

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▲ 7.65%	▲ 7.18%	\$1,414.00 (per ounce)	\$97.43 (per barrel)	▲ 3.50%	▲ 1.22%	▲ 1.90%	▲ 0.47%	BUY TK 72.27	97.79	115.55	0.87
5,601.59	10,158.14			18,446.50	10,754.03	3,067.60	2,918.92	SELL TK 73.27	103.20	121.19	0.94

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DHAKA WEDNESDAY MARCH 2, 2011, e-mail: business@thedailystar.net

IMF mission to gauge stock impact on banks

REJAUL KARIM BYRON

An International Monetary Fund (IMF) team will seek details from the central bank about the impact of commercial banks' involvement in the stockmarket on their organisational health.

Led by IMF's senior official David Cowen, the mission is due to arrive in Dhaka next week and will also finalise a set of conditions attached to the \$1 billion credit to Bangladesh.

The mission will hold talks with the high officials of the finance division, National Board of Revenue, Bangladesh Bank and other agencies, during the March 8-18 visit.

According to the IMF, the outcome of stockmarket development and policy intervention in the banking sector, soundness and capital adequacy and enforcement of existing regulations on a bank's equity share holdings are among the issues to be discussed.

The mission had earlier visited Bangladesh twice to discuss credit issues. On those visits, it had opposed banks' involvement in the share market and supported BB's steps to cut their excessive exposure to stocks.

After its visit in December last year, the IMF mission in a press statement said the central bank should continue to strengthen its supervision on the banking system.

IMF also advised BB to focus on improving the financial conditions of state-owned commercial banks and ensure that all banks comply with the new capital adequacy requirements.

The lending agency said Bangladesh Bank should continue working in tandem with the Securities and Exchange Commission to ensure that banks and their subsidiaries take necessary actions to mitigate risks arising from stockmarket volatility.

IMF has already set 10 conditions

which the government must fulfil to receive the loan amount for the first year. The conditions include withdrawal of the ceiling on lending rate and reduction of loss incurred by three major state-owned enterprises.

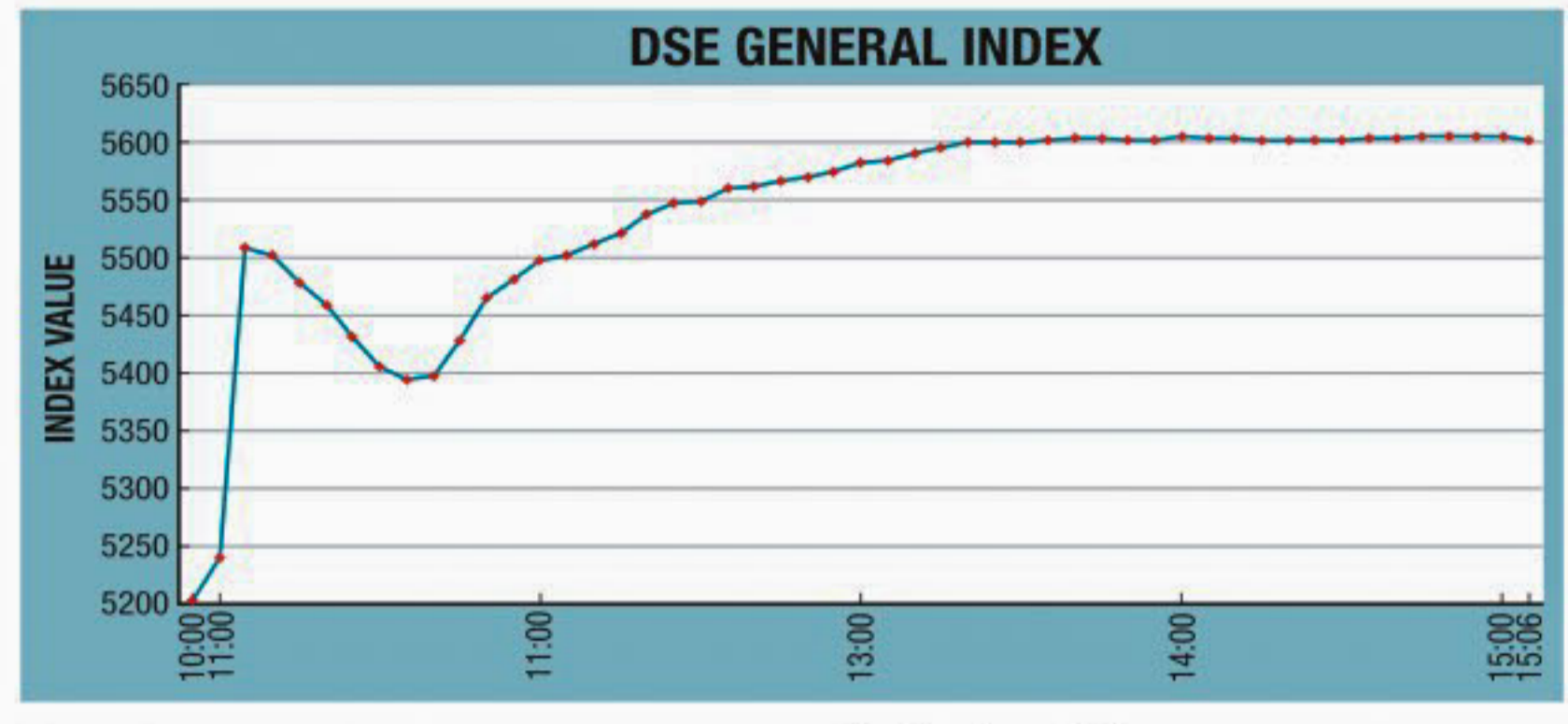
The IMF mission will also discuss the timeframe for the government to withdraw the ceiling on lending rate. Progress on conducting audits into the state-owned banks by international auditors and reforms of the banking law will also be discussed.

