

Stocks shed points as investors book profits

Turnover slips 26.56pc to Tk 602cr

STAR BUSINESS REPORT

Stocks returned to the red yesterday, breaking a two-day gaining streak, as investors went for selling shares to book profits.

After running between positive and negative territories several times throughout the whole trading session, DSEX, the benchmark general index of the Dhaka Stock Exchange, closed the day at 4,163.18 points, after falling 29.06 points or 0.69 percent.

Profit booking especially in multi-national stocks was upheld throughout the day, IDLC Investments said in its market analysis.

Investors were active to realise quick return on overvalued scrips, which helped the market close in the red, the investment banker said.

The day's price correction and

profit taking tendencies seemed to be taking the index down, LankaBangla Securities said.

However, as DSEX was hovering around the psychological support level of 4,100 points, this attracted some 'natural buy' in the end-session while DSEX showed some positive movement in its window.

Turnover, the most important indicator of market, declined 26.56 percent to Tk 602 crore from the previous day.

Investors were seen executing 1.31 lakh trades with 10.07 crore shares and mutual fund units on the Dhaka bourse.

Of the 278 issues that traded on the DSE floor, 104 advanced, 149 declined and 25 remained unchanged.

Most of the major sectors registered loss: food and allied 2.35 percent, telecoms 1.93 percent, non-life

insurance 1.59 percent and power 1.53 percent.

However, life insurance gained 4.33 percent.

Grameenphone featured in the most traded stocks chart with 16.03 lakh shares worth Tk 34.26 crore changing hands.

Pragati Life Insurance was the biggest gainer of the day, as it posted a 9.93 percent rise, while ICB AMCL NRB First Mutual fund was the worst loser, slumping 9.93 percent.

The Chittagong Stock Exchange also declined on the day with its selective category index, CSCX, which went down 149 points or 1.84 percent, to close at 7,981.03 points.

Losers beat gainers 107 to 81, while 25 issues remained unchanged on the port city bourse that traded 92.68 lakh shares and mutual fund units with a turnover of Tk 42.03 crore.

Telefonica wins support for big German takeover

AFP, Madrid

Spanish giant Telefonica said Monday it had secured critical support in a sweetened takeover bid worth 8.55 billion euros (\$11.4 billion) for German mobile operator E-Plus.

Telefonica said it had won backing from its improved bid from Mexican billionaire Carlos Slim's group America Movil, which is the main shareholder of E-Plus' parent, the leading Dutch telecommunications firm KPN.

"With this agreement, Telefonica comes close to the objectives announced at the end of July in reference to becoming Europe's second largest operator," the Spanish group said in a statement.

If approved by regu-

lators and shareholders in KPN and Telefonica Deutschland, the takeover would create a major player in Germany with 43 million mobile customer and combined revenues of 8.6 billion euros, it said.

America Movil, which holds 29.77 percent of KPN and has announced plans to take over the group, gave an "irrevocable commitment" to vote for the Telefonica bid for E-Plus in a KPN shareholders meeting to be held October 2, KPN said in a separate statement.

KPN said it would receive 5.0 billion euros in cash and a 20.5-percent stake in Telefonica Deutschland after the transaction, up from the previous offer of 5.0 billion euros and a 17.6-percent stake.

Kanutosh Majumder, chairman of Jamuna Bank, attends a seminar on the dangers of drugs organised by Jamuna Bank Foundation at the bank's branch in Feni recently. Nur Mohammed, chairman of the Foundation, was also present.

Air India offers 'attractive' fares for Bangladeshi travellers to Australia

STAR BUSINESS DESK

Air India is set to launch its direct daily flights to Sydney and Melbourne from New Delhi on August 29, the airline said in a statement yesterday.

Air India that will fly its new Boeing 787 Dreamliners offers special fares to Bangladeshi passengers flying to Australia.

The Dhaka-Sydney/Melbourne fares, including taxes, via New Delhi start from Tk 32,852 for a one-way Economy ticket and Tk 61,600 for a two-way ticket.

Bangladeshis can fly from Dhaka to the two Australian cities, via New Delhi. For four days a week, flights will be Delhi-Sydney-Melbourne, and for three days they will connect Delhi-Melbourne-Sydney. The transit time in New Delhi is a little more than two hours.

