

Stocks rise amid market optimism

STAR BUSINESS REPORT

Stocks gained 2.27 percent yesterday, the highest gain this month, as institutional investors went on a buying spree expecting an easy money market after Ramadan.

The benchmark General Index, DGEN, finished the day at 4,236.46 points after surging 94.22 points.

A stable call money rate and falling inflation boosted institutional investors' confidence, market analysts said.

Small investors took a break to withdraw invested funds as institutional investors became active in investing fresh funds in the market, analysts added.

The call money rate rose 0.75 percentage points to 15 percent yesterday, compared to 14.25 percent a day earlier, according to data from Bangladesh Bank.

Thanks to the new base year of 2005-06 that came into effect this fiscal year, inflation in July, which stood at 8.03 percent in the old base year of 1995-96, fell to 5.21 percent, according to Bangladesh Bureau of Statistics.

"It seemed the market vibrated mainly by the active participation of institutional investors," IDLC Investments said.

In addition, improved macroeconomic indicators along with consistent improvements in turnover raised the confidence level of investors to some extent, it said.

However, expectation of short-term rallies also motivated investors to make fresh investments, the merchant bank said.

"The fuel and power sector had a strong presence in the top turnover list, while the banking and financial sector had healthy positive return

after a long while," said LankaBangla Securities, a stockbroker.

"An addition of \$1 billion to the reserve has ensured that the money market remains liquid before the Eid rush."

Turnover rose 2.3 percent to Tk 377 crore from the previous day.

A total of 1.07 lakh trades were executed with 8.71 crore shares and mutual fund units changing hands on the Dhaka bourse.

Of the 250 issues that traded on the DSE: 179 advanced, 60 declined and 11 remained unchanged.

Meghna Petroleum featured in the top traded stocks chart with 11.14 lakh shares worth Tk 24.39 crore changing hands.

Kay and Que was the biggest gainer of the day, posting a rise of 8.27 percent, while Navana CNG lost 7.83 percent, as the biggest loser.

India's factories shrug off blackouts

REUTERS, Bhiwadi, India

A siren rang out in the cable factory in northern India when there was a power blackout in half the country last week, but its computer screens didn't even blink as \$180,000 worth of batteries seamlessly took over the machines winding the thick coils on the shop floor.

A few moments later, in a back room of the cavernous plant in the scruffy Bhiwadi industrial park near New Delhi, mechanic Gaurav Bhatia fired up a shipping container-sized diesel generator that ensured continued electricity.

It was the second time in 36 hours that power supply to vast swathes of India was halted.

In factories, offices, apartment blocks and malls across the north of

the country last Monday and Tuesday, similar generators coughed into life, making what were perhaps the largest blackouts in history irritating and costly events, but not catastrophic.

Indian cities and their companies are well prepared to keep business moving during power cuts because they always have to cope with unreliable supplies, not just during once-in-a-decade spasms on the grid.

Last week's shutdowns were not routine power rationing, the kind that is enforced every day in the summer and forces Kei Industries -- one of India's leading electrical equipment manufacturers -- to generate energy on site for several hours with rudimentary engines.



Md Mukhter Hossain, additional managing director of Shahjalal Islami Bank, inaugurates an ATM booth of the bank in Barisal on Friday. Md Khairul Alam, manager of the Barisal branch of the bank, was also present.

