Stocks spurred by cash flow

STAR BUSINESS REPORT

Stocks gained yesterday following the cautious investment of investors and market monitoring strategy of the Dhaka Stock Exchange to stop wrongdoings in the market despite a day-long general strike called by BNP.

The benchmark General Index of DSE finished the day at 5,388.27 points, after gaining 21.07 points or 0.39 percent.

Market analysts said the market monitoring policy of DSE pulled up investors' confidence to inject fresh funds into the market. Sponsors' and directors' buying sprees also led the general investors to take new position in different stocks, the analysts said.

"Despite profit-booking and cautious investment, the apparent resistance of market has slightly improved market sentiments," IDLC Investments said in its market analysis. "Volatility still has its presence, as cautiousness and profit booking prevailed across the trading session."

However, expectations of relative improvement egged investors to inject fresh funds into the market, pushing daily turnover to Tk 911 crore, which is a 39.5 percent rise from the previous day, IDLC said.

A total of 1.70 lakh trades were executed with 13 crore shares and mutual fund units changing hands on the Dhaka bourse.

Of the total 262 issues that traded on the DSE, 105 advanced, 140 declined and 17 remained unchanged.

Among the major sectors, fuel and power rose 3.97 percent, telecomm 3.07 percent and engineering 1.49 percent. Banks lost 0.63 percent and non-bank financial institutions 0.6 percent.

Jamuna Oil Company topped the turnover chart with 19.88 lakh shares worth Tk 56.22 crore changing hands.

DESCO topped the gainers' list, rising 9.13 percent, while Modern Dyeing and Screen Printing was the biggest gainer of the day that slumped 8.05 percent.

The Chittagong Stock Exchange also gained yesterday as liquidity increased in the market.

The Selective Categories Index of CSE rose 177 points or 1.76 percent to 10,188.57 points.

Losers beat gainers 107 to 71 with 12 securities remaining unchanged on the port city bourse. As many as 1.16 crore shares and mutual fund units worth Tk 70.38 crore traded on the CSE.

India's regulator proposes costly 2G spectrum auction

REUTERS, *New Delhi*

The Telecom Regulatory Authority of India (TRAI) proposed a sharply-higher-than expected auction base price for 2G spectrum in what could be a blow to carriers that are set to lose their licences after a court order and are betting on the auction to win back permits.

The Supreme Court in February ordered the cancellation of all 122 licences held by eight operators following a tainted 2008 award process and asked the government to redistribute the licences and radio airwaves through an open bidding process.

The CAG has estimated that New Delhi could have lost as much as $34 billion in revenue in the scandal-marred licence and spectrum sale.

The TRAI on Monday recommended a base price of 36.22 billion rupees for every megahertz (MHz) of nationwide spectrum in the 1800 MHz band, where the majority of the radio airwaves would be made available after the cancellation of the licences.

This would be nearly ten times the $320 million carriers had paid in the earlier grant process for 4.4 MHz of spectrum. The recommended price is also 8 percent higher than what winning carriers paid for premium 3G spectrum in a 2010 auction.

The Indian units of Norway's Telenor and Russia's Sistema, as well as Idea Cellular and Tata Teleservices, are set to lose some or all of their zonal licences after the court order. The auction would be their last chance to win back the permits.

For spectrum in the 800 and 900 MHz bands, the regulator suggested a base price of 72.44 billion rupees per MHz, a proposal, which if accepted, would hit Sistema's Indian unit, which is looking to bid in the 800 MHz band.

The regulator suggested that the auction should be open to all eligible carriers holding spectrum below a prescribed limit.

India is divided into 22 telecoms zones and the prescribed limit is 8 MHz for GSM carriers and 5 MHz for CDMA carriers in all zones except Delhi and Mumbai.

Older and larger carriers such as Bharti Airtel and Vodafone's Indian unit may bid in the auction to buy more spectrum to feed their overstretched networks, but only in zones where their current holding is below the limit.

FSIBL

Atiur Rahman, governor of Bangladesh Bank, hands over a generator on behalf of First Security Islami Bank to Md Shahidul Islam, Agoiljhara upazila health and family planning officer, Barisal, for the 50-bed facility of the health complex in Agoiljhara recently. Syed Md Waseque Ali, deputy managing director of the bank, was also present.

DBBL

KS Tabrez, managing director of Dutch-Bangla Bank, and Tore Johnsen, chief executive officer of Grameenphone, sign an agreement recently in Dhaka to provide mobile banking services to customers.

STANDARD CHARTERED

Gitanka D Datta, head of cards for Standard Chartered Bank, and M Murad Hassan, general manager of Kube Furniture, shake hands over an agreement signed recently in Dhaka. The bank's credit cardholders will enjoy InstaBuys at zero interest for up to six months on purchase at Kube outlets.

