

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
▲ 1.45%	▲ 0.52%	\$1,342.00 (per ounce)	\$87.17 (per barrel)	▼ 1.50%	▲ 0.85%	Flat	▲ 1.49%	BUY TK	72.06	96.89	112.81	0.88
7,385.91	13,562.79			18,684.43	10,490.02	3,219.83	2,749.15	SELL TK	73.06	102.12	118.06	0.94



BUSINESS

DHAKA FRIDAY JANUARY 28, 2011, e-mail: business@thedailystar.net

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Stock probe starts Sunday

Ibrahim Khaled hopes to wrap it up in time

STAR BUSINESS REPORT

The probe body on the recent debacle on the stockmarket will start working on Sunday, and will complete the assignment 'precisely' in time, said Khondkar Ibrahim Khaled, chief of the committee.

The three-member committee will also sketch a detailed 'work plan' to carry out the investigation into massive swings of the stockmarket, Khaled told reporters after a meeting with SEC officials.

The two other committee members are Prof Toufiq Ahmad Choudhury, director general of Bangladesh Institute of Bank Management, and Abdul Bari, former president of Institute of Chartered Accountants of Bangladesh.

"We hope to complete the task precisely within the timeframe," said Khaled, also chairman of Bangladesh Krishi Bank.

He said they will start the investigation with the existing workforce, and if necessary, they will seek more hands.

After the preparatory meeting with the officials of the Securities and Exchange Commission, Khaled said: "We, the committee members as well as the SEC officials, did not know each other before. We just met officially."

Asked about a separate office for the committee, he said they discussed the issue with the SEC. "It seems there is no suitable place within the SEC for the probe committee," he said.

Costly dollar weighs on imports, inflation

REJAUL KARIM BYRON and SAJJADUR RAHMAN

The rising cost of the dollar is pinching importers and consumers, while it gives a reward to exporters and remitters.

Over 90 percent of the corporate deals (for imports) worth over \$150 million were settled at Tk 72.80 against the dollar in yesterday's market, according to fund managers at different banks. The rate was as high as Tk 73.05 against the dollar in a foreign bank. But the inter-bank rate was Tk 71.15 against the dollar.

The dollar has appreciated against the taka by over 4 percent in the past two months although the greenback is losing to other major global currencies.

Bankers attributed the price hike of the dollar to higher imports and its costs and sliding remittances.

"The gap between demand and supply of the dollar is growing faster. Its (dollar) price may increase further if the supply side is not improved," said a fund manager of a private commercial bank.

The country's supply side depends on exports and inward remittances, while demand is driven by imports and outward remittances.

Bangladesh received around \$10 billion from exports and another \$5 billion from inward remittances during the first half (July-Dec) of the current fiscal year. The country spent nearly \$13.2 billion for imports alone during the period, creating a pressure on the balance of payments. Import growth was 36.5 percent compared to the same period last year.

According to Bangladesh Bank data, balance of payments stood at negative \$584 million during the July-November period of the current fiscal year, but it was positive at \$2.15 billion during the same period a year ago. Foreign exchange reserve has also dipped down to \$10.39 billion on January 25 from \$11.17 billion on December 30, 2010.

Bangladesh has been witnessing volatility in foreign exchange market after it had faced a crunch in the money market in December and January. The call money rate rose as high as 190 percent recently, but has come down to 5-6 percent now.

Bankers said higher import payments are pushing up the demand for the greenback. The import prices of fuel oil, edible oil, wheat, rice and cotton have increased significantly. Per tonne of edible oil was sold at \$480 a year ago, but the price is now at \$1,000. Similarly, fuel oil price has gone up to \$98 from \$60 a barrel last year.

In the past six months, soybean prices rose 46 percent to more than \$14 a bushel. Sugar, while lower than in November, is still up 34 percent over six months ago to around 31 cents a pound. Cotton price almost trebled in one year.

The rising import payments for power plant equipment and capital machinery are also making the greenback costlier in the market, according to the bankers. The situation is fuelling the inflationary pressure (nearly 8 percent on point-to-point basis), they added.

