

China steelmakers in emergency meeting over iron ore prices

AFP, Shanghai

Chinese steelmakers held an emergency meeting Friday after major Japanese and European steel groups agreed to a sharp rise in the price of iron ore that is likely to force China's mills to follow suit.

Chief executives from 16 major Chinese steel companies were attending the crunch talks to decide how to handle their negotiations with the world's three biggest iron ore producers, according to the

state-run Shanghai Securities News.

"The meeting is still in progress," an official with the China Iron and Steel Industry Association, said, insisting on not being named.

Chinese steelmakers refused to provide further details about the gathering that came clearly in response to the agreements by Japanese and European steelmakers this week to pay 19 percent more for iron ore this year.

China had this year taken the

lead role in the drawn-out talks with Australia's Rio Tinto, Brazil's Companhia Vale do Rio Doce and Anglo-Australian miner BHP Billiton.

The three firms produce about 75 percent of the world's iron ore.

European and Japanese firms had in the past negotiated the annual price but after they agreed a 71.5-percent rise last year, China, the world's largest iron ore importer, decided it could not afford to sit on the sidelines.

It reportedly had been pushing for no price hikes initially and then set a limit of 10 percent while at one point in March the Chinese government threatened to implement price caps on ore imports.

That position was roundly criticized abroad as being against global trade roles and Beijing had to promptly back off.

Chinese companies such as Hanggang Foreign Economic Relations and Trade Co., Ltd., a subsidiary of steelmaker Hanggang Group, continue to insist that margins are far too tight to accept further price rises.

"We are having a tough time," said a manager for the Hangzhou-based group surmised Shi. "Our profit is very little now; if the price keeps increasing it will affect the whole industry a lot."



PHOTO: DELTA LIFE INSURANCE CO

The Gono-Grameen Bima Division of Delta Life Insurance Company Ltd earned Tk 103 crore as premium income in 2005, recording a growth of above 35 per cent. This was announced at the 'Annual Conference 2005' of the company held on Wednesday in Dhaka. Chairman of the company Syed Moazzem Hussain and Managing Director Das Deba Prasad, among others, were present at the conference.



PHOTO: ISLAMI BANK BANGLADESH

The closing ceremony of 'Service Month' of Islami Bank Bangladesh Ltd was held on Tuesday in Dhaka. Law Minister Moudud Ahmed, Food & Disaster Management Minister Chowdhury Kamal Ibn Yousuf, and Chairman of the Executive Committee of the bank Mominul Islam Patwary, among others, were present at the function.



PHOTO: BENCHMARK

Sandeep Bose, regional head of SME Banking of Standard Chartered Bank (SCB), hands over a gift to a customer to mark the launch of 'Business Account' in Bangladesh at a function in Dhaka recently. Masihul Huq Chowdhury, head of Secured & SME of SCB Bangladesh, and M Sajidur Rahman, regional head of Consumer Banking for East Africa, among others, were present.

StanChart launches 'Business Account'

Standard Chartered SME Banking recently launched 'Business Account' in Bangladesh, which is a hybrid deposit account with unique features and benefits, especially developed to cater to the financial needs of business enterprises.

A combination of current account and call account, the business account provides customers with transactional convenience of a current account and at the same time the clients will enjoy the interest-related benefits of a call/ STD account, says a press release.

Sandeep Bose, regional head of SME Banking of Standard Chartered Bank (SCB), formally launched the account at a function in Dhaka recently.

Masihul Huq Chowdhury, head of Secured & SME of SCB Bangladesh, and M Sajidur Rahman, regional head of Consumer Banking for East Africa, among others, were present at the launching ceremony.

S'pore launches new service to boost SMEs

XINHUA, Singapore

Singapore's SME (small and medium-sized enterprises) Credit Bureau launched a new service, the Singapore Business Toolkit, to help SMEs finance, Minister of State for Education and Trade and Industry Chan Soo Sen announced Friday.

"The Toolkit will help SMEs to identify areas of weaknesses and offer basic advice to address these areas. The ultimate goal is to improve SMEs' credit standing and thus enhance their chances in raising capital," Chan said at the second SME Credit Bureau Conference.

The service is a joint effort by the SME Credit Bureau, which is an online platform providing lenders with credit-related information on local companies, and the World Bank's International Finance Corporation.

