

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
2.75%	2.96%	\$1,805.80	\$86.77	0.20%	0.23%	0.39%	2.66%	BUY TK	74.50	100.55	115.77	0.97
5,649.44	10,244.12	(per ounce)	(per barrel)	17,065.15	8,741.16	2,791.79	2,512.96	SELL TK	75.50	104.65	119.84	1.06

star BUSINESS

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DHAKA THURSDAY SEPTEMBER 22, 2011, e-mail: business@thedailystar.net

SEC bans share sale by sponsors

Sponsors of big cap companies seek to buy their own firms' shares

STAR BUSINESS REPORT

Sponsors and directors of listed firms will not be able to sell shares of their own companies from today, according to a Securities and Exchange Commission order issued yesterday in the face of slumping stock prices.

Apart from sponsors and directors, any shareholder owning 5 percent or more stocks in any listed company cannot sell his or her holdings either, until further notice, the SEC said.

"The commission passed the order considering the investors' interest and capital market development," said Saifur Rahman, the spokesman and an executive director of the SEC.

"The order shall have immediate effect and would continue until further instruction."

He said the matter of selling shares by sponsor directors were discussed in meetings with market stakeholders last week. "The stakeholders pointed out that sponsors or directors were selling their own companies' shares even amid a downward trend in the market," he said.

It also appeared to the commission that sponsors and directors of many companies are selling shares in their own firms, he added.

The regulator's latest move came after the stockmarket yesterday suffered a steep fall in prices, in continuation of a month-long bearish trend. The key index of the Dhaka Stock Exchange yesterday plunged 2.75 percent to 5,649 points.

The stockmarket regulator and the central bank took several positive measures this month to rejuvenate the capital market and to boost the investors' confidence, but all the steps failed to put expected impact on the market.

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Rather, the falling trend is deepening by the day.

In another development, Salman F Rahman, president of Bangladesh Association of Publicly Listed Companies (BAPLC), said sponsors of big cap companies want to support the market by purchasing their own firms' shares from the market.

"The market has come to such a level that we want to support our own companies' shares," he said, adding that he has already talked with sponsors of seven to eight big cap companies and they all have agreed to buy their own firms' shares.

"There are some minor regulatory problems in doing so. But, I have discussed the issues with the SEC and hope the problems will be solved soon," he said.

Exports to grow 15pc

Growth highest in South and South-West Asia: UN ESCAP report

STAR BUSINESS REPORT

Bangladesh's exports are forecast to grow by 15 percent annually in 2011 and 2012, higher than any country in South and South-West Asia, said the Asia-Pacific Trade and Investment Report (APTIR) 2011.

Exports of South and South-West Asia will increase by 9.5 percent in 2011 and 9.7 percent in 2012, while least developed countries (LDCs) are projected to grow by 8.7 percent this year and 14 percent next year, according to the report.

Bangladesh Tariff Commission and the Asia Pacific Research and Training Network on Trade (ARTNeT) launched the UNESCAP's APTIR for 2011 at Ruposhi Bangla Hotel yesterday.

The report hailed Bangladesh's booming performance of services exports, which grew by 24 percent in 2010 after a slow growth of 4 percent in 2009.

With its theme of "post-crisis trade and investment opportunities", this year's Asia-Pacific Trade and Investment Report has identified challenges and opportunities for trade and investment in the region.

The APTIR identified poor foreign direct investment inflows and intra-regional trade as major challenges for Bangladesh.

Commerce Minister Faruk Khan spoke at the report launching programme as chief guest. Mozibur Rahman, chairman of Bangladesh Tariff Commission, and Mia Mikic, ARTNeT co-ordinator, UNESCAP (United Nations Economic and Social Commission for Asia and the Pacific), also attended the event.

The commerce minister gave an overview on how the government is trying to expand the export basket



From left, Bangladesh Tariff Commission Chairman Mozibur Rahman, Commerce Minister Faruk Khan and ARTNeT Coordinator Mia Mikic launch Asia-Pacific Trade and Investment Report 2011 at Ruposhi Bangla Hotel in Dhaka yesterday.

and destinations to further boost the country's export earnings.

"Export of non-conventional goods and services such as ship, jute and IT has been growing. Incentives will be given to boost handicraft export," said Khan.

On the new markets, he said Japan, South America and South Africa are increasingly becoming Bangladesh's export destinations. He cited an example of Japan that has relaxed value addition to 20 percent from previous 30 percent for getting generalised system of preference (GSP) facility.

The minister said India that has recently allowed duty-free and quota-free exports of 46 garment items will also boost Bangladesh's exports there.

He said the GSP form will soon be made fully automated to render faster and reliable services.

Mikic said though Bangladesh's exports of goods and services are growing, the FDI and intra-regional trade are not. Bangladesh received only \$4 billion in FDI in five years (2005-09), lower than many LDCs.

"Improving the private sector business environment is a major task to increase FDI," said Mikic.

She said only 15 percent of Bangladesh's exports went to Asia-Pacific countries in 2010, while 63 percent of its imports came from the region.

Mikic urged Bangladesh to look for new opportunities in climate smart goods and technologies, which is estimated to be \$30 billion globally.

The report recommended that with strengthened regional cooperation and the right policies, the region will be able to continue its strong trade- and investment-led growth.

Stocks tumble to 10-day low

STAR BUSINESS REPORT

Stocks plummeted yesterday with a key index losing 2.76 percent, as fears of a relentless downtrend ahead pushed investors into panic sell-offs.

