

Call money rate jumps to 12pc

BSS, Dhaka

The call money rate shot up to 12 per cent yesterday following withdrawal of huge deposits from banks on the occasion of Eid-ul-Fitr.

In most deals, the call money rate ranged between 10.50 per cent and 11.00 per cent.

The fund managers of leading commercial banks said over Tk 1,200 crore was withdrawn from cash vaults of different banks.

This put serious pressure on liquidity of some private banks who had to borrow call money at such a high rate.

Sonali Bank, Agrani bank, Janata Bank, NCCBL Bank, AB bank, among others, led the highly vulnerable money market with their surplus funds. Over Tk 600 crore was transacted in inter-bank trading, central bank sources said.

Most banks remained crowded with depositors who withdrew cash to spend on the occasion of Eid. Bank managers faced serious tension in managing funds due to massive traffic jam in the city.

Dollar weak against taka

BSS, Dhaka

The US dollar eased further against the Bangladesh taka in thin inter-bank trade yesterday thanks to higher remittance inflow on the occasion of Eid festival amid higher dollar selling by fund managers, dealers said.

The dollar also edged lower against the euro and yen as investors stayed cautious despite indications the euro's recent rally might have run out of steam, they said.

The dollar touched its high at Tk 58.4350 per unit and in most deals traded between Tk 58.4250 and Tk 58.4300 slightly lower than its previous day's range, dealers of different commercial banks said.

Dealers said the demand for the greenback was lower from importers who are now busy to celebrate the Eid occasion this week when most banks are receiving high dollar funds sent by the remittance earner.

Bangladeshi people living abroad are now sending dollar to their relatives on the occasion of holy Eid festival that helped the local currency to gain points against the dollar, they added.

The pressure on dollar eased due to higher dollar selling by fund managers who faced serious pressure on their liquidity due to huge cash withdrawal from their banks.

Lever Brothers holds first superstore retailers' conference

Lever Brothers Bangladesh Limited held first superstore retailers' conference in Dhaka recently.

The agenda of the conference was 'Working Together Building Business', says a press release.

Lever Brothers Bangladesh Limited Chairman and Managing Director Sanjiv Mehta, Customer Management Director Reazul Haque Chowdhury and high officials from all the superstores attended the meeting.

Japanese firms to chalk up record profits

AFP, Tokyo

The combined profits of listed companies in Japan are rallying to a record high, led by robust demand in the United States and China and brisk sales of electronics goods, a survey showed Saturday.

The current profit in the year to March 2004 is forecast to reach 18.77 trillion yen (172 billion dollars), up 20.7 percent from the preceding year, the leading business newspaper Nihon Keizai Shimbun said.

The total was compared with the previous high of 17.51 trillion yen registered in the year to March 2001, the daily said.

The survey covered 1,425 companies which account for 86 percent of firms with March 31 financial year-ends. Financial institutions were not included.

Under Japanese accounting standards, many of the companies submit current earnings figures, which do not include such extraordinary items as property sales and depreciation of foreign assets, unlike pre-tax earnings reported by US firms.

Their combined net profit for the year to March are estimated at 9.24 trillion yen, up 61.0 percent, the survey showed.

CSE wants withdrawal of weighted average index

Re-introduce all share price index, bourse urges SEC

M ABDUR RAHIM

Chittagong Stock Exchange (CSE) yesterday urged the Securities and Exchange Commission (SEC) to withdraw the present system of calculating weighted average index of the day-to-day trading.

While meeting SEC Chairman Mirza Azizul Islam at his office yesterday, a CSE delegation requested him to re-introduce all share price index, which was in effect before November 2001, in place of weighted average index.

Sources said the CSE delegation led by its Chief Executive Officer Wali-ul-Marroof Matin apprised the SEC chief of the 'faults' of the present index, which gives 'a wrong signal' to the market as

well as to investors.

Both the indices in Dhaka Stock Exchange (DSE) and CSE have got stagnant due to the present system, they said. As transaction of Z-category shares is not included in the weighted average index, it reflects an incomplete market scenario, they observed.

Amid frequent fluctuation in market, SEC in 2001 cancelled all share price index but since then indices in two bourses remained virtually static. The DSE weighted average share price index is hovering around 823.61220 and CSE traded volume weighted share index around 1841.3463 with occasional changes in decimals.

As CSE officials think the all share price index calculation system reflects

the true market situation incorporating A, B, G and Z category shares, they suggested its revival.

CSE also called for reactivating the advisory committee which last met four years ago. The body comprising officials of the finance ministry, SEC, DSE, CSE and other stakeholders is meant for overseeing the capital market as a second watchdog.

