Star BUSINESS
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World stock markets savour 2006 gains

AFP, *New York*

World stock markets saw a return to good times in 2006, with record highs, huge profits and a whiff of the heady days not seen since the dot-com boom.

In the last 12 months, investors overlooked high oil prices, geopolitical uncertainty and economic imbalances to drive leading indices to levels last seen in the champagne-fueled years at the turn of the century.

In New York, the Dow Jones blue-chip index rose above 12,500 points for the first time in its history in the final week of 2006. In London, Paris and Frankfurt leading indices hit their highest levels since shortly before the dot-com collapse.

Markets in Asia have shown similar remarkable performances, with Hong Kong's key Hang Seng index breaking through 20,000 points for the first time on Thursday, and posting a gain of 34.2 percent for the year.

The leading index in Shanghai gained 130.47 percent, while Mumbai's Sensex rallied 47 percent. Only Tokyo has disappointed, with a rise of just 1.9 percent for the broad Topix index, although the Nikkei gained 6.9 percent.

The S and P Global 1200 index, compiled by the ratings agency Standard and Poor's using the biggest stocks from 30 different exchanges, showed a gain of some 19 percent this year.

The exuberance of 2006 can be attributed to a number of factors, foremost among them the strong performance of the global economy this year, the fourth consecutive year of expansion.

The blue-chip Dow Jones index finally recouped its losses and broke the record highs set before the dot-com collapse that began in 2000. It rose 16.3 percent to end the year at 12,463.15, just off a record high set earlier in the week.

The broad-market Standard and Poor's 500 index climbed 13.6 percent and the Nasdaq 9.5 percent on the year.

"The strong gain this year was a direct result of superb profit growth," said Dick Green of research firm Briefing.com.

"Operating profits on the S and P 500 are on target for 16 percent growth for 2006 (through fourth quarter estimated earnings). The profit rise drove the index up a similar amount."

Al Goldman at AG Edwards said the rally may not be over.

"The market is doing fine," he said. "We've had a very substantial rally since mid-July and profit taking is very modest, which seems to say that the momentum is still upward."

Part of the positive trend for the market was due to a strong global economy.

Investment and development in China and India coupled with the ongoing strength of the US economy is forecast to produce growth in global gross domestic product (GDP) of 4.9 percent this year, according to the International Monetary Fund.

The global expansion has enabled large companies quoted on the world's biggest stock markets to return high profits and promise further growth in 2007.

An energy boom fueled by record high oil prices, which hit an all time record of 78 dollars per barrel in July, has boosted the share prices of heavyweight oil companies.

It has also led to high levels of spending by oil-producing countries, which are believed by analysts to have invested part of their oil "petro-dollars" in foreign equities.

Added to rosy growth and high levels of liquidity, 2006 also marked an record year for mergers and acquisitions, partly due to increased activity by investment funds.

"Stock markets have benefited from company results that were largely better than expected, of the pause in US monetary policy and a financial context which is still very favorable," said an analyst at French brokerage Credit Mutuel CIC, Valerie Plagnol.

"The quantity of mergers and acquisition also helped to underscore the upwards trend," she added.

The value of corporate acquisitions rose 30 percent in 2006 from 2005 to set a new record, according to data from Thomson Financial, reaching 3.6 trillion dollars over 12 months.

There remain clouds hanging over the global economy however, most notably from the US trade and current account deficits, but also overheated property markets in many developed countries and high levels of consumer indebtedness.

The gains have not been universal either, with Middle Eastern markets Dubai, Qatar and Saudi Arabia sharply lower over the year. Tha main Saudi index tumbled 52.5 percent for the year.

But key emerging markets were robust, with Mexico's Bolsa index up 48.6 percent and Brazil's Bovespa rising 32.9 percent.

ROK-Pak trade volume stands at $843m

APP, *Karachi*

The volume of bilateral trade between Korea and Pakistan has amounted to 843 million dollars in the first 10 months of the current calendar year.

This was stated by the Consul General of the Republic of Korea, Sukchul Chang.

Talking to senior journalists, he pointed out that last year the bilateral trade between the two countries had topped one billion dollars.

Chang informed that from January to October this year the trade volume between Korea and Pakistan amounted to 843 million dollars.

Of this, exports from Korea to Pakistan was 550 million dollars whereas imports from Pakistan was 293 million dollars.

The Consul General pointed out that in 2006 as many as 15 Pakistani delegations visited Korea whereas five Korean delegations came to Pakistan.

He said that Korea has invested more than 21 million dollars in the industrial, construction and transportation sector of Pakistan including the joint ventures.

PHOTO: DBBL

Md Yeasin Ali, managing director of Dutch-Bangla Bank Ltd (DBBL), inaugurates the 38th branch of the bank on Gazipur Chourasta in Gazipur on Tuesday. Senior officials of the bank, among others, were present at the opening ceremony.

Slovenia ready for changeover to euro

AFP, *Ljubljana*

Slovenia is ready for the changeover from the tolar to the euro on January 1 and expects to benefit strongly as the 13th member of the European Monetary Union (EMU), Slovenian Finance Minister Andrej Bajuk said Friday.

"We are replacing something good (the Slovenian currency tolar) with something even better (the euro)," Bajuk told a joint news conference with central bank governor Mitja Gaspari.

The changeover will occur at midnight (2300 GMT) on December 31.

"I believe we are well-prepared for the changeover," Gaspari said.

As of January 1, the euro will replace the Slovenian tolar, a currency introduced in 1991 as a symbol of the tiny country's independence and an instrument aimed at cutting Belgrade's monetary control over Slovenian economy.

Under the exchange rate, one euro will equal 239.64 tolars.

Bajuk assured Slovenian citizens that the 0.4 percent increase of prices in December from the previous month and 2.8 percent on the 12-month period was not due to rounding upwards of prices.

"There is no link between that increase and the changeover to euro," Bajuk said.

He said some of the prices had increased for seasonal reasons while other increases might be attributed to a lack of competition in the infrastructure sector.

"We have to make a difference between the perceived inflation and the measured one," Bajuk said.

Some rounding upwards could happen in restaurants or supermarkets but "citizens have the right to choose, where, what and how they want to buy it," Bajuk said.

Gaspari said Slovenia's banking system is ready for the changeover and all testings of the system have been positive.

PHOTO: NATIONAL BANK

Chairperson of National Bank Ltd Parveen Haque Sikder inaugurates the 90th branch of the bank at Lake Circus, Kalabagan in Dhaka recently. Directors, managing director and other senior officials are also seen in the picture.

PHOTO: SHAHJALAL ISLAMI BANK

Md Solaiman, chairman of executive committee of Shahjalal Islami Bank Ltd, inaugurates the 21st branch of the bank on Jubilee Road in Chittagong recently. Sajjatuz Jumma, chairman of the bank, and senior officials, among others, were present at the opening ceremony.

India's external debt increases

PTI, *New Delhi*

Higher external commercial borrowings, NRI deposits and short-term debt pushed up India's external debt by 3.3 percent to USD 136.5 billion in September 2006 compared to the previous quarter.

External debt rose by USD 4.3 billion from USD 132.2 billion at the end of June 2006, a finance ministry statement said.

Long-term debt grew by USD 1.8 billion to USD 125.9 billion, while short-term debt rose 16.2 per cent over the quarter to USD 10.57 billion at the end of September 2006 on account of higher import bill.

In terms of their share in total debt stock, non-resident deposits accounted for 26.8 per cent of the debt.

This was followed by multilateral debt at 24.6 per cent and commercial borrowings at 23.8 per cent. The share of bilateral debt stood at 11.5 per cent.

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