

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
2.19%	1.78%	\$1,361.50 (per ounce)	\$87.03 (per barrel)	0.74%	0.11%	1.50%	1.59%	71.15	97.68	114.56	0.86	
6,527.19	12,110.91			17,463.04	10,605.65	3,103.39	2,818.16	BUY TK				
								SELL TK				
									71.15	97.73	114.58	0.86

Star BUSINESS

DHAKA FRIDAY FEBRUARY 11, 2011, e-mail: business@thedailystar.net



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Govt shares to see light

21 enterprises face deadlines

STAR BUSINESS REPORT

The wait for government shares is likely to end soon, as a breakthrough in offloading shares of state-owned enterprises finally came yesterday. The government set deadlines for 21 SoEs.

The offloading will begin with Meghna Petroleum and Jamuna Oil Company by February 27 and finish with Karnaphuli Paper Mills by December.

Some other companies were kept out of the plan due to a delay in their asset valuation.

The decision came at a meeting between the finance minister and top officials of these companies in Dhaka.

"If anybody fails, he will have to resign," reiterated AMA Muhith, the finance minister, after a two-hour meeting.

However, there was no discussion on the shares of multinational companies where the government has ownership.

The offloading of shares by the SoEs had been hanging in balance despite the finance minister's repeated requests since 2009. Even, Prime Minister Sheikh Hasina's approval in September last year on offloading such stakes did not work. Only National Tubes and Rupali Bank could comply.

Meanwhile, the stockmarket went volatile; both index and capitalisation doubled in just one year, mainly due to scarcity of stocks. Over 30 lakh investors ran after only around 250 stocks.

Muhith refuted the allegation that this is not the right time to offload state shares, as the market is facing a liquidity crunch.

To the question that the market cannot consume the shares at the moment, he said, "not at all".

New companies will continue to come with a reformed book building method, he added.

Muhith's predecessor AB Mirza Azizul Islam also echoed the same.

"My experiences say the prices will not go down with such offloading," said

Islam, also a former chairman of the Securities and Exchange Commission.

He said: "This is a necessity to stabilise the market."

The offloading will kick off with selling 17 percent shares each of already listed Meghna Petroleum and Jamuna Oil by this month, the finance minister said.

Four companies' shares -- Titas (15 percent), Desco (15 percent), Bangladesh Shipping Corporation (17.5 percent) and Liquefied Petroleum Gas -- will be offloaded by March.

Though the deadline for offloading 20 percent shares of Sheraton Hotel has been set at March 31, the minister said the date might be deferred due to the asset revaluation issue.

Telephone Shilpa Sangstha and CNG Company's shares will hit the market by April and May respectively.

Shares of Progoti, Chittagong Dry Dock, Bangladesh Biman, Essential Drugs, Bangladesh Cable and Sonargaon Hotel will be offloaded within June, and Bakhrabad Gas Transmission and Distribution's within July.

Teletalk and BTCL will join the market in September and Karnaphuli Paper Mills in December.

Offloading shares of Power Grid hangs on the asset revaluation issue. "We have found the asset revaluation of Power Grid is defective," said the minister. A committee headed by the SEC chairman will look into the revaluation issue, he added.

Shares of Padma Oil will not be offloaded as already 50 percent of its shares are on the market. Rural Power Co's shares will not be sold, as its 79 percent shares are held by different samities (associations).

The government has also decided not to offload Bangabandhu Bridge, saying that its shares will be sold along with the Padma Bridge.

The plan for offloading the shares of different sugar mills and a blade factory was dropped from the list, said the minister.

Muhith looks to \$20b exports

STAR BUSINESS REPORT

Bangladesh is on course to exceed its export target for the current fiscal year as the country's progress in trade opened scope for optimism, said the finance minister yesterday.

At the launch of the 20th US trade show, AMA Muhith said he would not be surprised if exports reach \$20 billion this fiscal year against the \$18.5 billion target.

The three-day trade show is jointly organised by the American Chamber of Commerce in Bangladesh and the US embassy at Dhaka Sheraton Hotel.

"The import figure in the current fiscal year might also shoot up to \$28 billion and this speaks of economic growth," he said.

Muhith backed Amcham's demand for extending the visa period for both countries to 10 years.

James F Moriarty, US ambassador, said the economic relations between the two countries have thrived since he has been in Bangladesh from 2008.

Despite the global economic crisis, the US-Bangladesh bilateral trade increased from \$4.4 billion in 2008 to \$4.8 billion in 2010, he said.

Moriarty said if trade and remittances are combined, the economic ties of the two countries account for more than 6 percent of Bangladesh's total economy.

