

COMMODITIES		ASIAN MARKETS				CURRENCIES						
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
5.52%	4.93%	\$1,429.70 (per ounce)	\$100.34 (per barrel)	Closed	2.43%	1.31%	0.18%	BUY TK	72.27	97.53	115.43	0.87
5,292.17	9,656.92				10,492.38	3,027.51	2,913.81	SELL TK	73.27	102.81	120.95	0.95

Let's Make The
WORLD CUP CRICKET 2011
A Success

NCC Bank Ltd.
Where Credit and Commerce Integrates

www.nccb.com.bd

star BUSINESS

DHAKA THURSDAY MARCH 3, 2011, e-mail:business@thedailystar.net

Princess Anne, extreme right, only daughter of the United Kingdom's Queen Elizabeth II and the Duke of Edinburgh, calls on Prof Muhammad Yunus at Grameen Caledonian College of Nursing at Mirpur in Dhaka yesterday. The princess also participated in the capping ceremony of 38 nurses during her visit.



YUNUS CENTRE

Panic sales pull down stocks

STAR BUSINESS REPORT

Panic sales triggered a massive fall in the share prices yet again yesterday after a day of brief respite. The benchmark general index of Dhaka Stock Exchange (DGEN) shed 309 points, or 5.5 percent, to close at 5,292 points, while the Chittagong Stock Exchange slumped 501 points, or 4.9 percent, closing at 9,656.

The DGEN gained 7.7 percent on Tuesday after losing 1,184 points in five days prior to that.

The investors including the institutional ones went into panic sales yesterday amid a credit crunch and a lack of confidence.

Market analysts said most of the institutional investors including merchant banks went for big sales although the finance minister asked them not to go into 'forced sale'.

Most of the investors lost confidence although the state-owned companies moved to create a huge fund to buy shares, said market operators.

The state-owned companies on Monday declared to form a big fund to go for bulk buying of shares to bring back normalcy in the market.

The institutional investors are also inactive in the market because most of them do not have enough funds to go for the buying, they added.

Some investors arranged a *milad* and prayer on the DSE premises, hoping an end to the bearish trend.

The market insiders said most of the losing investors including some institutional ones decided to leave the market after incurring losses.

Most of the merchant banks were also incurring losses and failed to make new investments due to a credit crunch, said a stockbroker.

Mahmud Osman Imam, teacher of finance at Dhaka University, said, "Big sales of institutional investors pushed down the market." The market regulator should activate the 'market making role' to bring back normalcy in the market, Osman added.

Saiful Islam, vice-chairman of BRAC EPL said, "Investors need to stop panic sale." The market will be back in track within a few days, he added.

The major sectors such as banks, NBFIs, telecommunication and power shed 6.3 percent, 4.8 percent, 6.1 percent and 4 percent respectively. The daily turnover on the DSE stood at Tk 591 crore, up by Tk 159.79 crore compared to the previous day.

Beximco topped the turnover leaders with 13.2 lakh shares worth Tk 33.7 crore traded on the day.

Social Islami Bank Ltd was the highest gainer, with a 6.2 percent rise, while Eastern Bank Ltd was the biggest loser, slumping by 40.27 percent.

Stockbrokers urge refinance scheme for share purchase

STAR BUSINESS REPORT

On the back of a severe fund crisis in the stockmarket, top brokers and the state-run Investment Corporation of Bangladesh (ICB) yesterday called for creating a special "refinancing scheme" under the central bank umbrella to assist the institutional investors.

The institutional investors will take short-term loan from the fund at a low interest rate and invest in securities in the market, which is now on a continuous bearish trend.

The ICB and some 25 leading stockbrokers sat at the state-run investment bank's office yesterday to discuss the current market situation.

"The institutional investors will be able to take loans from the fund at low interest to invest in the stockmarket," said Md Fayekuzzaman, managing director of the ICB.

"We also decided to call upon the central bank to take necessary steps to bring back 20 to 30 percent of the profits that the banks and non-bank financial institutions made from the market," he said.