DGEN's single day fall was the steepest in 10 days as the benchmark General Index of the Dhaka Stock Exchange plunged 160 points to 5,649 points.

The index went into free fall in the opening session and kept diving into the red.

Individual investors failed to regain confidence in the market for the consecutive losses of their portfolio, weighed down by severe psychological pressure of a further index decline and a mounting burden of leverage, LankaBangla Securities said in a market analysis.

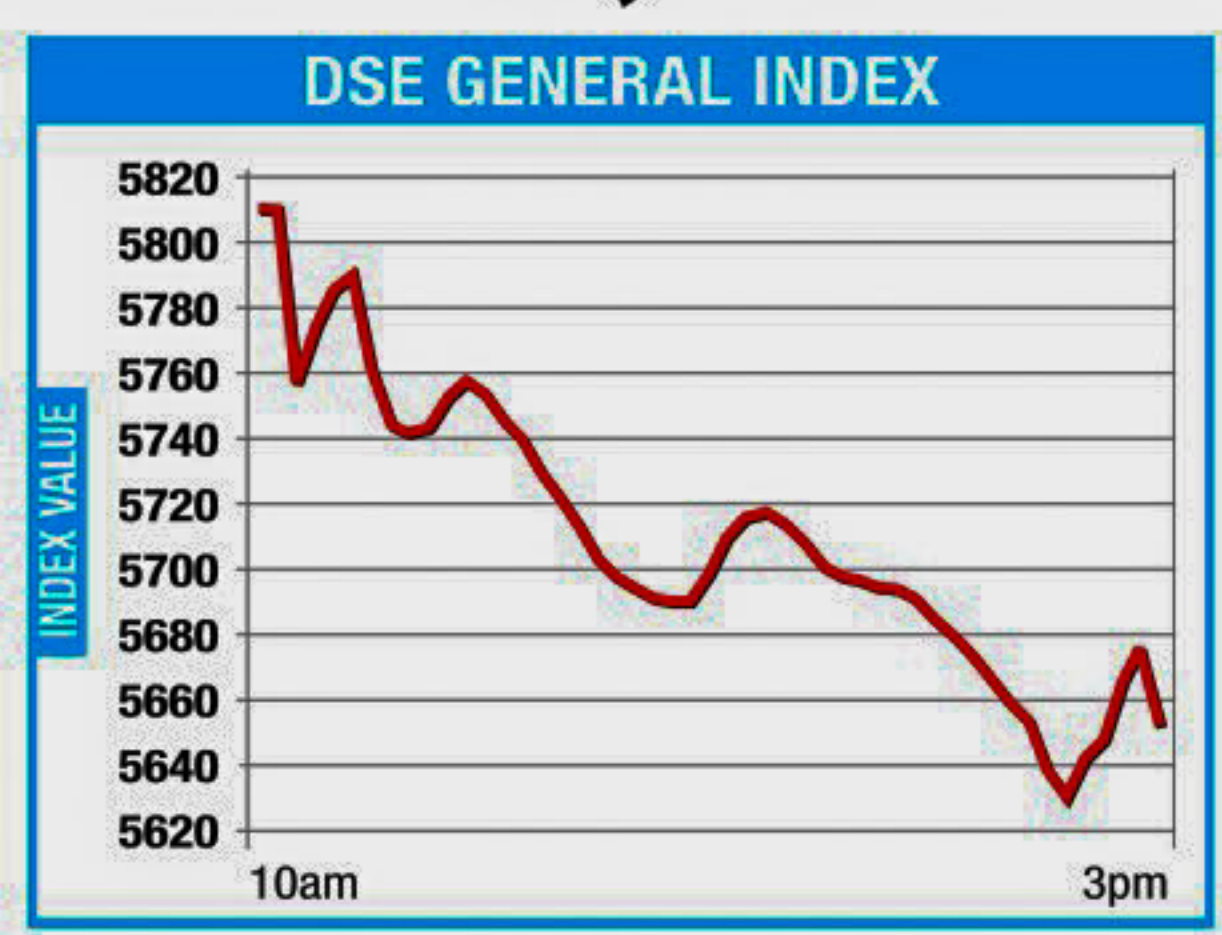
A lack of institutional investors' participation also led the retailers to go for sell-offs.

"The liquidity crisis is the main problem that sent the market into the negative territory," said Fakhor Uddin Ali Ahmed, president of Chittagong Stock Exchange.

Ahmed suggested that the regulator should allow the money netting facility into the market to boost investor confidence.

Netting means settlement of mutual obligations between two parties or with a third-party acting as a clearing house where the net difference is carried forward. Netting is a common practice in trading of shares, foreign exchange and futures.

A market analyst said he does not find any logic behind the fall now, as necessary steps have been taken by the government, the SEC and the Bangladesh Bank to stabilise the market, said.



An amount of Tk 7,000 crore is blocked in placement shares in the market. The regulator should make an immediate decision to bring it into the market so that the market will get some liquidity, said Reaz Islam, chief executive officer of LR Global.

The turnover on the premier bourse stood at Tk 333 crore, down 1.3 percent from the previous day. Beximco was the most active share in turnover with 9.13 lakh shares worth Tk 13.22 crore changing hands.

LR Global Bangladesh Mutual Fund was the biggest gainer of the day as it posted a 6.38 percent rise, while Popular Life Insurance Company was the worst loser, plummeting 8 percent.

The CSE also declined yesterday with the Selective Categories Index, CSCX, closing at 10,222, after slumping 313 points or 2.96 percent.

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