AmCham President Aftab Ul Islam said trade balance between the countries now tilts in Bangladesh's favour and it is high time to utilise the opportunities by creating favourable trade conditions.

Some 130 stalls are showcasing their products and services at the trade show that ends tomorrow.



Finance Minister AMA Muhith, second from left, US Ambassador James F Moriarty, left, and President of American Chamber of Commerce in Bangladesh Aftab Ul Islam, third from left, attend the launch of the 20th US Trade Show at Dhaka Sheraton Hotel yesterday.

Minister slams cooking oil 'hoarders'

STAR BUSINESS REPORT

Commerce Minister Faruk Khan yesterday ruled out any shortage of cooking oil and blamed a section of businessmen for hoarding the essential ingredient to cash in on the rising prices of edible oil on the world market.

The minister asked the Directorate of National Consumer Rights Protection (NCRP) to trace those traders and the warehouses where they stocked cooking oil.

Khan was speaking at a programme on consumers' rights and responsibilities organised by Dhaka Chamber of Commerce and Industry (DCCI) at its office. DCCI President Asif Ibrahim chaired the event.

"There is no shortage of cooking oil in the market. We have stocks to meet a two-month requirement," said Khan, citing that 125,000 tonnes of crude edible oil are still in bonded warehouses while 50,000 tonnes are being refined.

Awareness has to be created among consumers about their rights and responsibilities and the traders will have to uphold business

ethics also, so that consumers get quality products at fair prices, the discussants said.

The minister's remarks came at a time when the prices of cooking oil are soaring due to a reduced supply from refiners who complain of rising production costs.

Bangladesh meets 80 percent of its nearly 15 lakh tonnes domestic demand of cooking oil through imports from the world market where the prices are rising for the past several months on concerns of tight supply against increased demand.

Crop losses in major vegetable oil producing region -- South East Asia and South America -- contributed to the concern.

The price of loose soybean oil rose yesterday by Tk 1.5 per litre on average to Tk 105-108 at retail level from Tk 1.3-1.07 the day before, according to Trading Corporation of Bangladesh (TCB).

Palm oil climbed 62 percent higher from a year ago, while the prices of packed soybean stood at Tk 560-570 for each five litres at retail level, up from Tk 510, on speculations that refiners are going to

increase the prices by Tk 10-12 a litre. Khan asked the consumer rights protection council to go to the city's wholesale hub Moulavibazar to find out the hoarders.

He also directed the trade bodies to monitor markets to safeguard the consumers' rights, who complain against various unethical practices of traders such as fixing the scales, high prices and substandard quality of products.

"The rights of consumers are not being protected. Those businessmen who are engaged in adulteration and selling substandard products are members of trade associations," he said.

"You should carry out your responsibilities and find out those who are not charging fair prices and engaged in hoarding," said the minister, vowing to take punitive action for violations of law.

Khan, whose ministry usually monitors market prices, claimed that government monitoring has kept the prices of essentials low, compared to neighbouring countries India and Nepal, although food prices are rising across the globe.

Stock jitters cap the week

STAR BUSINESS REPORT

Stocks finished the week in jittery trade, as relentless panic pulled the index and turnover down yesterday.

The General Index (DGEN) of Dhaka Stock Exchange suffered a 146-point or 2.2-percent loss and came down to 6,527 at the end of a four-hour trading session -- frustrating millions of retail investors.

"Be an investor, not a daily trader," he asked investors.

Some dispirited investors, however, tried to bring out street processions in front of the premier bourse, but law-enforcement agencies dispersed them quickly and brought the situation under control.

As a precautionary measure to avoid any untoward situation, the police stopped traffic, except for

said. AHM Mostafa Kamal, chief of the parliamentary standing committee on finance ministry, on Tuesday said the market index was 2,700 points in 2009, which touched 10,000 points in two years, so retail investors will have to stomach losses until the index comes down to 3,000 to 3,500 points.

Kamal also described Prime Minister Sheikh Hasina's blaming the opposition BNP for the ongoing stocks crisis as 'a political statement'.

Insiders said his comments impacted the market negatively while as a business leader he was supposed to speak in favour of bringing back stability in the market.

