

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
15.58%	14.20%	\$1,377.50	\$89.23	0.14%	0.29%	0.38%	0.44%	71.20	90.37	108.96	0.84	
7,512.09	14,140.69	(per ounce)	(per barrel)	19,196.34	10,510.68	3,241.49	2,804.05	BUY TK	72.20	95.45	114.13	0.92

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star BUSINESS

DHAKA WEDNESDAY JANUARY 12, 2011, e-mail:business@thedailystar.net

Stocks out of bounds

Analysts question astronomical rise, a day after crash

SOHEL PARVEZ

Stranded in a tailback in a commuter bus in early afternoon, a suited mid-age man was checking his portfolio balance of the stock market -- he was Tk 288,000 down.

His attention lapsed as a newspaper hawk came into the bus and started shouting the headline -- "share market scam". The man looked up and said, "The market is back. There is no seller in the market today."

The person, who wishes to remain anonymous, continued, "I came in early morning to buy some shares but did not get all I wanted. I could only buy some Golden Son."

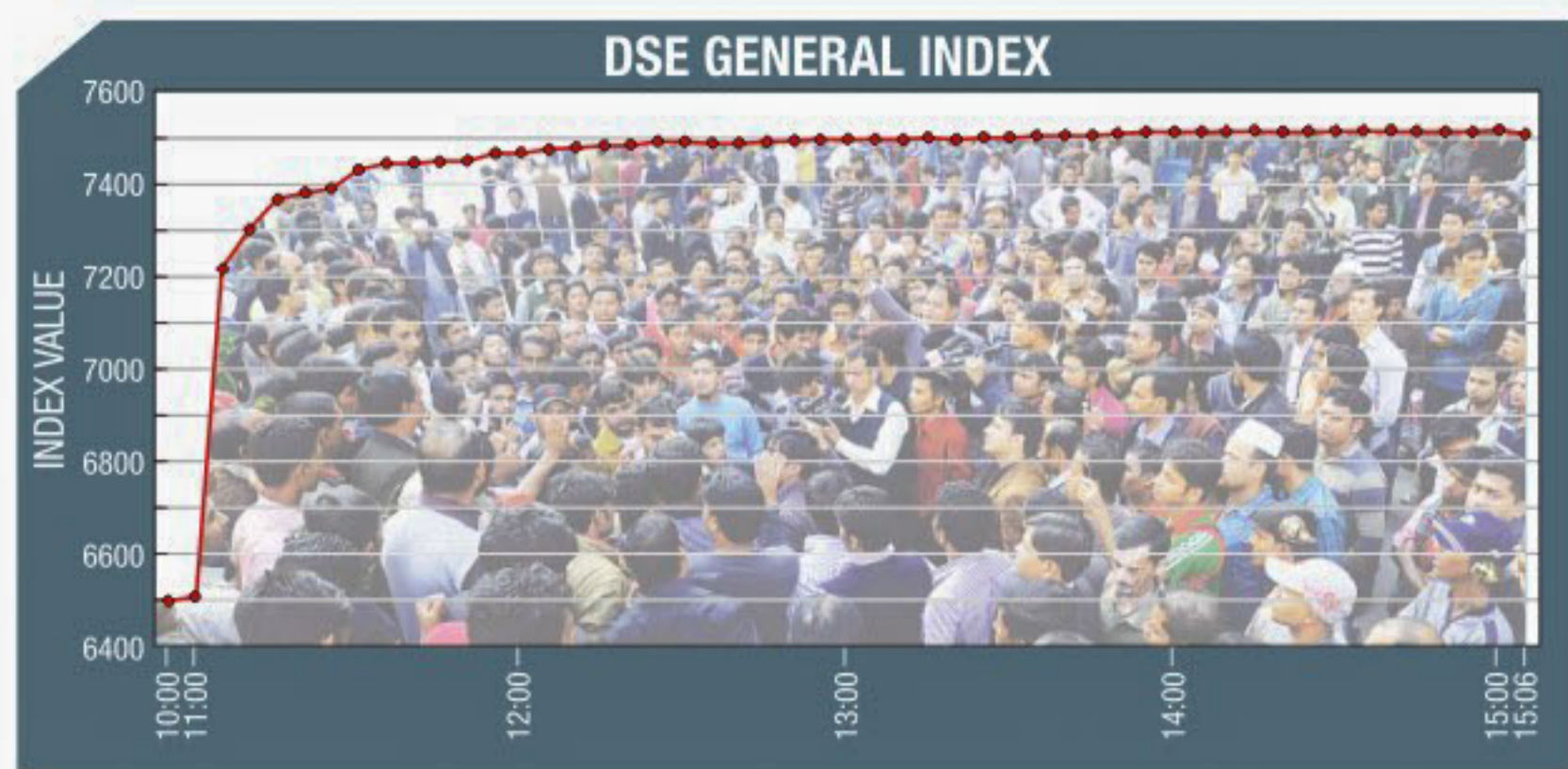
After the massive collapse on Monday, stocks took a free ride, buoyed by the stimulus from the capital and money market regulators -- Securities and Exchange Commission (SEC) and Bangladesh Bank (BB).