These steps aim to cut the losses of state enterprises by increasing prices of power, petroleum and fertiliser.

A finance ministry official said the government has agreed in principle about these conditions and started taking steps to implement some.

If these issues are finalised during the mission's visit, it may forward the loan proposal to the IMF's board by the end of this month or the beginning of the next month, the official said.

Stocks buck losing trend



STAR BUSINESS REPORT

Stocks returned to the black after a five-day losing streak yesterday, as state companies moved to make a huge fund for a big buy.

The benchmark general index of Dhaka Stock Exchange (DGEN) gained 398 points, or 7.7 percent, to close at 5,601 points, while the selective price index of the Chittagong bourse rose 680 points, or 7.1 percent, to 10,158.

The general index of the premier bourse lost 1,184 points in the last five days, as the investors including the institutional ones went into panic sales amid a credit crunch and

lack of confidence.

The move by the state enterprises to buy big into the market influenced small investors. The heavy buying pressure brought 206 issues out of 253 issues traded on the day to the highest limit of their prices -- 81.42 percent issues touched the circuit breaker, a mechanism to prevent huge market swings.

However, daily turnover on the DSE stood at Tk 431 crore, down by Tk 57.70 crore compared to the previous day, as most issues found no sellers.

The upbeat trend continued through the whole trading session and 246 issues advanced, six declined, and one remained unchanged.

The Securities and Exchange Commission and the finance minister had earlier asked the merchant banks not to go for forced sales.

Salahuddin Ahmed Khan, who teaches finance at Dhaka University, said: "The investors regained their confidence as the state-owned companies declared to build a fund to buy shares."

Some issues in the market are very lucrative to invest in, he added.

Khan also said the market regulator should be careful about controlling the low-profile companies so that their shares are not overpriced.

Most of the lucrative sectors such as banks, non-bank financial institutions, insurance companies, fuel and power, pharmaceuticals and chemicals, mutual fund, textile, and telecommunication gained massively yesterday.

LankaBangla Finance topped the turnover leaders with 66.55 lakh shares worth Tk 23.18 crore.

Pubali Bank was the biggest gainer, posting a 10 percent rise in its share price, while Jute Spinners was the worst loser, with its prices shedding 5.21 percent.

Business nears e-payment gateway

STAR BUSINESS REPORT

The central bank is set to appoint a bidder to establish a national payment switch and e-payment gateway, which will help open business in a cost-effective manner.

"We will award the contract after getting recommendations of the National Overseeing Committee," said Bangladesh Bank (BB) Governor Atiur Rahman yesterday.

The four-member committee,

headed by IT expert Professor Jamilur Reza Chowdhury, would submit its report in two weeks, and recommend selecting a right vendor.

Rahman said a total of seven bidders, mostly joint ventures, are vying for the contract funded partially by the World Bank under a project of the central bank.

E-payment is a method in which a person can make online payments for his/her purchases without phys-

ical transfer of cash or documents, irrespective of time or location. The payment gateway is the infrastructure that allows a merchant to accept credit card and other forms of electronic payment.

Chowdhury termed the move a 'big improvement' for the country.

"Bangladesh Bank has taken significant steps in computerisation of operations, not only for itself but also for the banking sector and the businesses."

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SEC okays two rights offers

STAR BUSINESS REPORT

The Securities and Exchange Commission (SEC) has approved two rights offers and gave a no-go to the initial public offerings (IPO) of two other companies in a meeting yesterday.

SEC Chairman Ziaul Haque Khondker presided over the meeting with the consultative committee of the commission.

Sonargaon Textiles Ltd will offer 10,91,200 ordinary shares of Tk 100 each at an issue price of Tk 150 a share, including a premium of Tk 50 each, at a ratio of one rights share for an existing one.

Social Islami Bank will offer 29,87,81,575 ordinary shares of Tk 10 each at a ratio of one rights share for an existing one.

IPO of STS Holdings Ltd and Rangpur Dairy and Food Products Ltd failed to get approval from the regulator.

The commission also issued a directive to the merchant banks that they are going to need a prior approval from the SEC from now to appoint or suspend their manag-

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Saskatchewan Trade Mission to Bangladesh
11-15 March 2011

One to one meeting opportunity

Saskatchewan Trade and Export Partnership will bring a trade mission to Dhaka and Chittagong from 11 to 15 March 2011. The delegation will include representatives from the following sectors; **agri-food, renewable energy, natural gas and port engineering.** They will be available to meet the Bangladeshi companies for a one to one meeting as per the following schedule:

12 March in Chittagong & 13 March in Dhaka

If you are interested to meet the delegation, please send an e-mail with a short description of your company to **dhaka-td@international.gc.ca**

NB: the number of meeting slots is limited and they will therefore be assigned on a first come first served basis.

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- Dhanmondi, Road 02 (Old) : Size ± 1800-6468 sq.ft

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- Banani, Road 12 : Size ± 3000 sq.ft

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