

STOCKS	COMMODITIES	ASIAN MARKETS	CURRENCIES
DSEX ▲ 1.26% 5,726.37	CSCX ▲ 1.28% 10,716.95	Gold ▼ \$1,225.70 (per ounce)	Oil ▲ \$46.68 (per barrel)
MUMBAI ▲ 0.97% 31,221.62	TOKYO ▲ 0.11% 20,055.80	SINGAPORE ▼ 0.09% 3,223.46	SHANGHAI ▲ 0.07% 3,194.79

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BUY TK	79.85	90.27	103.04
SELL TK	81.35	93.87	106.64



BUSINESS

DHAKA TUESDAY JULY 4, 2017, ASHAR 20, 1424 BS

Rod prices not going down

SOHEL PARVEZ

The prices of rods that sprang up amid speculation of 15 percent uniform VAT from July 1 have stayed at that level though the government has backtracked on its decision to implement the new law from fiscal 2017-18.

Some millers said the prices are unlikely to decline owing to a spiral in the prices of

tors over speculation of a price hike.

For instance, the price of a tonne of 60-grade rod, which sold at Tk 52,000-Tk 53,000 in the third week of May, gradually went up to Tk 53,500-Tk 54,500 per tonne mainly because of speculation ahead of the placement of the budget in parliament. The budget had announced the implementation of the new VAT law from July 1.



STAR/FILE

Some millers say rod prices are unlikely to decline owing to a spiral in the prices of scrap.

scrap, the raw material for steel, and the imposition of 5 percent regulatory duty on it from this fiscal year.

But some said the increased supply when all mills will start production in full swing in 10 days to 15 days may cause the prices of steel to decline marginally.

Rod prices began increasing in the last week of May, ahead of the announcement of fiscal 2017-18's budget on June 1, amid increased demand from a section of traders and contrac-

The prices have remained at that level since, according to data from the Trading Corporation of Bangladesh.

At some places, each tonne of the same grade of rod is being sold as high as Tk 56,000, said Mohammad Mintu Mia, manager of Janata Trading at Farmgate.

"We have been informed by some millers that prices may decline. But, that may take some time."

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Lull in Sonali's lending

JEBUN NESA ALO

Sonali Bank is paying more interest than what it is earning as its lending activities have slumped following the Hall-Mark loan scam that rocked the industry five years ago.

The bank has only Tk 38,000 crore in outstanding loans against deposits of around Tk 100,000 crore, according to Obayed Ullah Al Masud, managing director of Sonali Bank.

The bank spent Tk 1,095 crore to pay interest to depositors in the first quarter of 2017 while it earned Tk 667 crore, meaning it incurred a net loss of Tk 427 crore from interest, according to Bangladesh Bank figures.

"We are paying more interest but earning less."

The advance deposit ratio of the largest state bank in Bangladesh stood at 39 percent in March -- the lowest among all banks.

This means the bank can lend Tk 39 against a deposit of Tk 100. Banks are allowed to lend up to Tk 80 per Tk 100.

"Although Sonali Bank is a commercial lender it appears to be functioning as an investment bank. We are trying to make up for the interest loss by making investment," Masud said.

The bank earned Tk 767 crore from its investments in the first quarter, according to data from the central bank.

"Our main function is to lend but we can't do so," the Sonali Bank MD said, while blaming the lack of demand for credit and corruption by former staff members for the lull on the lending front.

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Latifur Rahman re-elected member of ICC's executive board

STAR BUSINESS DESK

Latifur Rahman has been re-elected as a member of the executive board of the Paris-based International Chamber of Commerce for a second three-year term from July 2017.

He is the vice president of International Chamber of Commerce-Bangladesh and chairman and chief executive officer of Transcom Group.

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Small contractors struck by new source tax structure

STAR BUSINESS REPORT

Small contractors and suppliers will see a deduction of 2 percent from their payment as withholding tax from this fiscal year, thanks to a recent move of the National Board of Revenue. Previously, there was no source tax on payment of up to Tk 2 lakh to contractors and suppliers.

Now, the procurement authority will have to deduct advance income tax during any payment to contractors and suppliers, according to the notification issued recently.

The tax administration has brought revisions to the source tax structure by merging the first four slabs of payment to two: up to Tk 15 lakh, and between Tk 15 lakh and Tk 25 lakh.

Contractors who earlier paid 1 percent withholding tax upon receipt of payment from Tk 2 lakh to Tk 5 lakh will now have to pay 2 percent.

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DSE turnover hits three-month high

STAR BUSINESS REPORT

Turnover on the Dhaka Stock Exchange hit a three-month high of Tk 1,046 crore yesterday riding on investors' optimism on impending dividend declaration.

In the last three months turnover hovered between Tk 400 crore and Tk 500 crore. DSEX, the benchmark index of the premier bourse, gained nearly 72 points or 1.26 percent to close at 5,726.4 points yesterday.

"Investors were more active due to dividend declaration," said IDLC Investments, adding that textiles were at the forefront of investors' attraction.

Large caps dominated yesterday's market, advancing 1.4 percent, while all other cap classes made significant gains, according to IDLC analysis.

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