Swadesh Investment for the job was taken in the 161st meeting of the board of the cable factory.

Cable Shilpa will also set up a power cable and electrical house wire plant in Khulna.

The company has a reputation for not incurring financial losses since its inception. It earned a net profit amounting to Tk 12.83 crore in the last financial year, said its managing director.

Optical fibre cables to be produced in this plant will meet the domestic demand, said Ali.

At present, Bangladesh imports such cables from different countries including India and China.

AirAsia X to launch Japan route

AFP, *Tokyo*

Malaysian long-haul budget airline AirAsia X is to launch regular flights between Kuala Lumpur and Tokyo starting on Thursday, airport officials said.

Its inauguration flight is scheduled to depart from Tokyo's Haneda airport at 11:45 pm (1445 GMT). The carrier plans three flights a week connecting the Malaysian capital with the Tokyo airport, the officials said.



People take a look at an ultrasound colour Doppler machine at medical equipment fair Medexpo-2010 at Sonargaon Hotel in Dhaka yesterday. Colour Doppler ultrasound is a medical imaging technique which is used to provide visualisation of the blood flow. The fair ends tomorrow.

AMRAN HOSSAIN

Market popularity makes it strong yet volatile

Say experts at launch of Bangladesh Institute of Capital Market

STAR BUSINESS REPORT

Finance Minister AMA Muhith yesterday said the capital market in the country would survive because such a large number of people -- some 3 million shareowners -- are now involved in it.

His comment came at a time when hundreds of angry investors took to the streets in the bustling Motijheel on Wednesday protesting an unprecedented 547-point fall in the first hour and a half of trading at the premier bourse.

He also strongly opposed the commercial banks' use of call money in the capital markets. Call money is short-term funds that are lent and borrowed among banks.

"Why should the banks use call money in the capital market?" asked Muhith, while speaking at a launch of the Bangladesh Institute of Capital Market (BICM) at Dhaka Sheraton Hotel. "We should stop it," he said.

The academy trains investors and develops skilled

manpower for capital markets, which now face a dearth of knowledgeable persons, said BICM Executive President Mohammad Abdul Hannan Zoarder.

The finance minister also argued that the capital market is overvalued because the PE (price earnings) ratios of most companies is near 50 on average, which indicates that too much money is chasing for too few scripts.

"We're trying our best to offload the shares of the state-owned enterprises, though there is some sort of disinclination among a certain quarter of the government," he added.

The finance minister criticised the culture of vandalism, blockades and slogan-chanting by investors whenever markets fall. Investors need to be educated; and the BICM can play a role, he added.

CSE President Fakhor Uddin Ali Ahmed said the crash of the premier bourse's index on Wednesday was a correction that occurred because the market is now overvalued. The

share index has increased by nearly 6,000 points in the last two years," he said.

"It is illogical to think that share prices will always go up," said Ahmed, "because it is a common phenomenon of capital market that share prices will go up and down."

He urged general investors not to panic: "There is no need to panic for those who invest based on market fundamentals and have clear understanding on the company's balance sheet," he argued.

The finance minister also urged investors to accept the market correction as being in their best interests. Citing lack of patience among the investors, he underscored the need for keeping stocks for a certain period to get a regular income flow.

The Prime Minister's Economic Affairs Adviser Mashhur Rahman saw a possible asset bubble and blamed a lack of bonds. So many small investors entered into the market, but they have inadequate investment options due to lack

of instrumental diversity.

Dhaka Stock Exchange Director Rakibur Rahman warned that if investors continue to stage demonstrations or resort to vandalism when the market falls, the markets could collapse.

He, too, advised the investors to meticulously follow the fundamentals: PE, earnings per share (EPS) and growth rate.

The government can sell shares without losing its control, said Rahman of the DSE: "A number of countries, like Malaysia, already uploaded nearly 90 percent of a state-owned enterprise to the general public, but they do not lose control."

Securities and Exchange Commission Chairman Ziaul Haque Khondker agreed that the academy's training would reduce the volatility of capital markets.

The DSE General Index yesterday reached 8,580.2 point, up 128.6 points or 1.52 percent from Wednesday.

Regulator to probe stock price collapse

STAR BUSINESS REPORT

The Securities and Exchange Commission (SEC) yesterday formed a four-member committee to probe the sudden unprecedented fall of share prices on the Dhaka Stock Exchange.

The committee, headed by SEC Executive Director Farhad Ahmed, is scheduled to submit its report on January 10 to the commission's chairman, said a senior SEC official.

The other members are ATM Tariquzzaman, an executive director, Mahbulul Alam, a director, and Tania Sharmin, an assistant director of SEC.

Hundreds of angry investors took to the streets in the bustling financial district of Motijheel on Wednesday to protest an unprecedented 547-point crash in the prime bourse within an hour and a half of the start of trade.

Bapex scopes out oil, gas in Pabna

AHMED HUMAYUN KABIR TOPU, *Pabna*

Bangladesh Petroleum Exploration & Production Company (Bapex) will drill an exploration well in Mubarakpur in the district to detect oil and gas reserves there.

Experts expect 170 billion CFT gas reserve on the site. The works of the project site started this week after issuing the work order for land development for the site, Bapex officials said.

Meanwhile, an international bidding for the drilling machinery of the project is under process, they added.

The drilling of the exploration well will begin within March or April next after completing the land development works.

Earlier the government approved a fund of Tk 89.26 crore for the project -- Tk 61.84 crore of which will come as foreign fund under Mubarakpur Oil/Gas Exploration Well Drilling Project, the Bapex officials said.

They said Bapex has issued the work order to the contractors for the land works at the camp and project site at a cost of Tk 2.5 crore and the site was handed to the contractors last week.

"The work order has been issued for the drilling site development, camp site development and approach road construction," said Md Ataullah Khan, deputy general manager of Bapex and project director (PD) of the exploration well drilling project.

"We have already called an international tender for buying the laboratory equipment of the project. Also the delivery of Tk 13 crore drilling machinery is under process," the PD said.

"We may start drilling within March or

HIGHLIGHTS

- Bapex expects 170 billion CFT of gas
- Well drilling will begin in April
- The project runs on a Tk 89.26 crore fund
- Tk 61.84 crore will come from foreign sources
- Bapex embarked on the project in 2006
- The project got Ecneq nod last year


April," Rahman said.

After drilling the well, which will be 4,500 metre-deep on the project site, it will be easier for examining the total area of natural gas and oil, the officials said.

Earlier the government acquired 8.8 acres of land at Paglachandipur and Bishnapur of Santhia in Pabna, primarily for conducting a study for drilling the exploration well. The Pabna district administration gave the charge of the lands to Bapex in July.

Bapex started to work on the Mubarakpur site in 2006. After getting a satisfactory result in a seismic survey in 2006, it made a project of Tk 56.04 crore for conducting the exploration study, but the project was reviewed again to Tk 89.26 crore.

The Executive Committee of National Economic Council (Ecneq) approved the project in March last year.



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