

Call money rate eases

BSS, Dhaka

The call money rate yesterday dropped significantly from its record high as funds are now recycling into the vaults from traders, now are going through high sales turnover due to Eid-shopping, fund managers said.

The call money rate dropped to its intra-day high at 11.25 percent yesterday compared to its previous day's record high at 12 percent on Thursday. In most deals, the call money rate ranged between 7.50 percent and 9.50 percent, they said.

The whole country is now under the grip of the last minutes Eid-shopping. All markets remain crowded with buyers from morning till mid-night. Traders at this time enjoy highest sale turnover and earn the lion's share of their profits.

"Traders are now depositing their money and pressure on liquidity is easing day by day," a fund manager of a leading commercial bank said.

The call money rate jumped to its record high at 12 percent last week due to huge loan and deposit withdrawals on the occasion of Eid. More than 1,200 crore cash have been withdrawn from the cash vaults of different banks on Thursday only, fund managers said.

Government, corporate bodies and other organisations paid salaries, Eid festival bonus to their employees and other payments. This put serious pressure on liquidity of some private banks who had to borrow call money at such a high rate.

But the spiralling call money rate has come down due to fund inflow from businessmen just ahead of three-day Eid holiday, dealers said.

Transcom Electronics prize giving ceremony held

Transcom Electronics Limited organised a function to hand over prizes to winners of its promotion campaign titled 'Open the Pack and Get a Bag, Open the Bag and Get an Offer' at Stadium Market in Dhaka yesterday, says a press release.

Transcom Electronics Business Development Manager Arshad Haq, Marketing Manager Yeamin Sharif Chowdhury, Sales Manager Mahmudun Nabi Chowdhury and Area Manager, Dhaka Imtiaz Bin Hossain were present at the prize giving ceremony.

The company launched the scheme recently offering attractive prizes. Under the scheme every customer of Transcom products was given a bag along with a scratch card kept inside it. Rubbing the card they got various prizes.

Birendranath Sarkar purchased a refrigerator from an electronics shop at Stadium Market in Dhaka. Rubbing the scratch card, he got a Whirlpool washing machine as prize, the press release added.

Oil prices fall in Asia

REUTERS, Singapore

Oil prices fell more than one percent Monday in Asia, as dealers cashed in on a rally that had taken prices to eight-month highs last week.

New York crude January futures CLF4 fell 35 cents to \$31.26 a barrel, while Brent crude oil LOCF4 was down 32 cents at \$29.04. US crude prices climbed to \$33.55 a barrel on Thursday, the highest since before the US-led attack on Iraq in March, after a second round of bomb attacks in Turkey.

A spate of bombings in the Middle East, the heart of world oil production, has added to concerns about how the terror attacks would impact oil supplies. Prices were also supported by tightening oil stocks in the United States, the world's biggest energy consumer, ahead of the winter season when temperatures drop and demand for heating rises.

But oil brokers said they struggled to find buyers at the higher prices, say worries over Middle East supplies and US inventories had been factored into the market.

"There's profit taking coming through much like we expected as the market couldn't hold much above \$32 a barrel," said a New York broker, who requested anonymity.

NYMEX December heating oil prices, closely monitored ahead of winter, were down 0.86 cent at \$6.00 cents per gallon.

Oil prices are likely to find underlying support from expectations that oil cartel OPEC, which controls half the world's oil exports, will keep a tight rein on its production.

The group cut output in November and is due to meet on December 4 with consumers calling for more supplies to cool prices.

But Kuwaiti oil minister, Sheikh Ahmad al-Fahd al-Sabah, said on Sunday he sees no need for OPEC to increase production because there are adequate supplies for world markets.

"There's no need to increase output and the price of crude oil at this stage does not reflect the reality of supply and demand," he told reporters in Kuwait.

"There is still a surplus in the market," he said. OPEC could come under renewed pressure to release more oil into the market if its reference price stays above the top end of its preferred range of \$22-\$28.

The reference price was \$29.45 a barrel on Thursday, marking the 10th consecutive day it has been above \$28.

OPEC has an informal policy allowing it to raise production should prices stay above \$28 for 20 consecutive days, which would coincide with its December 4 meeting in Vienna.

Agrani Bank to sell Padma Oil shares

STAR BUSINESS REPORT

In a bid to improve its financial health Agrani Bank has decided to sell shares of Padma Oil Company Ltd after holding them for more than three decades.

The sale of 1,33,476 shares through Investment Corporation of Bangladesh (ICB) would bring Tk 4.5 crore in profit for the bank now undergoing reforms.

The board of directors of the nationalised commercial bank, which decided to sell the shares, has recently sent a proposal to Finance Division for its approval.