The CSE delegation urged the market regulators to empower the bourse to make and change regulations and help them to function independently.

Talking to The Daily Star yesterday, the SEC chairman said suggestions of CSE regarding withdrawal of present price index calculation system will be

placed in the commission meeting.

"As the index remained unmoved for long we have to consider alternative system in consultation with stakeholders," he said.

About complaints of hassle for repatriation of proceeds by foreign investors and non-resident Bangladeshis, he said SEC will sit with Bangladesh Bank to resolve the problem.

He said SEC will work with DSE and CSE to quicken legal process which is the weakest point of the capital market. He said talks with CSE delegation also feature allowing more initial public offerings of well-managed and quality companies.

Shrimp exporters need to unite to meet global standards

Khosru tells EPB workshop

STAR BUSINESS REPORT

Bangladesh's shrimp exporters need a common platform to properly face global standards and other compliance requirements for exports, Commerce Minister Amir Khosru Mahmud Chowdhury said yesterday.

Speaking at a workshop on 'Bio-terrorism Act, 2002 of USA' organised by the Export Promotion Bureau (EPB) at its boardroom in Dhaka, he said the exporters may face problems if they cannot move together.

The workshop was told that 51 Bangladeshi frozen food companies have completed their registration with the US Food & Drug Administration (USFDA) as the registration has been made compulsory for all food exporters under the Act.

"The registration deadline set by USFDA is December 12 but Bangladeshi exporters have done it much earlier," the commerce minister said.

He, however, suggested the exporters not to be confined to the US market and achieve the capability to meet global standards and quality to retain market.

Suhel Ahmed, commerce secretary, Syed Mahmudul Haq, chairman of Bangladesh Shrimp Foundation (BSF) and Quazi Monirul Haq, president of

Bangladesh Frozen Foods Exporters Association (BFFEA) were present at the workshop.

Md Abdul Karim, joint secretary of the commerce ministry made a presentation on the US bio-terrorism act, which was introduced following the September 11 incident.

Under the new law, registered food exporters will have to give prior notice to the USFDA before each shipment. The companies involved in food manufacturing, processing, packaging, transportation, distribution, and hoarding must maintain necessary information so in case of any harmful incident the USFDA can identify the reason.

Speaking at the workshop the BFFEA president criticised the role of an NGO saying it is trying to promote the shrimp export in the name of seal of quality though it is not involved in any process of the whole shrimp exports.

Without mentioning the name, he said the NGO's role will be harmful for the country's shrimp sector in the long run.

Bangladesh is the 12th largest shrimp exporter to the US market. Frozen foods worth \$321.81 million were exported globally in 2002-03 financial year, of which foods amounted to \$77.13 million were exported to the US market.

Six-day Eid holiday for DSE, CSE

STAR BUSINESS REPORT

A six-day Eid holiday for Dhaka and Chittagong stock exchanges begins today.

Though government has declared Eid holiday from Tuesday to Thursday after the occasion of *Lailatul Qadr*, the management of the two bourses decided to extend the vacation declaring Monday a holiday.

Transactions in Dhaka and Chittagong bourses will resume on November 29.

Local firm takes part in European PPE fair

For the first time Apex Leathercraft and Fashion Accessories Ltd, a local company, participated in one of the biggest PPE (personal protective equipment) fairs in Germany with technical assistance from Jobs, a USAID funded project.

Jobs helped the company to achieve CE (European Conformity) marking, an entry barrier to European market that comprises European standards, says a press release.

In association with CBI, an agency of ministry of foreign affairs in Netherlands, Jobs introduced PPE as an export diversified industry in Bangladesh and incorporated 15 companies from different sectors.

The PPE includes protective garments, foot and leg protection, hand protection, arm protection, head protection, hearing protection and eye protection.



People gather at a roadside shop at Paltan in Dhaka to get their wristwatches, chains and ornaments cleaned. The facelift work, which costs Tk 10 for a single job, is popular with low-income people.

PHOTO: AKM MOHSIN

US may end steel tariffs but require licensing

REUTERS, Washington

US President George W. Bush may end tariffs on steel imports as early as next week but keep in place a system - favoured by US steel producers - to license and track imports to minimize the risk of sudden surges, industry sources said Friday.

Groups representing steel importers, which oppose the steel tariffs, say they would go along with the import licensing plan if necessary.

Under pressure from major US trading partners and senior White House advisers, Bush is expected to repeal - or at minimum scale back - the steel tariffs to head off a trade war with the European Union, according to Republican sources, industry executives and congressional aides.

