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DHAKA SUNDAY, JANUARY 4, 1998

HR Textile Mills declares dividend

Star Business Report

H R Textile Mills Limited has declared a 12.5 per cent dividend for its shareholders.

This was announced at the 13th annual general meeting of the company held at its factory premises at Kamapara in Savar recently, says a press release.

Mohammad Abdul Moyeed, Chairman of the company, presided over the meeting.

During the year ended on September 30, 1997, the company earned Taka 16.3 million after tax.

In his speech the Managing Director said the company during 1996 offered 10 lakh shares to the public which was highly over subscribed. The expansion unit of the company is expected to go for commercial operation by March 1998, he added.

HR Textile Mills Limited is an enterprise of Pride Group. It is now a familiar name for its popular brand 100 per cent cotton Saree being sold through its own outlet Pride Textiles.

Bangas gives bonus

Star Business Report

Bangas Ltd has approved bonus at 1:2 ratio for its shareholders.

It was announced at the 17th annual general meeting of the company held at Chudanga on Monday.

The meeting was presided over by Md. Mozammel Haque, Chairman and Managing Director of the company, according to a company press release.

It was reported that the new unit for producing Bangas peya chips has gone into trial production and expected to commence marketing from January 1998.

The shareholders adopted the Audited Accounts for the financial year 1996-97.

8th AGM of Tallu Spinning held

The 8th annual general meeting of Tallu Spinning Mills Limited was held at Uzirpur, Chudanga on Monday with Md. Mozammel Haque, Chairman and Managing Director of the company in the chair, says a press release.

Among the Directors present at the meeting were Md. Rafiqul Haque, Md. Rabiul Haque, Md. Mahubul Haque, Md. Atiqul Haque and BSB nominated A S M Rezaul Quddus.

In the deliberations to the shareholders, Md. Rafiqul Haque, Director, stated that the unit-II of the company is expected to commence commercial operation by the middle of 1998.

Shareholders approved the audited accounts for the year ended 30th June, 1997, and the reports of the directors and auditors thereon.

2 major Euro bourses close higher

LONDON, Jan 3: Two of Europe's three largest share markets closed higher on Friday, the first trading day of 1998, while the third was poised to end firmer thanks to a robust US dollar, says Reuters.

But many participants were absent due to the new year holiday, which kept trading activity to a minimum and exaggerated price movements, dealers said.

In London, the FTSE 100 index closed 1.13 per cent higher in a subdued half-day session while in Frankfurt, the dax 30-share index ended 1.55 per cent firmer as ongoing nervousness over Asian economic turmoil pushed the dollar to a near six-year high against the yen.

The FTSE 100 closed 580 points higher at 5,913.5 while the dax 30-share index finished 65.68 firmer at 4,315.37. The extra day after-hours index was over 2.5 per cent by 1435 GMT.

The dollar was trading at its highest level against the Japanese currency since April 1992 as investors worried about the possible impact that Asia's economic woes could have on Europe.

"It's a flight to quality and there is a big question mark over the effect of the far east," said Peter Wood, forex dealer at Bank of Boston in London. "We know what the effect is on Japan, but we're not sure about Europe, and Germany is the biggest creditor to South Korea."

The Paris bourse, which is due to close at its normal time of 1600 GMT, was nearly 1.5 per cent higher as Wall Street rose 20 points in its first five minutes of trade.

In Paris, havas rose two per cent. Helped by a Le Monde report that Generale Des Eaux was considering making a bid for the communications group through a share swap.

There was no new year glitter in evidence in the precious metals market as gold was fixed at 287.70 dollars London versus 289.20 dollars at the morning fix on December 31.

Tk 100 cr for ICB likely

DSE wants 'market salvation fund'

By Toufique Imrose Khalidi and M Shamsur Rahman

Dhaka stock dealers are asking for government intervention to "salvage" the market, seeking injection of new funds to prop up dipping prices.

The new chairman of the DSE is calling it "market salvation fund" which he says can be channelled through such government-controlled institutional players as Investment Corporation of Bangladesh (ICB), Bangladesh Shilpa Bank (BSB) or Bangladesh Shilpa Rin Sangstha (BSRS).

Mohammad Rakibur Rahman, the new chairman, also suggests the money be even made available to "market makers" or experienced stock dealers who are reliable enough to play the role.

While confidence-building remains the number one task, the new leaders of the DSE are meeting Finance Minister S A M S Kibria today to press, among others, for a Tk 100 crore loan for the ICB.

About two months back, a proposal to the finance ministry was sent to the Bangladesh

Bank, which is learnt to be willing to lend the money to ICB with an eight per cent interest but asking for a guarantee.

