

STOCKS		COMMODITIES		ASIAN MARKETS		CURRENCIES	
DGEN	3.38%	CSCX	3.25%	MUMBAI	1.66%	SINGAPORE	0.09%
5,534.33		9,992.64		8,522.02		2,528.71	
Gold	\$1,648.10	Oil	\$79.59	TOKYO	1.66%	SHANGHAI	Closed
(per ounce)		(per barrel)		8,522.02			
				USD		EUR	
				75.40		99.75	
				GBP		116.13	
				JPY		0.97	
				BUY TK		76.40	
				SELL TK		103.63	
						120.08	
						1.05	

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# star BUSINESS

DHAKA MONDAY OCTOBER 10, 2011, e-mail: business@thedailystar.net

## Stocks take another dip

### Key index plunges 3.39pc on panic sales

**STAR BUSINESS REPORT**

The stockmarket regulator sits with all stakeholders today after stocks plunged by more than 3 percent yesterday, maintaining the recent falling trend in share prices.

The fall was due to panic sales amid a lack of confidence among investors.

"The commission called a meeting with stakeholders, including the bourses, merchant banks, asset managers, stockbrokers, dealers and bank brokerage houses to discuss the current market situation," said an official of the Securities and Exchange Commission.

"The meeting will try to find ways to bring back confidence in the market," the official said, adding that if confidence can be restored, the flow of liquidity will gain pace.

The key index of the Dhaka Stock Exchange, DGEN, came down to 5,533 points, after declining by 194 points or 3.39 percent, the highest fall since June 12 when the index shed 5.23 percent.

Analysts blamed the current bearish trend on the continuously eroding confidence of the retail investors.

The investors fear further instability in the market and that is why they are selling off shares hastily, they said.

Institutional investors are yet to become active in the market as some groups are possibly trying to push the market down, so that they can later buy shares at low prices, said an analyst.

A group of investors brought out a rally in front of the DSE building at 1:45pm yesterday under the banner of

'Share Market Investors Unity'. They urged the government to take action to bring back normalcy in the market.

The regulator has taken a series of initiatives to boost investors' confidence as per demands made by the stakeholders earlier, said another SEC official.

He also said the market regulator and the central bank took some positive regulatory measures such as banning share sales by sponsors, withdrawing mutual funds' sectoral investment restriction, and extending the timeframe to adjust merchant banks' single borrower exposure limit.

A flow of liquidity from the institutional investors is important to stabilise the market, he added.

News of a worsening economic situation is making the investors shy away from stocks, said LankaBangla Securities.

The SEC official said rising inflation, a low inflow of remittances and the government's dependency on bank loans also pushed the stocks down.

A total of 95,006 transactions took place at yesterday's trading, generating a turnover of Tk 324 crore, a 9.72 percent rise from the previous day. Of the total 263 issues traded on the DSE, only 20 advanced and 239 declined.

All the sectors lost: banks went down by 3.78 percent, non-bank financial institutions 3.79 percent, telecommunication 3.72 percent, pharmaceuticals 2.74 percent and power 3 percent.

The Chittagong Stock Exchange also declined yesterday with the Selective Categories Index, CSCX, going down 335 points or 3.25 percent, to end the day at 9,992.

## Regulator hears GP arguments today

ABDULLAH MAMUN

Mobile phone operator Grameenphone will sit today with the telecom regulator to place their arguments against the audit findings released recently.

On October 3, Bangladesh Telecommunication Regulatory Commission (BTRC) asked the operator to pay Tk 3,034 crore in unpaid revenue, accumulated interest payment and tax that the watchdog found in the audit.

GP disagreed with the regulator's claims.

Zia Ahmed, chairman of the BTRC, said GP would sit with the regulator and would put forward their arguments and documentary evidence against the audit findings.

He said the operator had a series of meetings with the audit team on various issues during the audit.

But GP claims there are a number of issues that were not even discussed with them during the audit.

The company also said the audit work was done without maintaining audit norms.

GP officials said they had a single meeting with the BTRC officials to deliver their responses.

Kazi Monirul Kabir, chief communications officer of GP, said the audit findings were based on wrong assumption. The regulator did not share the audit report with GP.

He said auditing is a process that requires a series of meetings between the auditors and the company, but the audit firm did not do that.

The "unfinished issue" has already harmed the company, Kabir said.

He said the issue seemed to affect the share prices of the company. Its share price dropped in the last two sessions. Yesterday, its shares were down by 3.72 percent to close at Tk 147.70.

Also, the auditor appointment issue of the BTRC is still pending in the apex court after the appointment was nullified by the High Court.