The benchmark, Dhaka stock exchange general index (DGEN), sprinted up 1,000 points, marking a 15 percent rise.

The surge in index was the highest the world has ever seen in a day. "The rise is too much to be comfortable with," the man said. Analysts also said the recovery is unsustainable.

According to them, the market is overheated, although it lost 1,800 points until Monday, triggered by liquidity crunch as banks started withdrawing their investments to comply with BB directives.

On Monday DGEN lost 9 percent,



bringing market capitalisation down by Tk 23,001 crore, to Tk 287,772 crore.

Yesterday, banks extended hands to institutional investors after BB relaxed its restriction on banks about their exposure to risky investment like stock market.

SEC also cleared ways for merchant banks and institutions to lend up to two times.

Banks are reported to have been assured of refinancing at low rates, provided they invest in stocks.

The result: a mad rush to buy stocks by everyone -- from institutions to retailers -- pulling the market capitalisation to Tk 326,108 crore, up Tk 38,335 crore.

"It appears that the market has regained on artificial life support. I don't think it is sustainable," said Mirza Azizul Islam, former SEC head and finance adviser of the caretaker government.

Islam said BB clearance to banks increased the exposure to risks for

banks.

In the past year, banks fed the stock market bubble with liquidity amid slack monitoring, which resulted in banks being overexposed.

The relaxation of restrictions on banks and brokerage firms, however, subsided the panic. In return, it brought back the whims, especially among the small investors.

"It appears to be a whimsical buying effort by all. But the risk has not eased. The market remains over-priced and the banking sector is overexposed to risky investments," said Salahuddin Ahmed Khan, former CEO of Dhaka bourse.

"Such a quick recovery is not good. It shows that investors are still not cautious. Prices are not sustainable." Khan warned that market might be more risky if it continues to rise this way.

INSIDE B3
Small hopes gone with the crash

Rice prices soar to new level

SOHEL PARVEZ

Prices of essentials rose to a new level, forcing a growing number of people to line up for subsidised rice.

But many return home empty-handed from open-market sales points, as the number of buyers stretched the supply of rice -- Tk 24 for one kilogram under a government programme.

"I have never queued up for rice. I feel bad. I feel like a victim of circumstances," said 45-year-old Anjana Rani Ghosh, who was seen with nearly 100 men and women at Tipu Sultan Road in Old Dhaka.

It was not an isolated scene.

Open-market sales by truck were hardly popular a year ago, but the situation changed. Now the crowd of low-income buyers grows at every sales point as the day wears on.

The coarse or lowest-grade rice sells at Tk 35 a kg in city markets and the fine rice is priced at up to Tk 50, the highest in the history of Bangladesh, according to traders.

Prices of coarse rice rose by 32 percent, although there is no short-

age thanks to a rise in production last year, according to the data of the Trading Corporation of Bangladesh.

Insiders blamed the hoarding tendency of farmers for the price hike at a time when prices of commodities -- cereal, sugar, cooking oil -- are surging globally.

Last month, the global food price index, prepared by UN's Food and Agriculture Organisation, hit a record high, exceeding the past 2008 peak when rising food prices sparked riots in many countries.

Palm oil, mainly consumed by the poor and low-income people, sells at Tk 88-90 a kg, which is 47 percent higher from the year-ago period in local markets.