The money, part of the Tk 200 crore the finance minister promised months ago when the prices were hitting lows, should help boost the market, but the modalities of channelling the funds apparently remains a thorn.

One idea is to lend the sum to ICB, while the other is to use it to create a fund through issuing debentures.

Lack of funds is identified by stock brokers as the key barrier. "The main problem of the market is that there's not enough money," says Rakibur Rahman.

The market's frantic search for money is explained by the panicky investors who rush to sell their shares whenever prices go up. "The immediate selling pressure pulled down prices when they went up the day after the election on December 18," a leading stock broker explained.

Major market operators also resent the delay in issuing licences to merchant banks, which could help improve the situation. They also point to some minor loopholes in the rules which will govern these newcomers.

"There's a bar on the merchant banks buying or selling shares for themselves, which will create operational problems. For example, one client has ordered for 5,000 shares which is not available at the moment but a lot of 5,500 is. What does the merchant bank do in such a case? It just cannot execute the order," said one broker.

Computerisation is another element that could change the scenario, they say. "Trading volume would go up, leading to a restoration of confidence," another broker said.

Following the meeting with the finance minister, the 18-man DSE Council, six of them nominated or ex-officio members from chambers and government, will have talks with

the Securities and Exchange Commission tomorrow and Bangladesh Bank on Thursday.

The DSE chairman also wants the government and regulators to play a greater role. "The finance ministry, SEC and others must be more active," he says, citing stock market practices worldwide. "In the United States, President Clinton was woken up by his treasury secretary when the New York market plunged recently. In such cases, the top political leadership intervenes."

"We will also seek a greater interest and role from the prime minister," he says.

In another confidence-creating measure, the DSE will have its membership increased by 55, for which tenders have been floated, a DSE statement said yesterday.

The DSE authorities plan to allot membership at the earliest possible time, and will prefer corporate members, according to DSE sources. Each membership will cost a minimum of Tk 1.5 crore, they said.

All these steps are to revive the market and bring back investors confidence, says Rahman, who claims such transparency-creating exercise as submission of weekly statements to SEC by him and his Council colleagues.

"After I became chairman of DSE, I resigned from that post of chairman of my company to keep myself away from any controversies. Every week the chairman, senior vice-chairman and vice-chairman are sending their weekly trading statements to the SEC. We hope these steps will also help in bringing transparency and development of the market."

The DSE chairman wants the finance ministry and the SEC to be more transparent. "There are companies which declare dividends but do not pay their shareholders accordingly."

He cites the case of the government-controlled Eastern Cables, which failed to pay dividends declared about a year ago.

Sign of moribund economy in Thailand

BANGKOK, Jan 3: Thailand's economic woes, the worst in the country's modern history, have spawned a new scheme to help the worst affected: free funerals, newspapers said Saturday, says AP.

The city administration and at least 40 Buddhist temples in the capital have agreed to provide a coffin, one-day prayer service and cremation at no cost.

The English-language daily The Nation said an average funeral in Bangkok costs about 10,000 baht (220 dollars), far too much for low income families and those recently hit by a dramatic economic downturn.

And cutting corners is often not possible: many temples refuse to cremate bodies without coffins.

The scheme is to be funded by richer citizens who believe that paying for funerals is a form of merit-making. Many Buddhists believe that performing good deeds, or accumulating merit, insures that a person will be reborn to a better life.

Since mid-1997, Thais have seen the value of their currency plummet, prices rise and unemployment soar. The situation is expected to continue, if not worsen, this year.

Toyota launches low-emission car

TOKYO, Jan 3: Japan's auto giant Toyota Motor Corp. said it added a new low-emission model in a race to meet new emission regulations to be imposed by 2000, reports AFP.

The Harrier, equipped with a 3,000 CC gasoline engine, reduces emissions of harmful exhaust gases, such as hydrocarbon, carbon monoxide and nitrogen oxide, by 70 per cent compared with conventional engines, Toyota said.

Low emissions were made possible by the new engine's enhanced valve controls and reduced friction of moving parts, it said.

The consequent improvement in fuel efficiency also substantially reduces carbon dioxide emissions, the company said.

"I'm very concerned about over-inflated earnings expectations for 1998," said Meehan, noting that the consensus estimate for this year's profit growth by the S and P 500 is about 14 per cent higher than 1997.

"The market is trading on bloated expectations, so it will be hard to generate much upside," Meehan said.

On Friday, the Dow Jones industrial average rose 56.79 to 7,965.04, extending the week's gain to 285.73 points, or 3.7 per cent.

The Standard and Poor's 500-stock index rose 4.61 to 975.04 on Friday, up 38.58 for the week and less than 9 points from record terrain.

The New York Stock Exchange composite index rose 0.96 to 512.15 on Friday, up 7.89 on the week and about 2 points shy of a record high.