ICCB chief off to Indonesia

STAR BUSINESS DESK

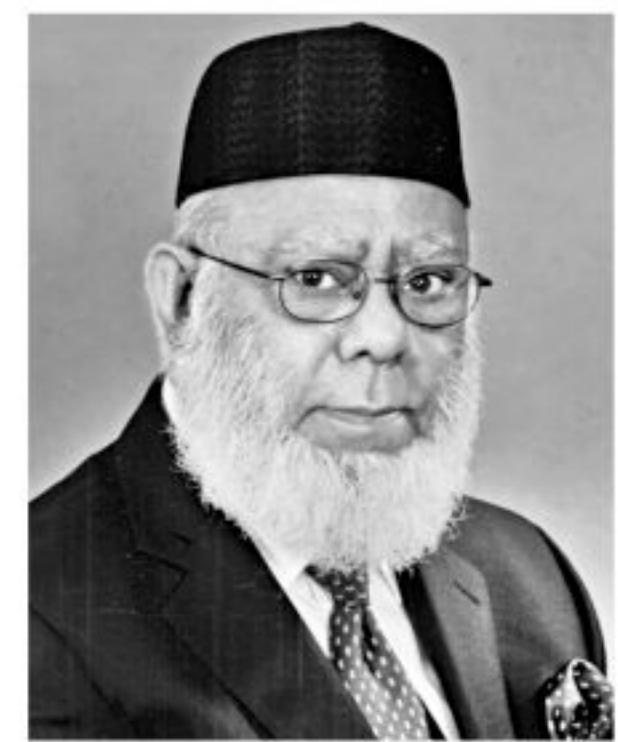
Mahbubur Rahman, ICC Bangladesh president, left for Jakarta to take part in the fourth Presidential Friends of Indonesia Programme 2012 to mark the Southeast Asian nation's Independence Day, ICCB said in a statement yesterday.

He will join a week-long programme for the 67th anniversary of the nation.

Guests from 11 countries, including Australia, Bangladesh, Egypt, Fiji, Japan, Mongolia, Myanmar, Republic of Korea, Papua New Guinea, Tunisia and Vanuatu will join the programme.

Rahman will meet Susilo Bambang Yudhoyono, Indonesian president, BJ Habibie, former president of Indonesia, RM Marty Natalegawa, foreign affairs minister, and Bibit Waluyo, governor of Central Java.

Themed 'Democracy and Economic Development: Indonesia's Lessons Learned and Best Practices', the programme will be held in Jakarta, capital



Tarek Reaz Khan, general manager of retail lending products and wealth management at Standard Chartered Bank, and FR Khan, managing director of Building Technology & Ideas (BTI), attend the signing of a preferential banking memorandum between their companies in Dhaka recently. BTI clients will get the bank's credit card and existing cardholders will enjoy special deals from the real estate company.



Atiur Rahman, governor of Bangladesh Bank, poses with the members of the new executive committee of BASIS led by Fahim Mashrur, president of the association, after a meeting in Dhaka recently.

Apologetic Swiss banks sweat it out as US, Europe mull redress

REUTERS, Zurich

Swiss banks hoping to atone for decades of complicity in tax evasion may be left to sweat it out for months as the United States and Germany ponder the right level of punishment.

Switzerland has long dodged US accusations of hiding money for wealthy Americans. But now eleven Swiss banks are under investigation in the United States and there is pressure too from Europe where burdened taxpayers want scalps after numerous banking scandals. The Swiss need a deal to remove the taint from their financial industry.

However, Washington must factor forthcoming elections into its thinking, and Germany is delaying ratification of a tax deal key to Switzerland's efforts to strike similar agreements elsewhere in Europe. So the Swiss

may be in limbo for a while.

The wait is painful for a country which counts on banking for 7 percent of its economic output: until Swiss banks know how much information they need to share with foreign tax authorities they will struggle to attract new clients.

As a result the share prices of its top banks -- Credit Suisse and Julius Baer are among those being investigated -- are falling as investors fret about earnings.

"We are prepared to sign a settlement with the US for the Swiss banks today. We feel we have made a constructive proposal to the US but it is up to them to accept it or not," said Switzerland's Finance Minister Eveline Widmer-Schlumpf.

"This depends on whether the US is willing to reach a settlement before or after their elections, which is unclear at the moment," she said.

Both Widmer-Schlumpf and chief negotiator Michael Ambuehl have dampened expectations for a US deal by November, stoked as recently as last month by the finance minister herself.

