

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▲ 6.21%	▲ 4.18%	\$1,365.00 (per ounce)	\$85.14 (per barrel)	▲ 0.39%	▲ 0.20%	▼ 0.77%	Flat	BUY TK 72.75	96.13	114.60	0.85
5,926.35	10,853.28			18,273.80	10,746.67	3,080.66	2,899.24	SELL TK 73.75	101.68	120.18	0.93

STAR BUSINESS



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DHAKA WEDNESDAY FEBRUARY 16, 2011, e-mail: business@thedailystar.net

Law on cards to stop trigger sales

STAR BUSINESS REPORT

Finance Minister AMA Muhith yesterday severely criticised "trigger sales" by merchant banks, and said the government will formulate guidelines to rein in such forced sales.

"I dislike it most; they don't have the moral rights to do this," Muhith told journalists at his secretariat office after a meeting on traffic jam in Dhaka city.

The minister also said a law will be placed in parliament in its current session to compel the listed companies to buy back their shares.

Muhith said this while replying to the journalists' queries about the volatile situation in the stockmarket.

He said the merchant banks make forced sale. The existing laws do not allow the government to do anything in this regard.

Muhith said he will sit with the merchant banks next Friday. The merchant banks must increase their equities so they can buy and sell using their own money instead of depending on others, he said.

"We will also prepare some guidelines for them," he said, adding that those involved in the share market have abnormal greed. The regulatory body is working to contain the greed.

However, Sheikh Mortuza Ahmed, president of Bangladesh Merchant Bankers' Association, said there might be one or two merchant banks that did trigger sales. "But, so far I know most of the merchant banks are yet to go for any kind of trigger sales," he said.

The government earlier gave the Investment Corporation of Bangladesh (ICB) Tk 400 crore through Bangladesh Bank and gave it another Tk 200 crore yesterday to help stabilise the volatile situation in the market. Besides, the state banks were given verbal instruction to buy shares.

Muhith also said the market has adequately been corrected and will be stable soon.

He gave an assurance of offloading the shares of state enterprises from March. Share offloading of Meghna Petroleum and Jamuna Oil Company has been suspended, he said.

Replying to a question, the finance minister said he has temporarily suspended the offloading of the government shares because of the media and the so-called experts.

He said the offloading has been suspended but not postponed. It has been stopped for the moment, the minister said, adding that as soon as he thinks the stability has come back, he will withdraw the suspension.

Muhith will sit with merchant banks next Friday. The merchant banks must increase their equities so they can buy and sell using their own money, he said



Workers pile up jute sacks at a factory in Bogra, India on Monday cancelled its decision to enforce duties on jute goods entering the country from Bangladesh.

Clouds clear over jute goods exports to India

STAR BUSINESS REPORT

The stalemate over exports of jute goods worth Tk 300 crore to India ended after New Delhi reversed a decision to impose 14 percent counter-veiling duty and additional counter duty on Bangladesh's jute products.

The revenue department under the Ministry of Finance of India in a notification on Monday cancelled its decision to enforce duties on jute goods entering the country from Bangladesh citing public interest, the commerce ministry said yesterday.

Officials in Dhaka said the decision has cleared the impasse in export of jute goods worth Tk 300 crore.

On January 18, the Indian government imposed the above duties on consignments of jute goods, which had been enjoying duty exemption since 2004.

Officials said the decision to impose duties anew prompted protests from

the commerce ministry. "The issue was discussed in several meetings at the ministry. The ministry also protested the move in writing," the ministry said in a statement.

Nearly 300 trucks carrying Bangladeshi jute goods such as bags, carpeting cloth bags and hessian to India had to come back from Benapole after the Indian customs authorities refused them entry into India without paying the newly imposed duties.

Exporters said the duties had made Bangladeshi jute goods, which has seen a revival recently thanks to the rising global demand for the natural fibre, uncompetitive.

Indian traders had also termed the sudden imposition of duties on imported jute goods unfair. The Indian laws do not permit such imposition, they said.

Exporters said they would be

relieved by the decision, as goods worth hundreds of crore were at stake.

"We stockpiled goods against the orders we had received from Indian importers. We were under huge pressure as shipments were returned," A Barik Khan, secretary of Bangladesh Jute Mills Association told The Daily Star.

He said Indian importers had informed them that they would not be able to accept the products paying high duties imposed all on a sudden.