## Hajj pilgrims make dollar costlier

SAJJADUR RAHMAN

The widening gap between demand and supply of foreign exchange is making the US dollar dearer in the market, treasury officials said yesterday.

The demand for the greenback by Hajj pilgrims has further aggravated the situation, they said.

A dollar was sold at as high as Tk 76.40 at customer level yesterday. The rate was nearly 2 percent higher than that a month ago.

"A surge in petroleum import bills has created the highest-ever mismatch between the demand and supply of the dollar," said a senior Bangladesh Bank (BB) official.

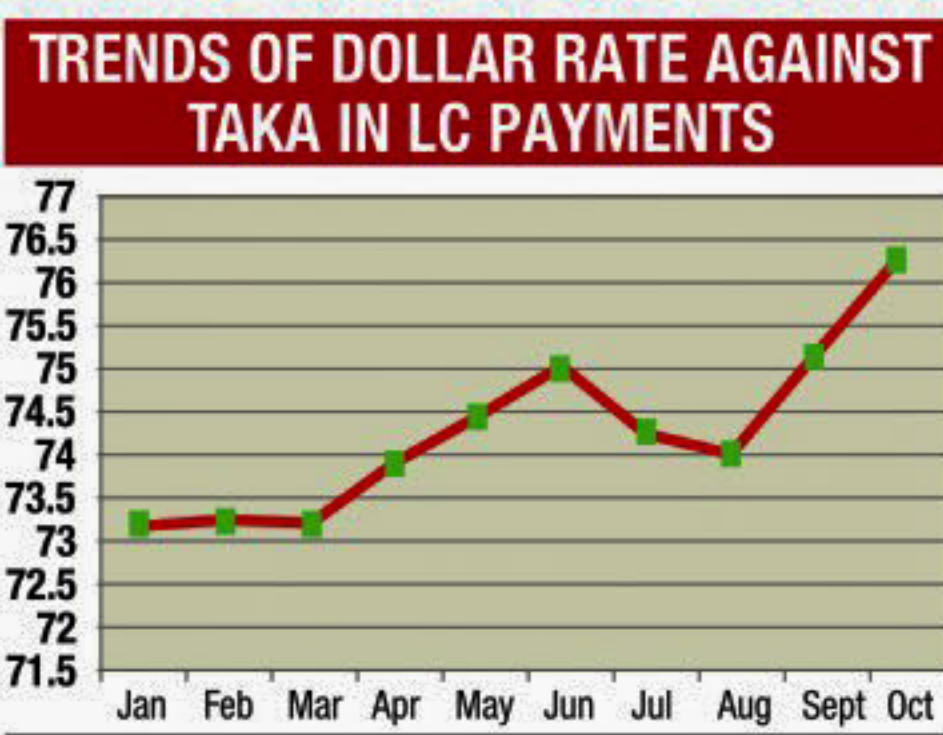
He said last year's import bills for petroleum were worth \$3.6 billion, which is estimated to be \$6.8 billion this year.

The BB is now waiting to see what the country's foreign exchange dealers' association decides to handle the situation.

Under this difficult situation, Bangladesh Foreign Exchange Dealers Association (BAFEDA) will hold an emergency meeting today to discuss the surging price of the greenback against the taka.

"Let's see what BAFEDA does. I hope they'll take some vital decisions," said the BB official.

Bankers, however, found no alternative but to earn more from exports and remittances to meet the growing demand.



"Though export is growing at a good pace, remittance flow was weak throughout the year," said MA Yousuf Khan, deputy managing director of Mercantile Bank.

Khan said a dollar was sold at Tk 76.05 yesterday at customer level, lower than other banks' rates. "We offered the rate to our trusted customers," he said.

One Bank sold a dollar at Tk 76.20, NCC Bank at Tk 76.30 and Jamuna Bank at Tk 76.25 in the yesterday's market.

"The gap between demand and supply of the dollar started going up in March-April and it is widening day by day," said Ashim Kumar Saha, head of treasury of NCC Bank.

The price of the dollar has also gone up in informal (kerb) market.

The dollar was selling at Tk 79 yesterday at different exchange houses and in the kerb market.

The inter-bank rate also rose to Tk 75.30, up from Tk 74 a month ago.

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**Nestle ties up with Asiatic**

STAR BUSINESS DESK

Nestle Bangladesh recently signed an advertising contract with leading advertising agency Asiatic MCL.

Laurent Therond, managing director of Nestle Bangladesh Ltd, and Aly Zaker, chairman of Asiatic MCL, were present at the signing ceremony, said a statement.

**NOTICE**

We bring out today four pages instead of

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