"There is an open window after the summer lull, but it's relatively tight. Otherwise, I think we're looking at next year," said Martin Naville, chief executive of the Swiss-American Chamber of Commerce in Zurich.

Switzerland's efforts to spur along a deal include tentatively agreeing with the US Foreign Account Tax Compliance Act, an anti-tax evasion law known as FATCA.

The rules on enforcing FATCA have yet to be finalised, but many Swiss bankers see it as a crippling blow that effectively prevents their clients from investing in US securities.

Acquiescing to FATCA was a tactic to build goodwill for a

Swiss bank deal, a source close to the talks said.

But the strategy doesn't seem to be paying off.

Washington is now pushing banks in Switzerland to divulge names and financial details of wealthy Americans hiding money in their accounts, spurred on by success in 2009 when UBS handed over data to avert a criminal indictment.

"Contrary to what may appear as inactivity, the US is in fact keeping the pressure on Swiss banks, which are like mice before a snake," said Martin Janssen, professor of finance at the University of Zurich. "The US is really maximising its position here."

The tension is such that Swiss bankers are afraid they will be personally targeted by U.S. officials if they leave the country, after Credit Suisse and Julius Baer handed over employee names to US authorities.

Income tax fair to widen reach, begin on Sept 17

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The fair issued 10,041 TINs last year.

Over the past five years, the tax authority recorded more than 20 percent growth on average in income tax receipts, particularly because of steady growth of the economy and rising incomes.

Income tax collection rose 23 percent to Tk 28,261 crore last fiscal year from Tk 23,119 crore a year ago. The total receipts increased 19 percent to Tk 94,447 crore last fiscal year.

This year, the tax collector aims to log Tk 112,259 crore. Of the amount, the target for income tax was Tk 35,300 crore.

Managing Director of Desh TV Asaduzzaman Noor, Daily Amader Arthonity Editor Naimul Islam Khan, Boishakhi Television Chief Editor Manzurul Ahsan Bulbul and NTV Chief News Editor Khairul Anwar were pres-

Canada farmers cash in on US drought

REUTERS, Winnipeg, Manitoba

After spring floods drowned his seeding plans two years straight, Canadian farmer Walter Finlay is harvesting what looks to be an average or slightly better crop of wheat and canola.

Average will do just fine this year. The worst drought in a half century in the US Midwest has scorched corn and soybean crops, igniting grain and oilseed prices and leaving farmers in Western Canada poised to profit nicely off the misery of US growers.

"You hate to see anybody have a hard time," Finlay said from his farm near Souris, Manitoba. "There maybe is better opportunity just because of what's going on in the States... the price of corn has obviously drawn the price of feed wheat up."

Banks open on Thursday

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A long holiday starts Aug 15, to be capped by Eid celebrations in Bangladesh on Aug 19 or a day later.

"Some of our branches will remain open to serve the garment industry," said Helal Ahmed Chowdhury, managing director of Pubali Bank, admitting the BB circular in this regard.

State banks swap roles in call money market

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Although cash withdrawal from banks has been increasing for the past two weeks, the call money rate did not rise proportionately due to the central bank's prudent role, treasury officials said.

The central bank yesterday injected fresh funds worth over Tk 14,000 crore through auction of repurchase agreement (repo) and special liquidity support to the primary dealer banks.

"State-owned banks are the net borrowers in the market as our funds are stuck in government instruments and with the petroleum corporation for financing fuel imports," said a senior treasury official of Sonali Bank, the largest bank in the country in



Mohammed Nurul Amin, managing director of NCC Bank, attends a workshop on the bank's products and marketing at its training institute in Dhaka recently. Golam Hafiz Ahmed, additional managing director, was also present.



Sheikh Abdul Hye Bacchu, chairman of BASIC Bank, inaugurates the bank's 52nd branch at Shyamoli in Dhaka recently. Kazi Fakhruul Islam, managing director, was also present.