The Nasdaq composite index rose 1.18 to 1,581.53 on Friday, closing the week with a gain of 70.15.

The Russell 2000 index of smaller companies slipped 0.50 to 436.52 on Friday, trimming the week's gain to 15.03; and the small-company dominated American Stock Exchange composite index fell 2.07 to 682.54, but finished the week 18.77 higher.

The Wilshire Associates Equity Index — which represents the combined market value of all NYSE, American and Nasdaq issues — ended the week at \$9,328 trillion, up \$1.7 billion from last week. A year ago, the index stood at \$7,148 trillion.

World oil prices fall to new low

LONDON, Jan 3: World oil markets began the new year on an upbeat note on Friday but then slumped to their lowest level since February 1996 in extremely thin volume, says Reuters.

Prices moved higher when markets reopened after the new year holiday on news of a delay in the resumption of Iraqi crude exports, which had been expected to start again at the end of this week.

Front-month futures of Brent blend crude, the world benchmark, fell to a new low of 16.41 dollar a barrel during the afternoon session before recovering. February Brent last traded 16.45 dollars a barrel, down seven cents.

Brent is not at its lowest in 23 months, the previous low point was on 6 February 1996, when front-month Brent traded at dollars 16.43 a barrel.

Traders said the news from Iraq was unlikely to support prices for long with the markets threatening further losses into the new year.

Oil markets have been rattled in recent weeks by fears of an oversupply of oil this year as a result of higher OPEC production combined with a slowdown in demand from crisis. Hit Asian economies.

Mild winter weather in Europe and the United States over Christmas has also contributed to the slide.

Brent averaged dollars 19.30 last year, down a dollar on 1996, most analysts say prices are unlikely to average more than 18 dollars this year, hurt by the rising supplies and slower demand growth.

Tanker trackers suggested on Friday that the market may

Gas supply cut to cost KPM Tk 12cr this year

CHANDRAGONA, Jan 3: The Karnaphuli Paper Mills Limited (KPM), an industrial unit of Bangladesh Chemical Industries Corporation (BCIC), will incur a loss of around Taka 12 crore during the current fiscal year due to sharp fall in production, senior officials said yesterday, reports BSS.

They said the production declined sharply after the Bakhrahad Gas System Limited (BGS) had ceased its supply to the KPM totally from December 23 last. "The daily production has declined to 80 metric tonnes from the targeted 110 tonnes," Managing Director of KPM Zahurul Huq told BSS Ranganamati correspondent.

He also said that the Bakhrahad Gas System Limited had suspended supply of gas to KPM three times from November 3, 1996, without any prior notice, jeopardising the daily production in Asia's one of the largest paper manufacturing plants.

Out of three units, the KPM authorities keep one unit in operation with furnace oil during the non-supply of gas, officials

said but added that the cost of furnace oil was three times higher than that of gas.

They said, using furnace oil for production of each tonne of paper costs Taka 4,000.00 more than the actual production cost from use of gas.

The KPM incurs a loss of Taka six lakh a day during the deadlock in the gas supply to run a unit of the mills, the officials said.

The KPM authorities and the CBA leaders of the mills urged the BGS to ensure daily supply of 45 million cubic feet of gas to the KPM which would help the mill run on a profitable basis.

Zahurul Huq quoting the BGS authorities told the BSS correspondent that the Bakhrahad Gas System Limited was not in a position now to meet the daily requirement of the KPM.

"The BGS has assured me that they will be able to meet our daily need from April next," Huq said and added that efforts were on at the higher level to minimise the present crisis.

CRB scandal Rules for private bank tightend

NEW DELHI, Jan 3: India's central bank yesterday tightened rules for private banking companies following a massive financial scandal last year, says AFP.

The Reserve Bank of India (RBI) pegged the interest rates on deposits at 16 per cent and prohibited the private banking firms from holding a net worth below 250,000 rupees (6,410 dollars).

"Most of the private companies charge interest rates as high as 25 per cent and the RBI has directed them to roll back the interest rates with immediate effect."

A private bank, the CRB group, collapsed in May last year leaving liabilities worth 10 billion rupees (227 million dollars).

Its assets were worth less than a quarter of that amount. Banks, companies and about 200,000 investors lost money in the scandal.

The CRB scandal was the biggest to hit the financial sector in India since a 1.3-billion-dollar securities scam in 1991-93, when a group of brokers and bankers used public money to gamble on stocks and shares.

The central bank on Friday, however, cautioned depositors that regulations "by themselves cannot provide a fail-safe system."

"Depositors should be circumspect and satisfy themselves about the financial soundness (of the banks) before placing their deposits, as they will be investing at their own risk and responsibility."

