

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▲ 7.82%	▲ 5.72%	\$1,332.00 (per ounce)	\$87.50 (per barrel)	▼ 0.95%	▲ 1.15%	▼ 0.14%	▼ 0.68%	BUY TK 71.95	96.47	113.30	0.85
6,821.08	12,707.71			18,969.45	10,464.42	3,181.15	2,677.43	SELL TK 72.95	101.66	118.55	0.94



NCC BANK
Small Business Loan
Where Credit and Commerce Integrates
www.nccb.com.bd

Business

DHAKA WEDNESDAY JANUARY 26, 2011, e-mail: business@thedailystar.net

Stocks perk up, value runs low

Most companies hit upper limit of circuit breaker; suspicion remains

STAR BUSINESS REPORT

Stock trading on the twin bourses resumed yesterday and reversed the downtrend after nearly 75 percent of the traded stocks clocked their highest intra-day gain on the board. But the value was low, as there were few sellers.

Transactions remained suspended for the last two days in the backdrop of a heavy slump in prices in the previous week.

The General Index of Dhaka Stock Exchange (DSE) jumped up 494 points, or 7.8 percent, finishing the four-hour session at 6,821 points.

Institutional investors joined the race in the opening few minutes, but stayed away later as they observed the stalemate in the buy-sale, market insiders said.

It was a day for retail investors, who took up more than 90 percent of the transactions.

Optimism surfaced among investors as the regulator amended a string of rules prescribed by the government.

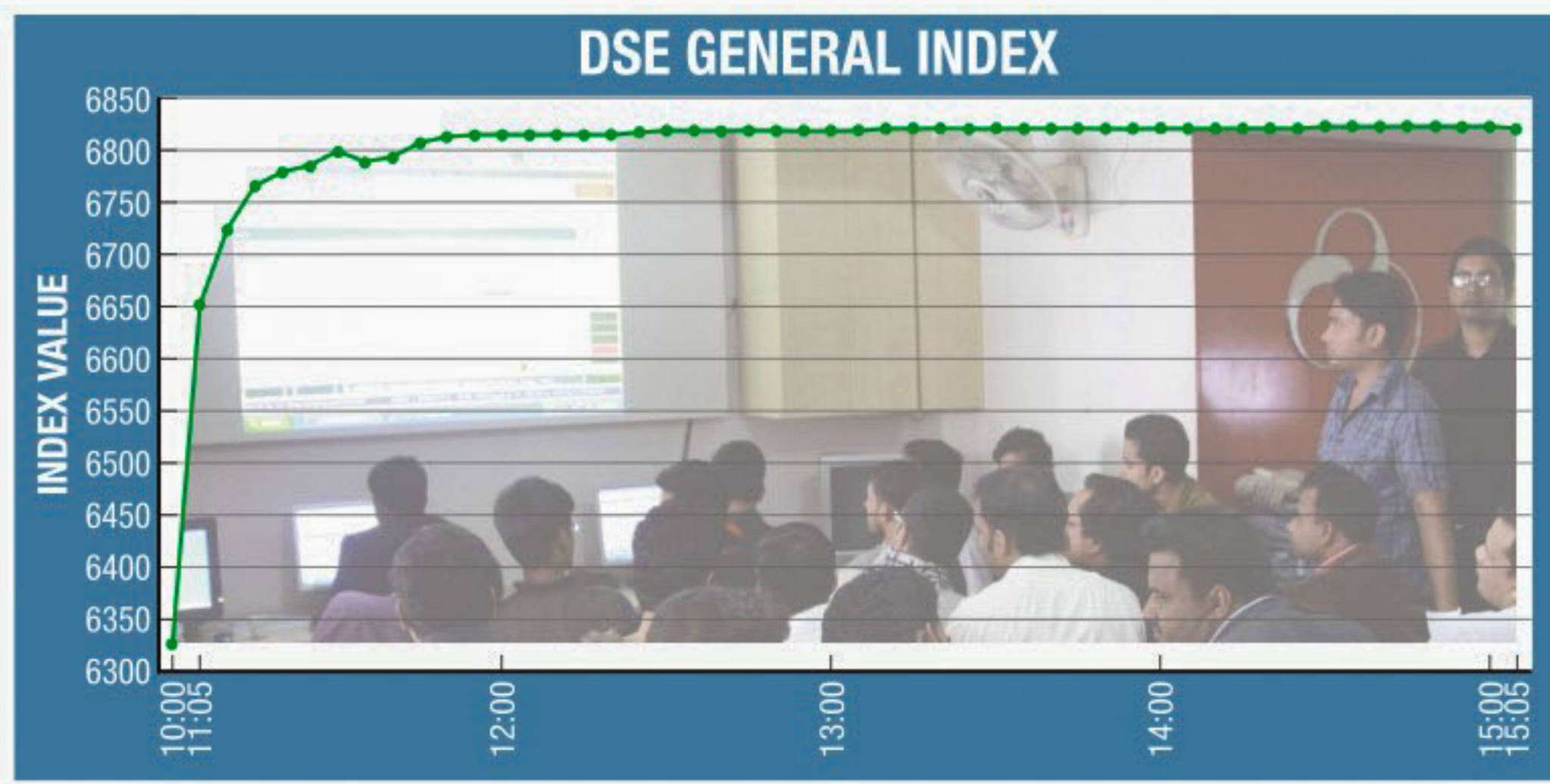
The government sat with stakeholders, central bank and Securities and Exchange Commission on several occasions to bring back normalcy.