Sources said the bank has opted for selling the shares as investment

in shares is not considered as statutory liquidity reserve by the central bank.

During pre-independence period Habib Bank Ltd, which was later renamed as Agrani Bank, purchased 68,100 shares of Burma Eastern Ltd, now Padma Oil Company Ltd, at Tk 10 each with an investment of Tk 6.81 lakh.

The issuing company declared two bonus shares against five in 1984 and 1997, which increased number of shares held by Agrani Bank to 1,33,476.

Agrani Bank officials said share price of Padma Oil was Tk 191 in 2002 and it jumped to Tk 346 on Dhaka Stock Exchange on

September 24, 2003. According to bank's estimation the current market price of these shares stands at Tk 4.61 crore.

The state-owned bank will go for selling the shares in lot on DSE through ICB at the highest market price. If not possible, it may opt for selling shares by unbundling lot.

Padma Oil shares were traded at around Tk 325 this week on Dhaka Stock Exchange and Tk 340 on Chittagong Stock exchange.

Padma Oil declared 30 per cent dividend in 1997, 45 per cent in 1998, 50 per cent in 1999, 50 per cent in 2000 and 50 per cent in 2001.

DSE to woo Americans back to capital market

US ambassador visits bourse on Dec 1

M ABDUR RAHIM

Dhaka Stock Exchange (DSE) officials will try to woo Americans back to invest in Bangladesh's capital market when US Ambassador in Dhaka Harry K Thomas visits the premier bourse on December 1.

At the meeting with the US envoy, the DSE councillors and members will urge him to invite more American companies in Bangladesh as the market is now showing a resilience, a councillor said yesterday.

The ambassador will be briefed about current market situation, electronic transaction system and central depository system, which is likely to go live from next month.

"The introduction of central depository system for electronic settlement will definitely encourage US businessmen to invest in Bangladesh capital market," the councillor said.

The capital market is recovering fast and if more quality companies can be brought in, the market will see bullish trade ahead, he said.

The DSE councillor think if US companies come to capital market with joint venture, local and foreign companies will regain confidence in the capital market.

He said many US companies wound up from capital market following 1996 share scam.

US has long been associated with DSE, he said mentioning that a US company installed automation system in DSE on August 10, 1998 for elec-

tronic transaction.

DSE Chairman Ahmed Iqbal Hasan, senior vice-chairman, vice-chairman, councillors, members and chief executive officer will be present at the meeting with the US envoy.

Chairman of the Securities and Exchange Commission (SEC) Mirza Azizul Islam will also visit the DSE on December 7. This will be his first visit to DSE after assuming the office of the chief of SEC.

During the meeting with the SEC chief, DSE officials would highlight the issue of floating quality shares by public limited companies (PLCs) as the market is being affected due to absence of quality shares of PLCs.

Mandatory credit rating for companies entering capital market, speedy

punishment for errant companies and enlisting and delisting of regulations will also come up for discussion with the SEC chairman, the source said.

Since inception of SEC in 1993, share prices of 56 per cent PLCs went under face value levels, said a study of the DSE in August this year.

Besides, the existing weighted average share price index issue will also be raised. Both DSE and CSE have been repeatedly demanding withdrawal of the index which they think does not reflect the real price movement.

The SEC introduced the new index replacing the age-old 'all share price index' in both the bourses in late November of 2001.



PHOTO: STAR

People rush to buy vermicelli at Baitul Mukarram Market in Dhaka yesterday. Vermicelli is a popular food item during Eid festival.

French economy may beat 2004 growth forecast: PM

REUTERS, Paris

French Prime Minister Jean-Pierre Raffarin said Sunday the euro zone's second-largest economy could grow more than the government's budget forecast of 1.7 per cent in 2004.

During a broad-ranging interview on French radio, he said he expected growth of 1.7 to 2.0 per cent next year -- after what is expected to be at the very most 0.5 per cent in 2003.

"Growth is back and every household will feel the impact in 2003," he told Europe 1 radio.

The prime minister was keen to drum up confidence in a country where voters are wary of government economic policy because the unemployment rate is still rising and is not far from 10 per cent at the moment.

On the eve of a crunch meeting of EU finance ministers in Brussels, Raffarin was also asked what he would do to respect the EU Stability and Growth Pact, with France's public sector deficit in breach of the pact's upper limit on deficits.

He gave nothing away on a recent

promise by Finance Minister Francis Mer that extra steps would be taken after demands by the European Commission that France reduce its underlying structural deficit by 1.0 per cent in 2004.

"On the deficit, we have done the necessary," Raffarin said, highlighting that public spending was to rise by no more than the amount mechanically implied by inflation in 2004 and that the current deficit problems were due to tax collection shortfalls as a result of the recent economic downturn.