Italy faces financial storm over Berlusconi: economist

AFP, Rome

Instability in Italy over Silvio Berlusconi's future could trigger early elections next year and punish the country on the financial markets starting this week, a top US economist warned on Monday.

Nouriel Roubini, who teaches at New York University, said in an interview with *La Repubblica* daily that Italy, the eurozone's third-biggest economy, was currently in a period of "controlled volatility".

He said that "if the situation worsens, which now seems hardly impossible, the consequences could be very damaging for Italy," and warned that investors could start reacting negatively from this week.

The Milan stock market was down 1.75 percent in morning trading and the difference or "spread" between the rates on Italian and German 10-year bonds widened to 244 basis points (2.44 percentage points) -- a sign of increased concern.

Prime Minister Enrico Letta's government needs to decide by Saturday at the latest how to reform a hugely unpopular property tax that Berlusconi's People of Freedom party wants scrapped altogether.

Berlusconi supporters have said they could bring down the government if they do not get their way.

Many observers say the tax debate is a pretext for raising the pressure on political opponents to back off from Berlusconi, who faces expulsion from parliament because of a tax fraud conviction earlier this month.

"Our most probable scenario is elections in early 2014 but we do not exclude even sooner than that. The markets are reasoning in a similar way," Roubini said.

"If there is no solution, the spread will rise to 300 (3.0 percentage points) in a few days and the calm period for the Italian stock market will come to an end," he said.

"Bank stocks will be particularly hard hit and credit costs will continue rising. The sooner the elections, the worst the damage for bonds," he added.

Operators open to 4G services after 3G auction

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Earlier the operators were not able to use the 2,100MHz spectrum band for LTE, but recently an operator in Thailand has launched LTE in the 2,100MHz band, while Japan has been using it for a couple of years, the BTRC official said.

Usually LTE is offered in 700 or 1,800 band, but in recent times the vendors are making the LTE equipment to fit multiple bands.

Mahmud Hossain, chief corporate affairs officer of Grameenphone, said the previous ecosystem for using equipment in a particular band is changing.

The prospect of the 2,100 band has brightened, though the 1,800 band is still better for LTE, he added.

If the regulator allows the operators to launch LTE in the 1,800 band, which the operators already have for 2G services, it will be the real technology neutrality, Hossain said.

However, the regulator has recently proposed to amend the WiMax licensing guideline so that the broadband internet operators can launch LTE technology instead of the current service. The amendment is yet to be approved by the ministry.

BB releases Tk 300cr for stock investors

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The state-run investment company got the fund at a 5 percent interest from Bangladesh Bank (BB) and will lend it to merchant banks and stockbrokers at 7 percent.

The merchant banks and the stockbrokers will then disburse the fund to retail investors at a 9 percent interest, according to the guideline of the refinance scheme.

The borrowers will have to repay the loans every three months and should give corporate guarantee against the loans to the ICB, which will deposit the received amount to the refinance fund.

The regulator will have the authority to cancel licences of the merchant banks and stockbrokers if they fail to repay the loans in time, according to the guideline.

The affected retail investors, with a smaller than Tk 10 lakh exposure from January 2009 to November 2011, will be eligible for the fund.

Earlier on Thursday, the ICB, Bangladesh Bank and Bangladesh Securities and Exchange Commission signed a tripartite agreement on the Tk 900 crore scheme.

Novartis ex-boss defends controversial payout

AFP, London

The former chairman of pharmaceutical group Novartis on Sunday defended his planned 72 million Swiss francs (\$77 million, 58 million euros) golden handshake that caused uproar in Switzerland.

Daniel Vasella told the Financial Times that the firm's board was responsible for the payout, which was eventually radically cut back after a shareholder revolt.