Khan said the country's jute goods producers would have faced serious problems if the issue were not settled. "Huge quantities of jute goods would have been lying unsold in the mills, meaning we wouldn't be able to pay wages to the workers and repay bank loans. It might create unrest inside and outside the jute mills," he said.

Bangladesh is a major supplier of jute fibre and jute goods to India, the world's largest jute producer as well as consumer.

Powder milk prices rise as global market heats up

SOHEL PARVEZ

Powder milk prices rose yesterday, joining the rally of other imported food items that are spiralling, buoyed by the international market.

The prices of powder milk, depending on brands, increased by Tk 20-24.5 each kilogram in city markets yesterday, according to Trading Corporation of Bangladesh (TCB).

Local brand Marks led the price spike, followed by another local brand Fresh. Marks rose 8 percent to Tk 425-430, while Fresh spiked 7 percent to Tk 420-430 a kg, compared to a month ago.

Diploma surged by 6 percent month-on-month to Tk 480-485 a kg, and Dano was selling at Tk 480-485 yesterday, marking a 4.32 percent rise.

"Prices are going up on the world market due to higher demand than production," said Ahmed Kabir, country manager of Arla Foods, manufacturer of Dano brand powder milk.

He said the prices of powder milk have exceeded \$4,000 per tonne on the international market.

After a brief downturn in mid-2010, whole milk powder (Oceania, indicative export prices, f.o.b.) began to rise in September. In January 2011, whole milk powder rose to \$3,801 from \$3,550 a tonne in December 2010, according to the Food and Agriculture Organisation.

Milk prices are on the rise along with various other agricultural commodities due to strong demand from emerging

markets such as China. A spike in cattle feed prices, which is a consequence of higher grain prices and increase in petroleum prices, also fuelled the milk prices, report international media.

The latest hike in powder milk prices comes at a time when consumers' wallets are squeezing due to the rising costs for foods. Rice now sells at record highs. Import-based cooking oil and sugar are spiraling.

Cooking oil such as soybean and palm oil shot up 7 percent in the past one month as refiners continued to increase prices keeping pace with the heating international market.

The UN Food Price Index hit a historic high last month, crossing the level of the fiscal 2007-08 when food price spike resulted in riots in different countries.

In 2007, powder milk prices touched \$5,500 per tonne, said Kabir.

The Arla Foods official also linked the rise in prices to a fall in production in Australia and the weakening greenback against the currencies of exporting countries.

Kabir said Arla is yet to increase the prices of its packaged powder milk as it still has some old stocks.

But marketers of Marks and Fresh increased prices of packaged milk, retailers said.

Packaged milk sells higher in volume in Bangladesh that depends largely on imported powder milk due to a lack of local production.

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Local firms to buy stake in Pakistan insurer

SAJJADUR RAHMAN

Two Bangladeshi companies have teamed up with the IFC, the World Bank's private sector arm, to buy stakes in the Eastern Federal Union (EFU) Life Insurance in Pakistan.

Eastern Bank, a local private commercial bank, and BSRM, a leading re-rolling steel mill, are the two who along with the IFC want to buy 50 percent shares of EFU, which will operate business in Bangladesh.

EFU is the Pakistan's largest private sector life insurance company with a countrywide branch network.

"We're in talks and it's very much in the process," Ali Reza Iftekhar, managing director and chief executive officer of Eastern Bank, told The Daily Star.

"We've sent the draft memorandum of understanding to our respective lawyers."

According to the proposal, Eastern Bank's stake will be 25 percent, IFC's 15 percent and BSRM's 10 percent.

If all parties agreed on critical issues, such as pricing, the buyers will go for the final deal.

"Eastern Bank and BSRM and IFC are supportive of inter-South Asia joint ventures, which is a strategic pillar for us," said Per Kjellerhaug, country manager of IFC in Bangladesh.

Kjellerhaug said: "The insurance sector is strategically interesting for IFC." However, he said the buy plan of EFU Life Insurance in Pakistan is still at an early stage and IFC has not yet made any decision.

IFC provides debt and equity financing to private sector companies, with special emphasis on private infrastructure, energy, manufacturing and services, health, education, banks and capital markets.

EFU is the pioneer in introducing the unit-linked products, critical illness products and education planning product.

Eastern Bank and BSRM are pioneers in their respective fields and listed on the stockmarket.

Banks cut business hours tomorrow

STAR BUSINESS DESK

Bangladesh Bank has said all scheduled banks in Dhaka will close at 2pm tomorrow because of the opening ceremony of the ICC Cricket World Cup 2011 in the capital.



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