"The market reacted positively as almost all the companies hit the upper limit of their individual circuit breaker -- last time that happened on January 11 with the DGEN gaining 15.6 percent," BRAC-EPL, an investment firm, said in its regular market analysis.

But small investors greeted yesterday's jump with suspicion, saying it was "abnormal" and "engineered".

"There are no sellers, which is taking the market to abnormal heights. I think manipulators are at it again. They are just fooling us," said an investor, asking not to be named.

The benchmark index gained 7.8 percent



only as the individual company circuit breaker was reduced by half.

Of the 258 securities on DSE yesterday, 191 hit the upper-band and touched the circuit breaker, which does not allow prices of a stock to go up or down by a certain limit for the day. At the end, gainers outnumbered losers 248 to 10.

The sprint left 75 percent of the traded securities without sellers for hours.

Due to the stalemate in the buy-sale, the single day turnover was very low -- only Tk 206 crore -- on transactions of only 1.88 crore shares and mutual fund units.

Market insiders said the stalemate also prompted almost all the institutional investors to stay inactive, both in terms of buying and selling, for most of the trading hours.

"It was natural. Obviously, the retail investors will want the prices to go to the level at which they bought those," said a high official of an investment bank.

The investment banker predicted that the

stalemate will come to an end today, and institutional investors will be active.

News agency AFP quoted Mahmud Osman, a professor of finance at Dhaka University, as saying the market's behaviour remained "abnormal".

"The gains do not show that normality has returned. The volume of sales has reached a two-year low and some weaker stocks have also gained along with fundamentally strong companies," he said.

"It shows investors' ambivalence about the reform package."

Conditions for a crash have been building for some time, experts say, as the number of retail investors nearly doubled over the past 15 months to 3.3 million.

Chittagong stocks also posted a sharp rise. Its Selective Categories Index jumped 687 points or 5.7 percent to 12,707. The port city bourse traded more than 54.32 lakh shares and mutual fund units worth Tk 52.81 crore.

Retail investors rise from shock

SOHEL PARVEZ

Retail investors are gradually shaking off their worries, banking on hopes that the government would be supportive in bringing back stability and preventing volatility in the stockmarket.

Signs of respite among the small investors were at last evident yesterday after the market rebounded amid a buying spree.

On Sunday and Monday, trading was shut as the government was devising ways to salvage the market of 33 lakh investors.

