

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
▲ 2.14%	▲ 1.39%	\$1,564.75 (per ounce)	\$84.52 (per barrel)	▼ 1.47%	▼ 1.48%	▼ 0.58%	▲ 0.46%	81.80	100.09	126.80	1.02	
4,164.95	8,030.67			17,232.55	8,720.10	2,972.04	2,185.49	BUY TK	81.80	100.11	126.85	1.02
								SELL TK	81.81	100.11	126.85	1.02

NCC BANK'S
ATM
BOOTH NOW AT
Nazimuddin Road
Dhaka



NCC BANK
NCC Bank Ltd.
Where Credit and Commerce Integrates
www.nccb.com.bd

Star BUSINESS

DHAKA FRIDAY JULY 13, 2012, e-mail:business@thedailystar.net



Performers dance at the inauguration of the three-day 'Destination Thailand' fair at the Thai Embassy premises in Dhaka yesterday. Story on B3

Economic growth to fall in Asia: ADB

STAR BUSINESS REPORT

Growth in some developing Asian countries, including Bangladesh and India, will go down further due to a worsening the financial and banking crisis in Europe and a sluggish recovery in the United States, the Asian Development Bank said yesterday.

"Economic growth in developing Asia moderated during the first half of 2012 as slower growth in the US and the euro area reduced demand for the region's exports," the lender said in a report.

Worries over the strength of important developing economies have emerged, according to the Asian Development Bank Outlook Supplement.

The supplement outlook did not say anything directly about Bangladesh. However, the outlook published in April projected Bangladesh's GDP (gross domestic product) growth at 6.2 percent for fiscal 2012, down from 6.7 percent a year ago.

Bangladesh Bureau of Statistics projected the growth at 6.3 percent in its provisional estimate.

However, Finance Minister AMA Muhith is still hopeful that growth would reach 7 percent in the final calculation.

The ADB predicts developing Asia will expand by 6.6 percent in 2012 and 7.1 percent in 2013, lower than 6.9 percent and 7.3 percent forecast in the lender's Asian Development Outlook published in April.

India's outlook, meanwhile, is clouded by a combination of high inflation and poor demand, both externally and internally.

India's economy is now expected to grow by 6.5 percent this year, down from the previous forecast at 7 percent.

South Asia's economy is expected to grow by 6.2 percent in 2012 and 6.9 percent in 2013. The earlier forecast said the growth would be 6.6 percent and 7.1 percent respectively.

South Asia's economic growth will moderate as the weaker global environment reduces exports and investment inflow. Although somewhat offset by stable inward remittance, widening trade deficits have led to the depreciation of most currencies in the sub-region.

Private sector to get credit boost

The central bank announces monetary policy next week

REJAUL KARIM BYRON

The central bank will encourage credit growth in the private sector in an effort to raise economic growth to 7.2 percent, the highest ever target set by the government for the current fiscal year.

The Bangladesh Bank will put all its efforts to achieve the GDP growth target, defying gloomy forecasts made by multilateral lending agencies in the backdrop of a financial crisis in the Eurozone.

The central bank on July 18 will announce the new monetary policy for the current fiscal year where it will raise the target of private sector credit growth over the existing monetary policy target to achieve the goal.

The BB announces monetary policy twice a year -- in January and July.

In the current fiscal year, the private sector credit growth target is going to be set at more than 18 percent, up from 16 percent in the existing monetary policy announced in January.

An official of the central bank said, alongside the higher growth target, a restrained policy stance will also be pursued and credit to unproductive sectors will be discouraged to curb inflationary and external pressures.

BB Governor Atiur Rahman on Wednesday told The Daily Star that the monetary policy will have three main targets: achieving employment-led growth, bringing down inflation to 7.5 percent, and ensuring inclusive growth.

Another BB official said economists on several occasions complained that monetary policy does not work in Bangladesh. But most of the monetary policy targets were met in the last fiscal year, he added.

The official said they will achieve the goals this year too.

The Asian Development Bank in its "supplementary outlook" released yesterday said a debt crisis in the Eurozone and a slow recovery in the US will cast a shadow on growth outlook in some South Asia countries including Bangladesh.

However, the BB official said if the monetary policy and the fiscal policy can be coordinated properly, the growth target will be met.

Inflation also could be brought down within the target, he added.

NBFIs to go for stress tests four times a year

STAR BUSINESS REPORT

The central bank has strengthened monitoring of the condition of non-bank financial institutions (NBFIs), according to a circular issued yesterday.

Under the revised guidelines, the NBFIs have to submit their "stress-test" reports to the concerned department of the Bangladesh Bank (BB) on a quarterly basis, instead of a half-yearly one earlier.

