

China's central bank seeks to cool overheated sectors

AFP, Hyderabad

China's central bank is seeking to cool down overheating economic sectors such as real estate as well as cut massive foreign exchange reserves, a top government official said Saturday.

The statement by Li Yong, Vice Minister of Finance, at the annual Asian Development Bank meeting in this southern Indian city came as he said economic growth in 2006 could hit 9.5 percent without new fiscal and monetary steps.

The concern about overheating comes after the economy expanded by faster-than-expected 10.2 percent in the first quarter over the same period the previous year, after posting a rate of 9.9 percent for all of 2005.

"During the first quarter of 2006 we have tried to balance investments in certain sectors," the minister told delegates.

"These sectors such as real estate and steel became overheated in 2005. Our central bank is trying to cool down overinvestment in these sectors," he said.

Housing has become so expensive in China that seven out of 10 urban families cannot afford their own homes, the state-owned Xinhua news agency said.

In April the People's Bank of China boosted the one-year benchmark lending rate by 27 basis points to 5.85 percent to brake credit and control "excessively fast" release of bank loans.

It forecast growth of 8.9 percent for 2006.

Analysts said the decision to raise interest rates for the first time in 18 months was only the first in a series of measures aimed at preventing the booming economy from overheating.

"We will make adjustments (in the interest rate) if it is appropriate.

We will gradually adjust the rate," junior finance minister Li said.

Li added that China's foreign exchange reserves had increased dramatically and "personally I do not like that ... foreign exchange reserves will be reduced to a certain extent." He did not say by how much.

China's foreign exchange reserves, the world's largest, hit 875.1 billion dollars by the end of March, the central bank said.

"The forex regime is linked to a basket of currencies based on the demand and supply of the market. The equilibrium is more appropriate when decided by the market," Li said.

China abandoned its dollar peg last year and revalued the yuan upward by 2.1 percent.

Li warned that "the indigenous inertia of investment-boosted growth is still strong and more sectors were plagued by overcapacity."

NBP Bangladesh to use banking software of LEADS

National Bank of Pakistan (NBP) (Bangladesh Operations) will use the banking software, PcBANK2000, of LEADS Corporation Ltd, a software development company, to provide modern online banking facilities for its clients.

An agreement to this effect was signed on Tuesday between the bank and LEADS Corporation, says a press release.

QSM Jehanzeb, country general manager of NBP, and Shaikh Abdul Aziz, managing director of LEADS, signed the deal on behalf of their companies.

Japanese team visits ACME beverage factory

A 30-member delegation led by Akira Joko, president of Kokorozashi Network of Japan, visited the Dhamrai factory of ACME Agrovet and Beverages Ltd on Tuesday.

At a discussion followed by the visit, the delegation members praised ACME products, according to a press release issued by ACME.

The Japanese also expressed interest to import ACME products.

Shell reports exploration success in Nigeria

AFP, Lagos

Royal/Dutch Shell reported Saturday an exploration success at its deep water Bonga North oil and gas prospect offshore Nigeria to boost output of Africa's biggest crude exporter.

"We are happy with yet another exploration success in deepwater Nigeria," said Chima Ibeneche, Shell Nigeria Exploration and Production Company (SNEPCo) managing director, in a statement here.

"This discovery reinforces the trend of Shells successful exploration efforts in this challenging environment. We are proud of our contribution towards the realisation of Nigerias oil and gas potential," he said.

Located north of the Bonga main field, Bonga North 2X well, was spudded on October 25, 2005 and drilled in 1,019 metres (3,343 feet) of water, the statement said.

"The exploration well reached a total depth of 4,135 metres (13,600 feet) in December 2005, and penetrated about 90 metres (300 feet) of hydrocarbon bearing sands in several intervals," it added.

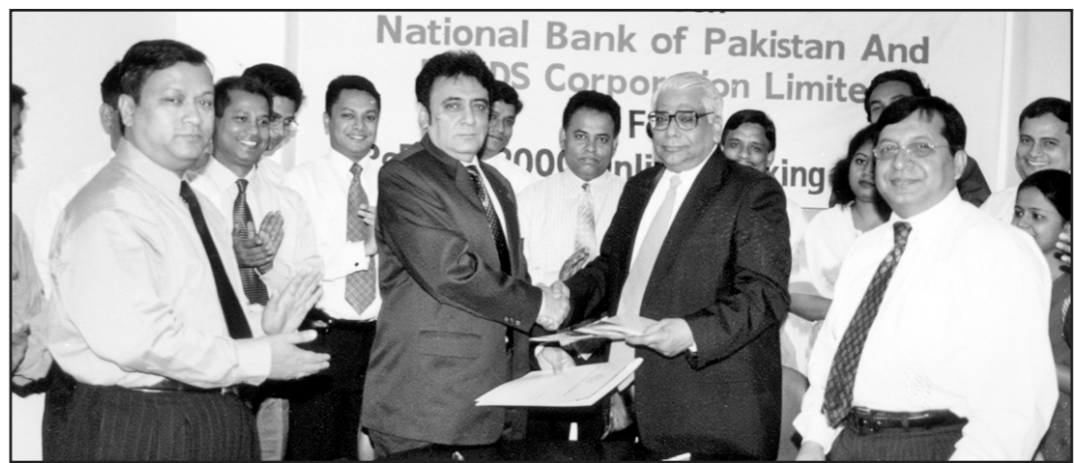


PHOTO: LEADS CORPORATION

QSM Jehanzeb, country general manager of National Bank of Pakistan (NBP), and Shaikh Abdul Aziz, managing director of LEADS Corporation Ltd, a software development company, exchange documents after signing an agreement on Tuesday. Under the deal, NBP Bangladesh will use LEADS' banking software 'PcBANK2000' to provide modern online banking facilities for its clients.