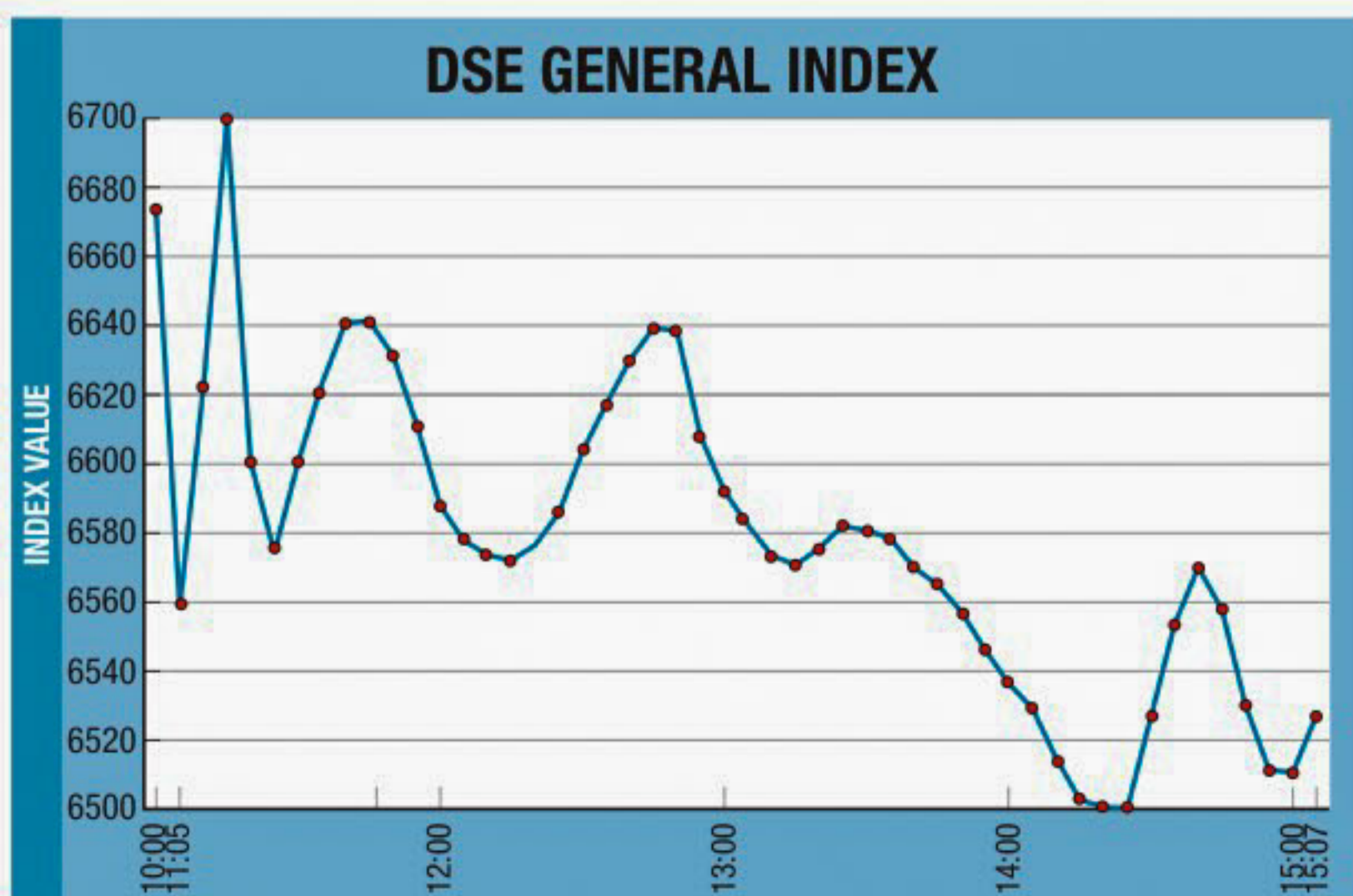
Commenting on Kamal's remark, the DSE president said the index is not the basic gauge of Bangladesh stockmarket. "The price earnings (PE) ratio is the basic parameter to judge our stockmarket," he said, adding that the average market PE came down to 18, which was over 24 at the end of 2010.

On the other hand, he said, the market situation will determine the index level. Starting with a falling trend, the market witnessed a strong volatility throughout the session with many ups and downs.

Losers outnumbered gainers 233 to 17 on the prime bourse that traded more than 5.05 crore shares and mutual fund units on a value of Tk 563 crore.

rickshaws, between Shapla Square and Ittefaq crossing at 1:45pm. Traffic resumed around 3:30pm.

Insiders said the topsy-turvy trading curve showed the investors are yet to regain confidence. Also, some contentious comments on the share market by the chief of a parliamentary standing committee broke the investors' heart further, they



DSE President Shakil Rizvi, however, urged the investors not to go for panic sale.

"With a massive correction in the market, prices of shares of many companies went down below their fundamentals. If people invest in such securities for a sustained period, instead of trying short-term escapades, they will pay dividends and investors will not lose," he said.

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