Supply crunch spikes vegetables prices

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At Karwan Bazar kitchen market, bitter gourd was selling at Tk 40 a kg yesterday, up from Tk 20 to Tk 25 a week ago. Brinjal prices rose to Tk 25 a kg from Tk 20 a week ago.

Prices of onion rose to Tk 20 a kg from Tk 15 a week ago. The prices of imported garlic went up Tk 20 a kg to Tk 80, a retailer said. Ali Hossain, a greengrocer, said the prices of tomato remained stable at Tk 20 a kg and green chili at Tk 30-Tk 35.

Mohammad Sohel, who assists his brother-in-law in running a shop at Karwan Bazar, said the price of cucumber soared to Tk 20 a kg from Tk 15 two weeks ago.

The price of potato has also gone up, but the prices varied from market to market yesterday.

At Karwan Bazar, the popular vegetable item was selling at Tk 18 a kg, at Hatirpool Bazar Tk 20 and at Farmgate Tk 24.

At Hatirpool Bazar, brinjal was selling at Tk 40 a kg from Tk 30 a kg a week ago, bitter gourd at Tk 40 from Tk 30-Tk 35 a week ago, pointer gourd at Tk 50, which was Tk 35-Tk 40 a week ago.

Moslehuddin, a trader in the kitchen market, said the prices of vegetables vary from market to market because the wholesale prices always fluctuate at Karwan Bazar.

"Every item is becoming costlier," said Rehana Haque, a housewife at Farmgate. "Prices of most vegetables are always staying high, which is squeezing our buying power."

Abul Kashem, an employee of Petrobangla who regularly buys kitchen items from Karwan Bazar, said the prices of most of the vegetables are showing an upward trend. Retailers blamed the rise in retail prices on a shortfall in supply and higher wholesale prices.

"The prices of vegetables are not in our hands. We fix it according to the wholesale prices at Karwan Bazar," said Abdus Sattar, who has been in the trade

Drought-tolerant rice to go for a try-out

FROM PAGE B1

Nerica has the strength to withstand drought up to 21 days and matures in 100 days in all crop seasons - - Aus, Aman and Boro, said Md Nuruzzaman, member director of seed and horticulture of BADC.

The results came from the adaptive trials on some selective fields, he added.

Nerica rice can be grown in all crop seasons and can give up to 4.5-6.5 tonnes of yield per hectare.

Highest yield has been recorded during Boro season at 6-6.5 tonnes and lowest at 4.5-5 tonnes in Aus season, he said, referring to the trials.

The seed variety is yet to get released officially.

But Anwar Faruque, director general of seed wing of the agriculture ministry, said the seed will be given to farmers to test its performance at growers' fields.

The scheme to distribute Nerica along with other high-yielding variety seeds comes in line with a government endeavour to rejuvenate the cultivation of the once second biggest crop, Aus.

Faruque hoped the seed might become popular for cultivation during the Aus season.

Because of its higher yielding capacity than other varieties, potential for Nerica to become popular during the Aus season looks bright, said Faruque.

Nerica can also be an option for farmers after floods because of its capacity to mature in shorter duration than other varieties, he said.

Developed by scientists of West Africa Rice Development Association, Nerica is a cross between an African variety and a high-yielding Asian one.

The seed features resistance to drought and pests, higher yields even with a little irrigation or fertiliser, and more protein content.

IMF releases $141m tomorrow

FROM PAGE B1

"It is an almost zero interest loan taken to support the balance of payments," Governor Atiur Rahman said.

The loan will also act as a risk-mitigating measure relating to the exchange rate and BoP pressure, he added.

The IMF programme is important for the signal it gives to the international community, especially the sovereign credit rating agencies and foreign investors about macroeconomic stability and economic reforms in Bangladesh.

The foreign exchange reserve will also be improved, he said. The reserve that now stands at $9.9 billion will exceed the $10 billion mark soon, the governor said.

Bangladesh has to embark on wide-ranging structural reforms under the three-year deal.

Conditions for the loan include a "restrained" monetary policy, a reduction of trade barriers and "moderate"

No decision yet on allowing black money: ministry

FROM PAGE B1

The minister, however, said he was not sure about what would happen in the next budget. But, some media reports stated that the government would allow whitening black money in the next budget too.

The finance ministry clarified that the scope for whitening money was kept in fiscal 2011-12 with some conditions, considering the instability in the stock market.

It said any decision would be taken in the country's interest and the benefit of important sectors.