PHOTO: AKTEL

Ahmad Bin Ismail, managing director of mobile phone operator AKTEL, and Md Shahabuddin Alam, managing director of SA Telecom System Ltd, pose for photographs after signing an interconnectivity agreement on Tuesday in Dhaka. Under the deal, AKTEL and SA Telecom will have access to each other's telephone network. Other senior officials from both the sides are also seen.

Ringgit rises to a fresh eight-year high

ANN/THE STAR

The ringgit continued its gradual but solid appreciation against the US dollar on Friday (May 5), settling at a new eight-year high of 3.605 after touching 3.602 in intraday trading.

The local currency has been the best performing in South-East Asia since April 21, when finance ministers and central bankers of the Group of Seven countries said Asia-Pacific nations should rely less on weak currencies and export growth to boost their economies.

Bank Negara governor Zeti Akhtar Aziz said earlier this week the ringgit's gain, which helps cut import prices and quell inflation, had been orderly and expected.

The continued rise in the local unit has prompted Standard Chartered Plc to revise its end-2006 forecast for the ringgit to 3.52 to the dollar from 3.6 previously. StanChart head of currency strategy, Callum Henderson, said in a report that Bank Negara's

comments on the ringgit's appreciation were also a factor in the revision.

Henderson said the central bank's intention to curb inflation could lead to further interest rate rises this year which, in turn, add impetus to the ringgit's appreciation.

DBS Bank Ltd, South-East Asia's biggest lender, also raised its year-end forecast for the ringgit to 3.56 from 3.61, attributing the adjustment to Malaysia's improving trade surplus as well as the government's compliance to allow further strengthening as a tool to cool inflation. Forward contracts show the ringgit could rise to as high as 3.5175 against the greenback in 12 months.

DBS senior currency strategist Phillip Wee said Malaysia could be moving toward more currency flexibility due to its record trade surplus last year, at about 20 percent of gross domestic product, which was "large by any standard".

RAM Consultancy chief econo-

mist Yeah Kim Leng said Bank Negara was wise to opt for a managed float, as speculation on currencies most East Asian units experienced this recently tended to "overshoot or undershoot".

"We could always see the central bank stepping in if it thought the appreciation was getting too sharp that it was detrimental to (Malaysia's) exports," Yeah said.

Germany raises tax revenue forecast

Says report

AFP, Berlin

The German finance ministry expects its tax revenues this year to be 6.5 billion euros (8.3 billion dollars) higher than originally forecast because of a stronger than expected economic recovery, Der Spiegel reported in its edition to appear on Monday.

Tax revenues from the federal state, the regions and local districts are now expected to rise to 463.9 billion euros in 2006.

Next year they are forecast to rise to 493.6 billion, largely thanks to an increase in value added tax which is scheduled to take effect in January 2007 and generate 19.4 billion euros in extra revenue, the weekly magazine said.

Spain, Bolivia discuss gas nationalisation

AFP, La Paz

Spanish officials on Friday said they had reached a "good understanding" with Bolivia on La Paz's natural gas nationalisation plan and noted that they have faith in the guarantees President Evo Morales gave Spanish companies.

A Spanish delegation -- led by Spain's secretary of state for foreign affairs, Bernardino Leon -- traveled here to gather information on new contracts between La Paz and foreign companies, which have six months to renegotiate with Bolivia's YPFB.

"It was a frank, cordial and positive meeting where we thoroughly addressed all of the issues that affect our bilateral relations," Leon said after the meeting.

He added that the parties had opened "a dialogue and negotiations that will affect both governments and companies, such as Repsol, on the basis of the decisions that have been made in the past few days."

During the transition period, 82 percent of profits will go to Bolivia and 18 percent to the corporations.

Prior to nationalisation, Spain's multinational oil firm Repsol-YPF controlled 25.7 percent of Bolivia's gas reserves.



PHOTO: BANK ASIA

Syed Anisul Huq, president and managing director of Bank Asia Ltd, Erfanuddin Ahmed, Aminul Islam, deputy managing directors, and other senior officials pose for photographs with the participants at the concluding ceremony of a training course on 'Credit Risk Management & Grading' held recently in Dhaka.



PHOTO: IFIC BANK

Mashiur Rahman, managing director of IFIC Bank Ltd, speaks at the inaugural session of a two-day workshop on 'Managers Vs. Internal Control and Compliance' recently in Dhaka. Mohammad Abdullah, deputy managing director of the bank, is also seen.