The WTO's highest court ruled that the tariffs violated international trade laws, and the EU has threatened to retaliate by mid-December on \$2.2 billion of American exports if Washington refuses to repeal them.

Eliminating the tariffs would boost Bush's standing with small and medium-sized Midwestern manufacturers and help allay concerns in financial markets that he is stepping up protectionist measures to stem US job losses before next year's presidential election.

Repealing the tariffs could cost Bush politically in the pivotal steel-producing states of Michigan, Ohio, Pennsylvania and West Virginia.

To soften the blow to US steel makers, the administration is considering keeping the steel import licensing and monitoring system in place, several industry sources said.

The system requires businesses which import steel products to obtain a license. Advocates call it an "early warning system" against potential surges in steel imports.

US steel producers have been urging the White House to make the system permanent regardless of what the president decides to do with the steel tariffs.

"What we're saying is, 'use this to gauge whether or not there is a surge coming.' This just gives our government the ability to act proactively to prevent a downward spiral in pricing," said Dan DiMico, chief executive of Nucor Corp. NUEN, the largest steel producer in the United States.

He said the licensing and monitoring system was similar to those in place in Europe, Latin America and Asia, and does not run afoul of WTO rules.

Steel importers say the system may cause more harm than good but signaled they would not oppose it.

"We think it's an unnecessary burden on the import process. But we can live with it if necessary,"

said David Phelps, president of the American Institute for International Steel, which represents steel importers.

It remains to be seen how the European Union would respond to the surge control mechanism.

"A licensing scheme could have a trade-deterring effect. Would the EU go forward with retaliation? Who knows," said Bill Reinsch, president of the National Foreign Trade Council, a business group representing major US exporters.

Rep. Joseph Knollenberg, a Michigan Republican who has led efforts in Congress to have the tariffs repealed, would oppose "any monitoring or licensing system that impedes trade," according to Chris Close, his spokesman.

White House officials insist no decisions on the tariffs have been made but said a decision would be made soon.

Administration sources said an announcement was likely within the next two weeks.

Key members of Bush's economic and political team have urged him to lift the tariffs.

They say the tariffs may be doing more harm than good and have already served their purpose - giving the steel industry time to consolidate operations and become more competitive after a string of bankruptcies.

Freddie Mac reveals earning manipulations

REUTERS, Washington

Freddie Mac on Friday revealed, for the first time, the details of its earning manipulations in recent years, including billions of dollars of overstatements and understatements.

The long-awaited numbers from the accounting scandal included an admission that the No. 2 mortgage finance company overstated earnings by almost \$1 billion in 2001 and understated profit for 2002, 2000 and earlier periods by more than \$6 billion.

Freddie Mac shares rose as much as 4 per cent initially but ended the day virtually unchanged as investors looked for closure to the scandal, in which financial results were massaged to show the sort of steady growth Wall Street favours.

All three major rating agencies reaffirmed their "AAA" ratings on Freddie Mac senior debt. However, the company said quarterly and full-year results for 2003 would be delayed until next June.

"We still have to wait six months for the 2003 quarter statements. It's not a complete story," said Hilary Hayes of Victory Capital Management in New York.

Freddie Mac still faces investigations by regulators and law enforcement officials, and likely tougher government supervision.

Louisiana Republican Rep. Richard Baker -- a long-time advocate of tighter reins on Freddie Mac and its government-sponsored mortgage finance cousin Fannie Mae -- said the restatement raised anew questions about whether government oversight is adequate.

"We've now arrived in Enron territory, and we should all be gravely concerned," he said.

China won't retaliate in trade spat with US

AFP, Beijing

China will not retaliate in a developing trade spat with the United States by dumping US Treasuries, state media reported, citing the agency in charge of the country's ballooning forex reserves.

"The nature of our agency is to manage the national forex assets well," an unnamed official with State Administration of Foreign Exchange told the China Business newspaper.

"To put it simply, we're looking at profits, and as long as we don't get

instructions from the central bank, we won't sell US Treasuries in a bid to retaliate," the official was quoted as saying.

The remarks were made against the backdrop of heated tensions on both sides of the Pacific after the US government, under pressure to protect US jobs, said it would cap imports of Chinese bras.

US Ambassador Clark Randt was called in by Chinese Vice Minister of Commerce Ma Xiuhong for an emergency meeting Thursday to be told the

US decision would have a negative impact China-US trade.

China's foreign exchange reserves are the second-largest in the world after Japan's, hitting 383.9 billion dollars by late September.

A large part of this money has been spent buying US Treasuries and other debt instruments, helping to keep American interest rates low.

If China was suddenly to sell off Treasuries, it could potentially cause US interest rates to rise, wreaking significant damage on the US economy.