

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▲ 3.75%	▲ 3.65%	\$1,187.36 (per ounce)	\$65.36 (per barrel)	▲ 1.90%	▲ 0.45%	▲ 0.56%	▲ 2.28%	BUY TK 77.15	84.66	117.80	0.64
4,277.05	8,010.88			27,105.39	19,379.19	3,452.01	4,205.92	SELL TK 78.15	88.66	121.80	0.67

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Star BUSINESS

DHAKA MONDAY MAY 11, 2015, e-mail:business@thedailystar.net

Spinners demand warehouse facility for cotton trade

REFAYET ULLAH MIRDHA

The introduction of warehousing facility for cotton trade will immensely benefit the country's spinners, as it will reduce lead-time and ensure the timely sourcing of the fibre, industry people said.

Under the facility, merchants from different countries will store cotton at warehouses at Chittagong port to sell to the local cotton importers and spinners. The merchants can also re-export the cotton from the port to other destinations.

The system is already in use by the Chinese government, which is the largest importer of cotton.

Such warehouses would allow spinners to buy cotton at their doorstep and negate the huge risks that come with the long shipment times from origin, said Monowarul Hoque, managing director of Ashik Composite Textile Mills, a cotton importer and spinner.

For local spinners, the time lag between an actual purchase and collection varies from two weeks to 12 weeks, excluding the shipment delays. It takes two weeks to get cotton from India and Pakistan and up to 12 weeks from the US, and the West African and Latin American countries, excluding the shipment delays.

This lag exposes the spinners to huge market volatility, as cotton prices tend to fluctuate drastically, he said, adding that the local spinners do not have the means to hedge such risks without the access to futures markets.

The warehousing facility would protect the spinners in a bearish market, he said, adding that in fiscal 2010-11 the entire industry suffered a huge loss as cotton prices rose and fell drastically.

Hoque said, due to long shipment time from origins such as Africa and North America, most local spinners are forced to purchase cotton from India and Pakistan.



BENEFITS OF WAREHOUSING

- Merchants from different countries will store cotton at warehouses at Chittagong port
- Spinners will be able to buy cotton at their doorstep
- Now it takes two weeks to get cotton from India and Pakistan and up to 12 weeks from US and other countries
- Spinners now face market volatility as cotton prices fluctuate drastically
- Bangladesh imports cotton worth nearly \$3b a year

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Robi users get free internet access to 23 websites

STAR BUSINESS REPORT

Bangladesh yesterday became the 10th country in the world to offer free internet access to some local and international websites through internet.org, which is a non-profit platform of Facebook and allows free online browsing through mobile gadgets.

The service has been launched for 23 websites initially, in association with the government's ICT division and mobile phone operator Robi.

Only Robi subscribers will enjoy the service. However, users will not be able to open links, and upload or download any image or video free of charge.

The service has initially been launched for 90 days but it will be extended, Robi officials said.

"This will be a milestone in the way of building a Digital Bangladesh," said Zunaid Ahmed Palak, state minister for ICT division, while inaugurating the service at the Westin hotel in Dhaka.

Markku Makelainen, director of global operator partnerships at internet.org, said, "Other operators can contact us and launch it too."

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Stocks soar on hopes for rate cuts for savings instruments

Interest rates on savings certificates to be trimmed by 2 percentage points: Muhith

STAR BUSINESS REPORT

Stocks rose 3.75 percent yesterday, the biggest single-day gain in two and a half years, as hopes for cuts in interest rates on savings instruments infused positive sentiments into the market.

DSEX, the benchmark index of the Dhaka Stock Exchange, finished the day at 4,277.05 points, after posting a rise of 154.72 points, the steepest since November 29, 2012, when the index jumped 219 points.

The index that tracks bellwether stocks lost 13.44 percent since January 1, largely due to the political turmoil that sapped investor confidence.

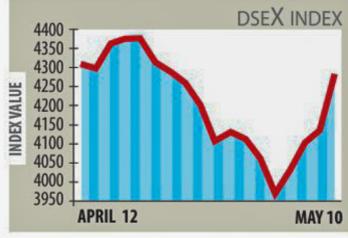
The central bank is expected to reduce the interest rate on savings instruments. If that happens, it will divert liquidity from the money market into the stock market.

The rate of interest on savings instruments is between 12 percent and 14 percent, compared to the banks' weighted average deposit rate -- 7.26 percent.

After the market closed for the day, Finance Minister AMA Muhith said the government would cut the interest rates on savings instruments by about 2 percentage points.

The interest rates on five-year tenure savings instruments will go down to 11.16 percent from 13.19 percent now, Muhith said during a pre-budget meeting with the chairmen of parliamentary standing committees at the National Economic Council in Dhaka.

A finance ministry official told The Daily Star said the government would issue a notice on the issue soon, ordering cuts on interest rates on some other savings instruments.



Between July and February, the sales of savings instruments soared 77.41 percent year-on-year to Tk 26,533 crore, according to statistics from the National Savings Directorate.

"An indication of a lower interest rate on savings certificates, coupled with natural budgetary expectations, created scope for the market to rebound," IDLC Investments said.

Investors jumped in vigorously to take advantage of the scope, putting an immense buying pressure on almost all scrips, according to the merchant bank.

"Apart from the savings certificate issue, the commerce minister's comments on the central bank's role in the capital market boosted investor confidence," said Shakil Rizvi, managing director of Shakil Rizvi Stock.

Commerce Minister Tofail Ahmed, at a meeting last week, told Bangladesh Bank that it should look into the share market issues and take steps to revive the ailing market.

The day's turnover, another important indicator of the market, jumped 24.2 percent to Tk 520.81 crore with 13.25 crore shares and mutual fund units changing hands.

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