"An urgent move is needed to boost exports and inflow of remittances. Otherwise the demand and price of the dollar will soar further," said a senior official of a foreign commercial bank that is strongly exposed to international trade.

Another fund manager of a private bank said the central bank could cool down the market by selling dollars to the banks instead of lending.

While the overall situation of the foreign exchange market is hurting the importers, it gives more money to the exporters and remittance recipients.

An exporter of \$10 million now gets Tk 2 crore more (1 dollar = Tk 72 instead of Tk 70) and a recipient of \$1,000 remittances receives Tk 2,000 more than he/she used to get two months ago.

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COMEBACK OF JUTE



SHAWKAT JAMIL

Models display jute-made clothes and accessories at a fashion show on the sidelines of an international fair at Bangabandhu International Conference Centre yesterday.

Story on B3



Muhith warns state banks' directors on interference

STAR BUSINESS REPORT

Finance Minister AMA Muhith yesterday advised the directors of state banks not to interfere in banking activities. He also urged them to keep public interest in mind.

The advice came after the Bangladesh Bank governor wrote to the finance minister about interference by the directors of the four state banks.

The minister said there are allegations that the directors use the banks' vehicles for their personal purposes, said the officials who were present at the meeting.

Muhith termed the practice a bad precedent and said it will not be allowed to continue. He also said the directors who

were appointed in political consideration will have to work for public interest.

Some incidents of persuasion took place in those banks, said the minister after the meeting.

The directors, quoting the BB governor's letter, questioned why their names were mentioned in it and expressed unhappiness saying they do many good things which were not reported.

Kazi Baharul Islam, chairman of Sonali Bank, told The Daily Star that the directors admitted to acts of persuasion, but they do not interfere in daily activities.

Depositors, directors, government, regulator and borrowers all must maintain high ethical standards, he said.

Stocks finish up as jitters ease

STAR BUSINESS REPORT

Optimism capped a truncated trading week in the stockmarket yesterday after share prices showed clear signs of a rebound.

The General Index of Dhaka Stock Exchange rose by 105 points, or 1.45 percent, to 7,385 at the end of the four-hour trading session, while the Selective Categories Index on Chittagong Stock Exchange gained 71 points, or 0.52 percent, to 13,562.

Market analysts said buyers and sellers were quite vibrant at bargain hunting, breaking the turnover impasse of the preceding couple of days.

The day's turnover increased by 75 percent to Tk 1,030 crore, reflecting the normal liquidity behaviour of the market, LankaBangla Securities, the leading stockbroker, said in its regular analysis.

"In the two previous trading sessions, the index increased 953 points with substantially low turnover and volume level as most of the investors were sitting on the red zone of their portfolio and also reluctant to offload their shares at marginal or no significant discount compared with the buy price," the analysis said.

"Many investors offloaded the shares after considerable deliberations while many took position in corrected stocks anticipating healthy bottom-line growth and corporate declaration in the coming months," it said.

Merchant bankers, who sat yesterday afternoon to review the last three days' market experience among themselves, said the liquidity crisis was easing and its reflection was evident in turnover.

The market also behaved quite normally. "Retail investors showed relatively matured behaviour in the last three days which indicates a restoration in their confidence," Sheikh Mortuza Ahmed, president of Bangladesh Merchant Bankers' Association said after the meeting.

The scenario might even turn better in the coming days, hoped Ahmed, also the chief of Prime Bank Investment Ltd, a subsidiary of Prime Bank.

On the trading floor of the premier bourse, advanced losers 139 to 115 with three securities unchanged. More than 8.36 crore shares and mutual fund units changed hands.

Banglabandha trade resumes

OUR CORRESPONDENT, Thakurgaon

Trades through Banglabandha port resumed yesterday as the Indian port workers withdrew a three-day strike at Phulbari port in India, officials said.

Abdul Latif, a customs official, said customs officials and clearing and forwarding agents of Nepal and India and Indian port workers held talks with the Indian CPM and Congress leaders. After a two-hour meeting, the Indian workers withdrew the strike unconditionally, he said.

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