Retail investors ruled the buying frenzy, encouraged by the government initiatives to stabilise the market that had kept plummeting till the end of last week amid panic sales.

"It's some respite. My fears eased a bit after today's rise in share prices," said a retail investor, Utpal Kumar Das, as the DSE General Index surged 494.73 points or 7.82 percent to 6,821.08.

The debacle caused him huge losses, Das said. But yesterday he recovered a part of his losses. Many small investors became upbeat and returned to buying after the government came up with a 14-point bailout package.

Among others, the government promised to support the market through ensuring liquidity by different mechanisms including reinvestment in the market of a portion of profit bagged by banks.

Withdrawal of index breaker, revision of circuit breakers for individual securities and a committee to probe the allegations of manipulation also helped ease the panic among the small investors.

Mohammad Shihab Uddin, another investor said withdrawal of circuit breaker for index has helped ease panic.

"When the SEC introduced the circuit breaker last week, it meant to me and many others that the market would plunge further. The withdrawal of the system indicates that the market would behave positively," he said.

"My worries eased quite a bit," added the small investor, who lost one-fifth of his investment of Tk 5 lakh during the freefall in share prices.

Shihab did not expect that the market might return to what it was before the crash. "But it should create a good environment," he said, expecting that dividend postings in the March-April period might keep many investors active.

Another investor Reaz Mahmud Mehedy said the slide was necessary as the market was overheated. The fall, the investors said, had caused many to lose heavily. But at the same time, it made prices of many shares lucrative for buying.

To benefit from the low prices, ABM Nahidul Rahman wanted to buy some mutual fund shares yesterday. He failed to book any. "But I am happy. If the market remains upbeat for the next one week, my losses will be recovered," he said.

Buying pressure caused prices of most of the individual scrips to touch their highest limits.

Another small investor Md Dil Newaz, who still suffers from the shocks, expects the market will be stable in the days ahead but the past craze to grab quick and easy money might be dispelled after all.

"I think the government will not let the market slump again so terribly because it will mean a disaster for thousands," he said.

"Those days of making quick money appear to be over."

Hike in furnace oil prices irks garment leaders

STAR BUSINESS REPORT

Apparel exporters yesterday expressed concerns over a sudden rise in furnace oil prices, saying the hike would push up production costs and cut competitiveness of local products.

"The production cost will go up due to rise in the prices. It will also cut our competitiveness in the global market," said Abdus Salam Murshedy, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

He said exporters are now making apparel products at prices negotiated earlier. Production is now going on according to prior orders.

"If we are now forced to buy furnace oil at higher prices then the production will be hampered. As a result, the sector will not be able to make the most of opportunities emerging in the global market thanks to the global melt-down," Murshedy said in a statement.

The government on Monday raised the price of furnace oil, widely used in industrial units, by Tk 9 per litre, and set the new price at Tk 35 at consumer level, effective from yesterday.

The price adjustment, however, the first in nearly two years, is for an interim period, the government said.

Power ministry officials said the rise in prices would increase the tariff of the newly-installed and under-implementation furnace oil-fired plants, and the government will have to buy electricity from those plants at a higher rate.

The rise in prices of furnace oil has been in stark contrast to BGMEA's longstanding demand that diesel and furnace oil used by captive generators should be subsidised until energy situation in the country improves.

Murshedy said the apparel sector has so far weathered the impacts of the economic crisis, thanks to the "sincere efforts" from all stakeholders. As a result, exports grew 42.18 percent in the first half of fiscal 2010-2011.

"It will be tough to maintain growth due to the sudden rise in furnace oil prices," said the BGMEA president.

He said the production cost of the apparel items has already soared compared to competitors due to implementation of new wage structure across the sector, gas and electricity crisis, high bank interest, increase in ships' turnaround time and price hike of raw materials such as yarn and cotton in global markets.

The furnace oil used in garment units should be sold at previous rates, the BGMEA president demanded.