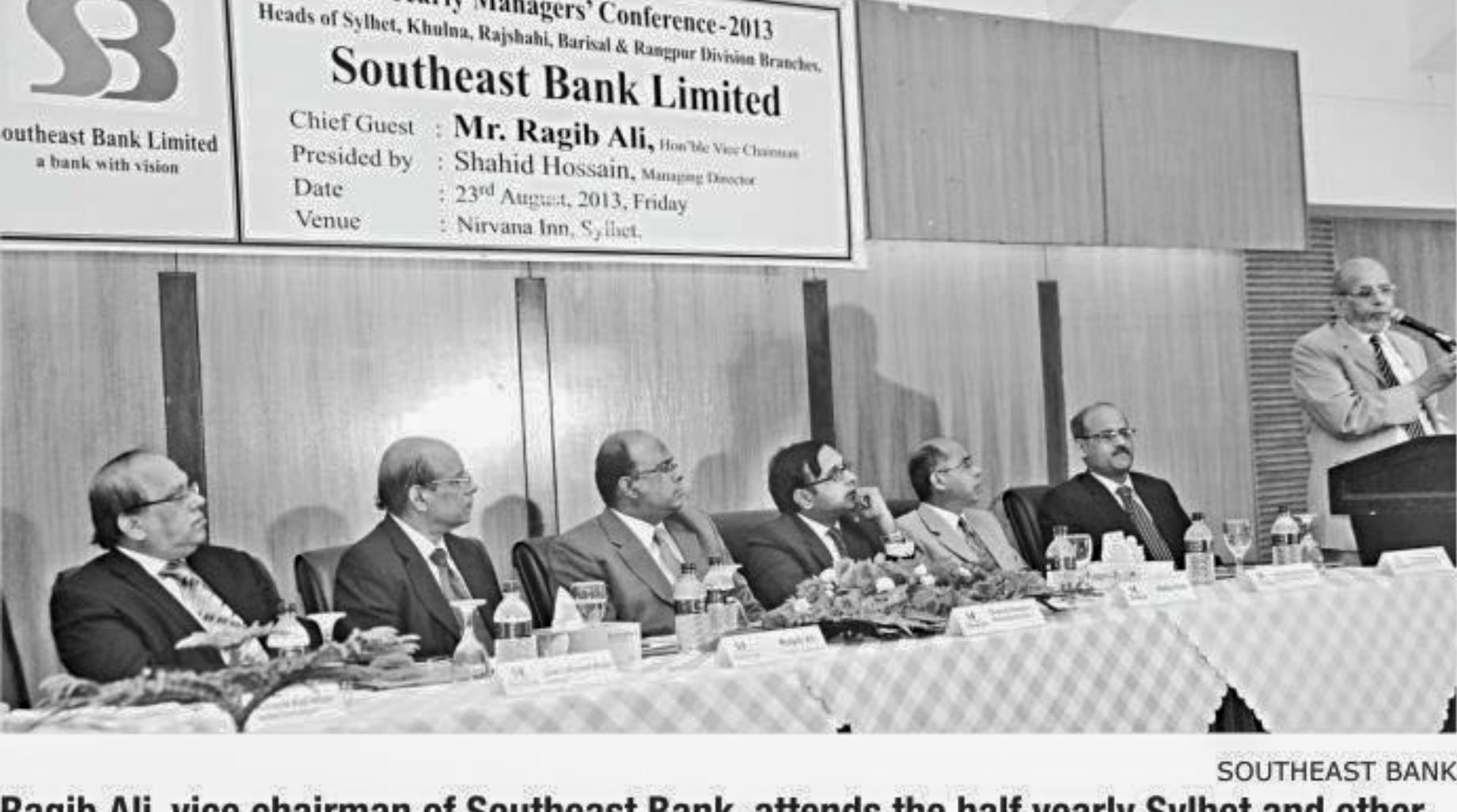
"Fundamentally, I don't believe you should curtail yourself [in a negotiation]," he told the paper. "The board ... has to

decide and has the responsibility for what ever comes out."

Vasella will now receive 2.7 million Swiss francs in cash, and shares worth about 2.2 million francs, for services during the transition period since he left in February this year.

The total amount is about one fifteenth of what he would have received. However, he is to continue acting as a consultant for the firm at a high daily fee.

He told the FT that his severance package was "within the bracket" of top-executive payouts and said the figure was "negligible" given the returns he had generated.



Rabib Ali, vice chairman of Southeast Bank, attends the half yearly Sylhet and other divisional managers' conference at a local hotel in Sylhet on Friday. Shahid Hossain, managing director, was also present.



JAMUNA BANK