Onion, which shot up to nearly Tk 70 a kg last month after an Indian ban on exports, bears a 31 percent higher price than the previous year.

Such price spiral also partly contributed to a rise in prices of vegetables, squeezing the purchasing capacity of millions, at least 40 percent of Bangladesh's population who live below the poverty line.

For Anjana, wife of a retired gov-

ernment transporter, the experience of queuing up for rice is new. But the price difference between the OMS operations and retail markets offers her a respite.

"Prices of rice at markets are too high to afford. Here I can save at least Tk 80 on every 5-kg rice purchase," said the woman who had earlier bought the staple at Tk 40 a kg. "It'll surely allow me to buy some vegetables."

But all not are as lucky as Anjana. On Saturday, elderly Amena Begum did not get any rice as she arrived there in the afternoon.

"Demand is high. Our daily saleable stocks are finishing faster," said Fakhru Islam, sub-inspector of Department of Food at Roy Shaheb Bazar in Old Dhaka.

He said 30 people had to return home without rice on Saturday as the three tonnes of the food item were sold earlier.

At about 2.15pm on Saturday, the OMS truck that is usually seen near FDC (Film Development Corporation) in morning hours was no more in sight.

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RESCHEDULING OF ROAD-SHOW

All eligible institutional investors (EII) are hereby informed that the Road-Show for discovery of indicative price for Initial Public Offering (IPO) of Golden Harvest Agro Industries Limited under Book Building Method, scheduled to be held on Wednesday, 12 January 2011, 7:30 PM at Ballroom, The Westin Hotel, Dhaka has been rescheduled for unavoidable circumstances. Revised date and venue are as follows:

Venue: Grand Ball Room, Pan Pacific Sonargaon Hotel, Dhaka
Date: Monday, 17 January 2011
Time: 7:30 PM

Issuer Company **Issue Manager**

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Govt seeks responses to tea policy

STAR BUSINESS DESK

The government will post the draft national tea policy on the website of Bangladesh Tea Board tomorrow to take recommendations from people.

The commerce ministry yesterday discussed the draft policy at a meeting chaired by Commerce Minister Faruk Khan.

Khan said anybody can give recommendations on the draft policy through the government site, www.teaboard.gov.bd, by January 31.

People can also write to the chairman of Bangladesh Tea Board, he added.

Khan said demand for tea has been gradually increasing in the country, but tea production has not increased in step with demand.

The draft policy will be finalised by February and then will be sent to the ministry for the next move, the minister added.

Emerging Energy teams up with SEBA

STAR BUSINESS DESK

Emerging Energy Solutions Ltd (EESL), a solar home system provider, has recently assigned SEBA Ltd to market its "Anirban" brand products in twenty districts of Bangladesh.

Shabbar Mustafa, chief operating officer of EESL, and Kazi Borhan Amin, managing director of SEBA, have signed the agreement on behalf of the companies.

EESL provides solar home systems of different capacities from 20-watt to

TNT Express and ISCEA Presents

Bangladesh Supply Chain Excellence Award 2010

On the occasion of
FIRST INTERNATIONAL SUPPLY CHAIN MANAGEMENT CONFERENCE BANGLADESH 2011

Objective of Bangladesh Supply Chain Excellence Award

- To recognize achievement and opportunities in Supply Chain Management across Bangladesh

Who Should Enter?

- The award is open to Professionals related to Supply Chain Management within Bangladesh.
- Organization's nomination is actively encouraged.

How to Enter?

Have to submit a written case study -- developed by not over than 2,500 words with one page abstract. For details please log on to www.bdtrinity.com/scmaward

- Submissions should be sent both in written and soft copy to Trinity Communications Ltd., House # 307 (2nd Floor), Road # 21, New DOHS, Mohakhali,

Dhaka-1206 and MS Word attachment to info@bdtrinity.com or contact 01711247003.

- Submission deadline January 25, 2011.**
- Each candidate must submit only one entry.

Selection Criteria:

A panel of Judges will select the best 10 entries from all submission and call for personal interview to finalize top Five (05) winners.

Award Ceremony

The winners will be awarded on February 12, 2011 in the Closing Ceremony of First International Supply Chain Management Conference, Bangladesh 2011 at Radisson Water Garden Hotel Dhaka.

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