He did not say explicitly whether France was not willing to make any further concessions.

Raffarin said it was now up to Mer to convince other finance ministers on the legitimacy of France's deficit strategy at talks in Brussels on Monday and Tuesday.

As for the pact's upper limit, which France will have breached for the third year running in 2004, Raffarin said:

"We will reach the goal of less than three per cent in 2005."

Some contend that France would have less problem keeping its deficit

within EU bounds if it was not trying at the same time to deliver on President Jacques Chirac's promise that income tax would be cut by one-third between 2002 and 2007.

Mer has said France will take extra steps in response to demands from the European Commission -- which polices adherence to the European Union Stability and Growth Pact -- that Paris cut France's structural deficit by 1.0 percentage point in 2004.

But Paris previously said fully meeting the Commission's demand for a 1-per cent cut implied spending cuts or other savings worth some 6 billion euros and that this was simply too much to expect.

France and Germany, the euro zone's two largest economies, are set to bust the 3 per cent of gross domestic product deficit ceiling in 2004 for the third year in succession.

EU President Italy said on Friday a compromise proposal would be put forward to defuse the blazing dispute over the two countries' excessive budget deficits.

Agora offers raffle draw coupons

Agora, a chain superstore, offers the customers raffle draw coupons against their purchase.

The customers are getting raffle draw coupons against their each purchase amounting to Tk 600, says a press release.

Prizes under the raffle draw include arrangement to visit Egypt or Malaysia, dinner set, home appliances and kitchen accessories. The draw will be held after Eid-ul-Fitr.

Apart from the raffle draw coupon, Agora also offers coupon valued at Tk 50 for every Tk 2,000 shopping till Wednesday. With this coupon the customers can purchase products from the superstore any day from December 1 to 21.

Repo auction

UNB, Dhaka

The Repo auction of Bangladesh Bank for commercial banks and financial institutions was held here yesterday.

Seventeen bids of five-day tenor amounting to Tk 677.50 crore were received and accepted.

The rates of interest against the accepted bids ranged from 4.90 percent to 4.50 percent per annum, said a central bank press release.

Taiwan to pump \$14.7b into mega projects

AFP, Taipei

Taiwan Premier Yu Shi-kun said Monday the island will pump 14.7 billion US dollars into massive infrastructure projects in the next five years in a bid to challenge China and other regional rivals.

Yu, from the Democratic Progressive Party (DPP), apparently had China's fast economic development in mind as he launched what he said were "10 new major construction projects" that would cost the government 500 billion Taiwan dollars (14.7 billion US).

"In the face of the 2008 Olympic Games to be held in Beijing, and at a time when the world is switching its attention to Asia, Taiwan definitely needs to overhaul itself and flex its muscle," Yu told reporters.

Taiwan was ranked fifth in the world -- after Finland, the United States, Sweden and Denmark -- in a competitiveness report released by the World Economic Forum on October 30.

German import prices fall again

AFP, Wiesbaden, Germany

German import prices fell sharply again last month by 2.5 percent from October last year, according to data published Monday by the Federal Statistics Office.

The import price index had already fallen 2.6 percent on a 12-month basis in September, 1.7 percent in August and 2.0 percent in July.

October's fall was higher than the 2.3 percent predicted in a consensus by UBS Warburg.

Taking oil and energy out of the equation, October's import prices slid 1.9 percent year-on-year.

EC may consider new quota system after '04

STAR BUSINESS REPORT

The European Commission (EC) has assured Bangladesh of considering a proposal to provide the country with an alternative quota system in the quota-free regime beyond 2004.

Bangladesh and other least developed countries (LDCs) have requested the EC to provide them with 30 per cent quota facility for readymade garments, rice, sugar and some other low technology based export items.

During a two-day meeting of Bangladesh-EC Joint Commission on November 19-20 in Brussels, Bangladesh also proposed a flexibility in the rules of origin of its export items in line with the one offered by Canada.

Canada allows zero-tariff entry of Bangladeshi export items having 25 per cent local value addition. However, there was no such assurance from the EC in this regard.

"We have given a proposal about quota so that small and underdeveloped countries like ours can survive in the quota-free trade regime," said Suhel Ahmed, secretary of the commerce ministry who headed a five-member delegation at the Brussels meeting.

"In the next 13 months till 2004 when the multi-fibre arrangement (MFA) will expire, we will have to pursue this proposal further in order to make the EC agree," the commerce secretary told The Daily Star.

With the expiry of MFA, the World Trade Organisation (WTO) rules will be applied in international trading. It means the quota system that ensures a certain level of export for Bangladesh will also go.