Nestle wins pricey battle for Pfizer baby food unit

REUTERS, *Zurich*

Swiss food group Nestle is to buy US drugmaker Pfizer's baby food business for $11.85 billion, beating out French rival Danone in the battle for dominance of fast-growing emerging markets.

The world's biggest food company had to dig deeper than expected into its ample pockets to win the high-stakes fight for Pfizer Nutrition, which makes 85 percent of its sales in emerging markets.

"The price tag is high, however Nestle is securing a high growth/margin business with high exposure in the emerging markets. China will become the number 3 market for Nestle overall," said Vontobel analyst Jean-Philippe Bertschy.

Nestle said the deal would add to earnings per share from the first year, and would allow cost synergies of $160 million. Bertschy estimated the deal would add about 0.5 percent to earnings per share in the first year and 1.5 percent in the following years.

Nestle shares, which hit an all-time high of 57.50 francs ahead of solid first-quarter results last week, fell 2.19 percent to 55.85 francs at 1104 GMT, compared with a 0.96 percent weaker European food and beverage index. The shares were trading ex-dividend, but were down less than the 1.95 francs payout.

"Although the growth profile, attractive margins and emerging market exposure makes this a compelling asset, we believe that the multiples being some way ahead of market expectations may dampen near term enthusiasm for the deal," said Citi analyst Robert Dickinson.

The deal price was well above the $10 billion which had been expected. Nestle said it was paying 19.8 times expected 2012 core earnings, above previous Nestle deals in the sector when it paid 15.7 times for Gerber and 17.6 times for Novartis Nutrition, according to Citi.

Danone shares rose 2.1 percent to 53.54 euros as investors expressed relief that the French group would not have to leverage up its balance sheet to pay a big price for Pfizer.

The Pfizer unit is a high-growth business built on its top SMA Gold brand, which ranks number five globally in the infant milk formula market - the world's fastest-growing packaged food category - after Nestle, Mead Johnson, Danone and Abbott Laboratories, with a quarter of sale in China.

Nestle said the Pfizer business should boost its margins and it forecast its sales at $2.4 billion this year, bringing revenue from the combined business to above $7 billion.

Chief Executive Paul Bulcke said it was premature to comment on regulatory issues, but analysts have speculated Nestle might have to sell 25 percent of the Pfizer unit by disposing of interests in Latin America, southeast Asia, Australia and South Africa, which could be bought by Danone or Heinz.

Chief Financial Officer Wan Ling Martello said the deal, to be paid for by a combination of cash and debt, could close at best in six months but it could take up to a year.

Kurt Schmidt, head of Nestle Nutrition and former chief executive of the US baby food group Gerber that Nestle bought in a $5.5 billion deal in 2007, said the global infant nutrition market was worth $30 billion.

He said the market is growing 10 percent annually, with emerging markets accounting for 73 percent of sales and with a 13 percent growth rate due to increasing births and affluence there.

The $6 billion Chinese market is key as it is set to double to $12 billion by 2016 to feed 16 million new births a year. Mead leads the Chinese market followed by Danone. Pfizer is fifth with an 8 percent share, while Nestle has just 4 percent.

Nestle's roots go back to the 1860s development by Henri Nestle, a pharmacist, of the first infant formula for babies whose mothers who could not breast feed.

Nestle, which expects emerging markets to account for half of total sales by 2020 from 41 percent last year, has been an active player in recent emerging markets merger activity, taking stakes in two Chinese food companies.

"The deal makes strategic sense, it really was Nestle's deal to lose as it very much wanted to add to its Asian business and boost growth and margins," said Kepler analyst Jon Cox, adding the price was almost as high as Danone's 2007 buy of Numico.

Danone paid 12.3 billion euros in 2007 for Dutch food group Numico, at the time Europe's largest baby food producer, paying a similar multiple, a price many analysts said was too high.

PRIME BANK

Atiur Rahman, governor of Bangladesh Bank, attends the launch of Prime Bank's Platinum Card for exclusive health services and night golf held at Radisson Blu Water Garden Hotel in Dhaka on Thursday. Shirajul Islam Mollah, chairman of Prime Bank, and Md Ehsan Khasru, managing director, were also present.

APOLLO HOSPITALS

Shagufa Anwar, general manager of Business Development Department of Apollo Hospitals, and Habibur Rahaman Bhuiyan, head of human resources for Bengal Group of Industries, exchange documents of an agreement recently for priority healthcare services for Bengal Group's employees and dependants.

PUBALI BANK

Habibur Rahman, vice-chairman of Pubali Bank, attends the bank's annual general meeting at Rajendrapur in Gazipur on Sunday. The meeting approved 25 and 5 percent stock and cash dividends respectively for 2011. Helal Ahmed Chowdhury, managing director, was also present.