The brokers also urged the share credit providers not to make any forced or trigger sales.

They called for launching the new index calculation system within a few days.

The brokers also sought government intervention to end the stockmarket crisis, Fayekuzzaman said.

Bank owners demand easy rules for stock investment

REJAUL KARIM BYRON and SOHEL PARVEZ

Bank owners yesterday urged the central bank to relax its various rules in a bid to increase their participation in the stockmarket, which has been passing through a tumultuous period for two months.

They also demanded the government keep representatives of bankers in the central bank's policymaking body.

"It's not our prime demand. We mainly want a reduction in the cash reserve ratio (CRR) as almost all the banks are facing a liquidity crunch due to over-investment," Nazrul Islam Mazumder, president of Bangladesh Association of Banks (BAB), told The Daily Star.

The BAB, a body of private

commercial banks, placed a 14-point proposal at a meeting with Prime Minister Sheikh Hasina at her office. Finance Minister AMA Muhith and Prime Minister's Economic Affairs Adviser Mashiur Rahman attended the meeting. Mercantile Bank Chairman Abdul Jalil and Salman F Rahman, among others, were also present.

Hasina emphasised relaxing interest rates on loans for food grains imports to build necessary stocks, reports news agency UNB, quoting PM's Press Secretary Abul Kalam Azad.

In the proposal to the prime minister, BAB also urged the central bank to increase the credit-deposit ratios for banks by 5 percentage points. Now the ratios are -- 85 percent and 90 percent of deposits, for commercial banks

and for banks engaged in Islamic banking respectively.

The association demanded relaxation of rules for banks to double their exposure to the stockmarket to 20 percent of their liability from 10 percent now. It also suggested allowing merchant banks to invest 10 times of their capital, which is 5 times now.

BAB also suggested calculating banks' investments in the stockmarket based on their purchase prices, instead of market prices measured presently by Bangladesh Bank.

"We want to increase investments in the stockmarket," he said, adding that banks would be able to buy more shares if these rules were relaxed.

The BAB placed the proposal to Hasina at a time when banks are claiming a liquidity shortage due

to over-investment in sectors, such as stockmarket, and tight monetary policies by Bangladesh Bank.

The central bank had earlier increased CRR as part of its move to mop up excess liquidity from the money market and discourage investments in unproductive sectors.

The BAB wants the government to waive the 13-percent cap on lending for one year, and keep the requirement to maintain 9 percent capital against risk-weighted assets unchanged in 2011.

The BAB president said these are not demands rather recommendations. "The banking sector is in trouble, that's why we have placed some suggestions to help banks recover from the difficult circumstances," said Mazumder.

MTB RUBY
Pleasure of Being Unique

Exclusive Savings Account for Women

মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড
Mutual Trust Bank Ltd.
you can bank on us

www.mutualtrustbank.com

Apple to unveil new iPad

REUTERS, San Francisco

More than a year after igniting the tablet computing craze, Apple Inc prepares to unveil the second version of its blockbuster iPad on Wednesday -- possibly minus lead showman Steve Jobs.

Plenty has changed over the course of the year. The iPad became a bona fide smash, essentially creating the tablet

category and triggering a wave of me-too products that are just starting to hit the market.

Now, as rivals Motorola and Research in Motion race to catch up, Apple itself is going through a transformation.

There is as much speculation about whether iconic Chief Executive Jobs will take the stage at Wednesday's event in San Francisco as there is about the new device.

Standard Chartered

Interesting Interest

Now, earn up to 5% on Super Savers and 7% on your eSavers Accounts. Call 8957272

Here for good
standardchartered.com/bd

SAMSUNG

Frrrunch!
The new sound of freshness.

Keep all your food items in their natural form and flavor.

Silver Nano Deodorizer | Twist Icemaker | Coolover Zone Plus | Bigger Storage

* Features may vary across models

Visit Samsung Brand Shop or Distributors' outlets. | Authorized Distributors: electra, SINGER, TRANSCOM