The new decisions will come into force with immediate effect, the BB said.

Stress tests focus on a few key risks such as credit risk, market risk, and liquidity risk to the financial health of an institution in crisis situations. The results of stress tests depend on the assumptions made in various economic scenarios, according to Investopedia.

Govt mulls ways for sugar exports

SOHEL PARVEZ

The government is exploring ways to allow refiners to export surplus sugar after meeting domestic demand.

The cabinet committee on economic affairs will need to approve a proposal that seeks to allow refiners to ship sweetener after the festival of Eid in August.

Refiners will first need to be certified by the Bangladesh Sugar Refiners Association (BSRA) of excess stock to be considered for export permit by the commerce ministry.

Taking into consideration the availability and price of sugar in the local market and its import position, the ministry would then give the approval.

The export price of sugar should be 10 percent higher than the price paid for the raw sugar imported from Brazil, the commerce ministry said.

Bangladesh Sugar and Food Industries Corporation has a stock of 163,000 tonnes of sugar, with 80,000 tonnes imported, which is more than enough to meet demand during Ramadan, said Ferdous Begum, secretary of the state-owned company.

"We have already been selling below our production cost. The local production will begin in November. Unless we can clear out the surplus before then, our losses will increase exponentially," she said.

Earlier, private refiners had urged the government to waive curbs on sugar exports, which were imposed in March 2010 to increase supply of sugar to the domestic market and curb price spirals.

Local mills' production capacities have increased in the last few years to 35 lakh tonnes, which is more than double the local demand of 15 lakh tonnes, according to the five private refiners in operation.

"There is a legitimate reason behind allowing exports of sugar as our production capacity is much higher than demand," said ASM Mohiuddin Monem, secretary general of BSRA.

"If the government allows us to export, we could utilize our factories to their limit," he said.

Moreover, the green light to export will improve the balance of payments, Monem said.

Institutional investors prop up stocks

STAR BUSINESS REPORT

Stocks continued their upward march yesterday due to institutional investors' buying spree.

DGEN, the benchmark general index, registered a gain of 87.25 points, or 2.13 percent, to close the week on 4,164.95 points.

"Anticipation of a short-term rally lured investors to make trade, helping DGEN end up in the green zone," IDLC Investments said.

The index gained around 200 points over the past two days, which Lanka Bangla Securities said, is largely due to the extended support from large institutions.

Even after the rise, several stocks still appeared cheap when looked against their historical levels, it added.

"Most of the banks are trading very close to their net asset value."

Taking advantage of the low stock prices is Pubali Bank, which is investing around Tk 500 crore in the market.

However, low turnover continued due to lack of mass participation, which dropped by 7.88 percent from the previous day to Tk 185 crore.

"Liquidity shortage is to blame for the continued fall," said Ahmed Rashid, a senior vice president of DSE, while suggesting the remedy of expansionary monetary policy.

As a result of the credit crunch, he said, the call money rate rose significantly between May to July.

The call money rate in May, June and July of last year was 8.64 percent, 10.93 percent and 9.37 percent respectively. It stood at 15.05 percent, 14.97 percent and 14.11 percent in the same months this year.

"Inflation has dropped because there is less money circulating in the market. Most of the money is now invested in government bonds," he added.

Investment Corporation of Bangladesh has also resolved to maintain their support to keep the market stable for the sake of small investors.

A total of 0.67 lakh trades were executed, for transactions of 6.7 crore shares and mutual fund units.

On the 270 issues traded on the DSE, 228 gained, 27 declined and 15 remained unchanged.

Destination

THAILAND Fair

in Bangladesh 2012

12 - 14 July 2012
10.00 am - 8.00 pm
at the Royal Thai Embassy, Dhaka
www.thaidac.com




- ★ Chances to win free return tickets to Bangkok and many more exciting prizes
- ★ Discounts and special deals for tickets, holiday and medical packages to Thailand
- ★ Thai products at special prices
- ★ Thai cultural shows
- ★ Free consultation on higher education in Thailand
- ★ Authentic and sumptuous Thai food from leading restaurants in Dhaka
- ★ Free consultation on visa Application
- ★ Demonstration of Thai traditional massage

Co-organizers:



Prominent Restaurants and Co-Sponsors:



NFL Double Delight

Double your savings



Call us: 01733 959 507, 01717 031 764 or 01199 800 610

www.nfl.com.bd

Now open



MTB Smart Banking
have it your way

C-12/13, Block C, Main Road
Banasree, Rampura, Dhaka

www.mutualtrustbank.com

www.facebook.com/Mutual.Trust.Bank

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