Chan also noted in his speech that the Singapore government has adopted a three-pronged approach to collaborate with the private sector in helping SMEs access financing.

Firstly, it has developed a suite of financing schemes, including the Start-up Enterprise Development Scheme (SEEDS) and the Business Angel Scheme (BAS) for the start-ups, as well as the Local Enterprise Finance Scheme (LEFS) and Micro loans for the growing SMEs, to address areas where there are market gaps, Chan said.

The LEES has offered 40,000

loans worth 10 billion Singapore dollars (about 6 billion US dollars) since its launch in 1976 while Microloans have benefited more than 10,000 businesses, which have less than 10 employees each, in the past five years with some 326 million Singapore dollars (about 207 million US dollars), according to the minister.

The second approach is that the government has been catalyzing new financing options, Chan said, citing the Loan Insurance Scheme (LIS) and the SME Access Loan as examples. The SME Access Loan has so far provided loans of over 100 million Singapore dollars (about 63 million US dollars) to more than 400 under-served SMEs.

Thirdly, the government also helps create greater awareness and match SMEs to the appropriate financing options available through various platforms, such as the Finance Road shows, Deal Flow Connection, Enterprise one and the Enterprise Development Centers, Chan noted.

He reiterated that the government has pledged 3 billion Singapore dollars (about 2 billion US dollars) as loans to SMEs over the next five years, hoping to catalyze an equal amount of loans from the private sector during the same period.



PHOTO: GRAMEENPHONE

SAH Ismail, adviser (Information Systems) of Nitol Motors Ltd, and Khandakar Omar Farhan, head of Sales of Business Solutions of mobile phone operator GrameenPhone (GP) Ltd, pose for photographs at an agreement signing ceremony recently. Under the deal, GP will provide complete communication facilities under its 'Business Solutions' package for Nitol Motors. Other senior officials from both the sides are also seen.

Weekly Currency Roundup

May 14-May 18, 2006

Local FX Market

Demand for US dollar was stable in this week and USD declined slightly against Bangladeshi taka.

Money Market

In the Treasury bill auction held on Sunday, bid for BDT 1,589.00 million was accepted, compared with total of BDT 5,964.00 million in the previous week's bid. Weighted average yield was unchanged.

Overnight money market was more or less steady throughout the week. The call money rate ranged between 11.00 and 12.00 percent at the beginning of the week but ended the week on a high of 14.00-20.00 percent.

International FX Market

The dollar began the week by being down around 8.0 percent against the euro since the beginning of 2006. A smaller-than-expected \$62 billion March US trade deficit failed to lower investor concerns about underlying structural problems in the US economy. The dollar had fallen earlier to one-year lows against major European currencies (the euro, Swiss franc, sterling) but reduced some losses after news of the smaller trade gap. However the recovery was only short-lived and the dollar is again at a one year low against the major currencies. By Monday, the dollar rose against the yen, euro and commodity currencies as investors sold gold, stocks and emerging currencies and bought back the greenback which had been under pressure for many weeks.

In the middle of the week, the euro lost ground and wiped out earlier gains against the dollar, after data showed German investor sentiment fell sharply in May. Traders said the market were paying close attention to the US producer price index for April for clues about the Fed's next move. The Fed has lifted its funds rates at all 16 monetary policy meetings since June 2004, helping the dollar to rise around 15 percent against the euro and the yen last year. However, the dollar's rate advantage was widely expected to narrow in coming months on expectations the European Central Bank will lift rates in June and the Bank of Japan will boost rates from near zero during the July-September quarter.

The dollar again fell and hit an 8-month low against the yen on Wednesday, on a growing market view that it needs to fall to correct imbalances in the global economy. Dollar trading has been volatile, taking a cue from fluctuating prices for commodities and stocks, but most in the market forecast the dollar will keep falling on expectations that its rate advantage will narrow in coming months. The dollar also came under pressure as tensions between Iran and the West over the country's nuclear programme escalated, some analysts said.

By the end of the week, however the dollar halved the previous stellar gains as investors awaited clues on US interest rates from Federal Reserve officials due to speak later, in the wake of stronger-than-expected US inflation data.

-Standard Chartered Bank

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