Bangladesh feels that without the quota system, Bangladeshi exports will be severely hit by countries like India, China and Mexico. Currently

Bangladesh heavily depends on import of raw materials. So this will put Bangladesh in a disadvantageous position.

Bangladesh discussed with the EC how, without violating the WTO rules and regulations, to develop an alternative quota system. They also discussed this issue with Peter Curl, EC trade director general.

Besides the quota issue, the EC discussed other problems and prospects of Bangladesh.

The EC committed 450 million Euros aid till 2005. Bangladesh sought this aid to develop its trade capacity and export diversification.

Bangladesh also requested the EC to vest more power to EC's Dhaka office to speed up mutual decision-making.

The EC asked Bangladesh to speed up separation of judiciary, forming of independent anti-corruption commission and other non-economic issues.

Tea export drops slightly

NURUL ALAM, Chittagong

Tea export dropped slightly in the first nine months this year.

According to reports available here from the state-run Bangladesh Tea Board, 8.07 million kg of tea were exported during the period, down from 8.66 million kg exported in the corresponding period of last year.

However, earnings against the export increased to Tk 617 million in the

first nine months from January to September this year from Tk 588 million, compared to the corresponding period in 2002, official sources said, adding that the earnings rose only as dollar prices went up.

Officials have attributed increased domestic consumption and non-availability of quality tea in the auctions to the export fall.

"The types of tea the foreign buyers want, are not available in the auctions

here in large quantity," Chairman of Tea Traders Association of Bangladesh (TTAB) Feroz Ahmed said while talking to this correspondent.

However, tea production in Bangladesh in the first nine months of this year was recorded at 39.27 million kg against 35.44 million kg in the same period in 2002, official said.

Officials said production had gone up this year following favourable weather condition.

Dollar eases against taka

BSS, Dhaka

The US dollar eased further against Bangladesh taka in inter-bank trading yesterday thanks to higher remittance inflow on the occasion of Eid festival amid lower demand from importers, dealers said.

The dollar was steady against the yen and euro but dealers say underlying sentiment on the US unit remains negative and will likely pressure the currency in the short-term.

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

The demand for the greenback was lower from importers when most banks had sufficient inflow of remittances. Bangladeshi people living abroad are now sending dollar to their relatives on the occasion of holy Eid festival, dealers of different commercial banks said.

The Eid-ul-Fitre, the largest religious festival of Muslim community would be celebrated through out the world at the end of this week. Bangladesh government already announced festival holidays for three consecutive days from Tuesday on the occasion of Eid festival.

Eid festival is knocking at the doors so every one is now busy with last minutes shopping. Exporters are

selling their foreign currencies but importers are not packing their offices, dealers said.

The volume of foreign currency trade was extremely thin with holiday in Japan when dealers expected the dollar-yen would stay stuck around current trading level, they said.

The dollar was at 108.87 yen in early Asian trade yesterday, up from 108.74 late Friday while the euro was slightly weaker at 1.1910 dollars against 1.1916 late Friday in New York and 129.74 yen from 129.49, dealers said.

Looking ahead, currency analysts predicted the dollar may slip against the yen and euro because of heightened geopolitical concerns after the double suicide blasts in Istanbul last week.

Growing fears of rising US trade protectionism after Washington announced last week it would impose quotas on Chinese textiles are also expected to pressure the dollar against the yen and euro, they said.

Against regional currencies, the dollar was mostly firmer. It rose to 1,203.2 South Korean won from 1,193.4 on Friday, 1.7232 Singapore dollar from 1.7215, 55.595 Philippine pesos from 55.32 and 34.057 Taiwan dollars from 34.035.

The dollar slipped to 8,498 Indonesian rupiah from 8,520, and 39,845 Thai baht from 39,863, dealers said.

Gulf Air starts flights to Bangalore

AFP, Bangalore, India

Gulf Air on Monday announced the launch of twice-weekly flights to India's technology hub of Bangalore and said it will start operations from the eastern city of Calcutta within two days.

The airline, founded in 1950 and currently owned by the Kingdom of Bahrain, Oman and the United Arab Emirates, recently signed a commercial agreement with Indian Airlines.

Under a code sharing agreement with the Indian carrier, flights are slated to depart Bahrain every Monday and Thursday and return flights will leave Bangalore on Tuesdays and Fridays.

There will be a one-hour transit stop in Muscat.

John Anderson, general manager India of Gulf Air, said the airline plans to operate on a daily basis to Bangalore, home to more than 1,000 foreign and domestic technology companies.

"Calcutta will be our seventh destination in India," said Anderson. "The expansion frame in India is limited due to lack of internationally designated airports."

"The aim is to bring more and more tourism into India. It has been tough times for the airline industry because of the Iraq war and the Severe Acute Respiratory Syndrome."