Banglabandha trade on hold

OUR CORRESPONDENT, Thakurgaon

Trading through Banglabandha and Phulbari land ports remained suspended for a second day yesterday due to a labour strike at the Indian port in Phulbari.

The labourers started the strike on Monday to press home their demand of unloading Bangladesh-bound products at Zero Point instead of Bangladesh's warehouses at Banglabandha port. Zero Point is a place between India and Bangladesh borders.

Al-Ahasan Habib, assistant revenue officer of customs, excise and VAT at Banglabandha LC station, confirmed the trade-halt over cellphone to The Daily Star. "The ports will remain close today also, as it is a public holiday in India due to its Republic Day," Habib said.

"We are discussing with the authorities concerned to solve the matter as soon as possible," he quoted Shantonu Chatarjee, superintendent of customs at Phulbari LC station, as saying.

Nine goods-laden Nepal-bound trucks were waiting at Banglabandha during the strike, Habib added.

Many Nepalese trucks were stranded in Nepal and Bangladesh borders, as the labourers blockaded their ways, said Rezaul Karim, president of C&F Agent



Goods trucks wait in lines at Banglabandha land port in Panchgargh on the second day of an Indian labourers' strike at Phulbari port in Jalpaiguri, India yesterday.

Association.

In line with a trade agreement, Indian and Nepalese trucks can unload goods at Bangladesh's warehouse, Karim said. "But the Indian labourers are restricting the vehicles to do so. Traders said they may face loss because of it."

Customs officials and clearing and forwarding agents of Nepal and India sat

for a meeting yesterday at Phulbari to end the stalemate. But they failed to reach any decision, and set Thursday for another meeting involving Bangladesh.

Bangladesh's Agriculture Minister Matia Chowdhury and Indian Finance Minister Pranab Mukherjee inaugurated the Indo-Bangla trading through Banglabandha and Phulbari ports on Saturday.

Opening soon
MTB EXCHANGE UK LIMITED
you can remit with us
@ 25 Whitechapel, London E1 1DU, United Kingdom
A fully owned subsidiary of Mutual Trust Bank Limited, Bangladesh

Elevate your home décor with designer furniture from
KODA
Singapore
242 Gulshan Link Road, Dhaka 1208
t: 8822511-2. m: 01713 186 770-1
www.kubebd.com

Gates, Buffett plan to visit India

REUTERS, London

Bill Gates, one of the world's richest men and one of its best known philanthropists, said on Monday he hopes his passion for giving will soon start to take hold among the super-rich of China and India.

Speaking to Reuters in a telephone interview, the multi-billionaire Microsoft founder said he, his wife Melinda, and investor Warren Buffett plan to go to India this year to hold a meeting of the country's richest people to encourage them into philanthropy.

The meeting will be similar to one Gates and Buffett held in China last year.

Buffett and Gates are urging American billionaires to give way at least half their wealth during their lifetime or upon their death by signing the Giving Pledge, which so far has 57 billionaires signed up.

Gates said that during the China meeting "interest was very high", and he hoped for a similar response in India.

"They have a real thirst to understand how it has worked in the United States, even though they will do things in their own unique way," he said when asked about potential new philanthropic campaigns the two countries.

"When philanthropists talk to each other, they learn, they get smarter, they get more enthused, they come up with ways of working with each other -- and in the US case that's been beneficial."

Gates and Buffett are the second and third richest people in the world, with fortunes of \$53 billion and \$47 billion.

The Microsoft founder currently runs the \$34 billion foundation which is devoted largely to funding health projects in developing countries.

COX'S BAZAR
Full Furnished Flat
FOR SALE

RAFFLES
Sea View Hotel & Apartment
@
KOLATOLI

VISIT SHOW FLAT
Dhaka International Trade Fair '2011
INTRACO PROPERTIES
69, Suhrawardy Avenue, Baridhara, Dhaka
01195010500, 01195010601, 01195010602