India unveils medium term export strategy

NEW DELHI, Jan 3: The Indian government yesterday announced a medium term export strategy for achieving annual exports of 90 billion US dollars by the year 2002, says Xinhua.

An official press release said here that the strategy would focus on improving competitiveness by enhancing production base for exports in tune with trends in world trade, focusing on quality and technology upgradation.

Recognizing that availability of infrastructural facilities is crucial for increasing exports, the strategy would, to begin with, remove bottlenecks responsible for delay at ports, shortage of air cargo capacities and road congestion.

Sectorally, the twin objective

is to widen exports of existing products particularly by tapping new markets and diversifying the exports basket in line with the trends in world exports.

The items covered sectorally include gems and jewelry. Electronic hardware and computer software, textiles, chemicals and allied products, engineering goods, agricultural products, leather seafood, sports goods, ores and minerals and plantation crops.

The directional strategy focuses on widening trade with all countries including emerging markets with special emphasis on market promotion through information dissemination and sponsoring of business delegation and trade fairs.



Mir Nasir Hossain, Director of Eastern Bank Limited, opening the 17th branch of the bank in Bogra.

Economic crisis in Asia eating away company revenues in US

NEW YORK, Jan 3: With last year's market gains so neatly tucked away in the record books, it's rather annoying to be reminded that the final chapter on 1997 is not yet written, reports AP.

But there it was, buried in Friday's otherwise uplifting report on December's factory activity, a sharp drop in export orders, the first broad indication that the economic crisis in Asia has been eating away the company revenues.

Given all the profit warnings from companies last month, it wasn't exactly a shocker. Still, it was a small reminder that the final number crunching on the fourth quarter has only just begun, and the final results won't be publicized until later in January.

Industry analysts are clearly worried about what those reports will reveal.

When the fourth quarter began, they were predicting that the Standard and Poor's list of 500 companies would post a combined 13.2 per cent improvement in profits compared with a year earlier, said Chuck Hill, director of research at First Call, a firm that tracks analyst forecasts. Now, with the quarter just ended, the forecast fallen to about 8 per cent earnings growth.

"We'd have to say there's been more than the normal trimming of earnings estimates," said Hill, noting that S and P 500 profit forecasts usually shrink no more than 3 per cent over the course of a quarter.

The optimistic take on all this is that the majority of companies hurt by the trouble overseas during the fourth quarter have already warned the investment community.

"Only the guys with bad news are pre-announcing their results. Nobody knows exactly what Asia's impact is, but anybody who has any good news

about Asia is saving it," said Ronald J Hill, investment strategist at Brown Brothers Harriman. "Analysts have been very quick to revise their estimates downward on the fear factor, but it may be overdone. That leaves room for some upside surprises."

Slow growth of US economy forecast

WASHINGTON, Jan 3: The US economy will continue to expand in 1998 for the seventh consecutive year, though at a slower pace than in 1997, according to a panel of economists polled by the Wall Street Journal, says AFP.

The average forecast called for the economy to grow at a 2.4 per cent rate in the first half of 1998 and a 2.1 per cent rate in the second half, growth in 1997 is expected to have been about 3.7 per cent.

If the economy continues to grow it would be the longest period of expansion since the 1960s, when the United States experienced 106 months of growth without a downturn.

The Asian financial turmoil, rising wages and leaner corporate profits are expected to put a check on growth, according to the 55 economists polled.

The academic and financial economists participating in the journal's survey see short-term and long-term interest rates remaining at roughly current levels throughout the year, unemployment remaining below five per cent and inflation inching up slightly.

Bill Meehan, chief market analyst for Cantor Fitzgerald, agrees that "fourth-quarter earnings estimates have been pared sufficiently," but cautioned that analysts still need to trim their 1998 forecasts accordingly.

"I'm very concerned about over-inflated earnings expectations for 1998," said Meehan, noting that the consensus estimate for this year's profit growth by the S and P 500 is about 14 per cent higher than 1997.

On Friday, the Dow Jones industrial average rose 56.79 to 7,965.04, extending the week's gain to 285.73 points, or 3.7 per cent.

The Standard and Poor's 500-stock index rose 4.61 to 975.04 on Friday, up 38.58 for the week and less than 9 points from record terrain.

The New York Stock Exchange composite index rose 0.96 to 512.15 on Friday, up 7.89 on the week and about 2 points shy of a record high.

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The Russell 2000 index of smaller companies slipped 0.50 to 436.52 on Friday, trimming the week's gain to 15.03; and the small-company dominated American Stock Exchange composite index fell 2.07 to 682.54, but finished the week 18.77 higher.

HK testing dogs, cats, rats Another case of bird flu

HONG KONG, Jan 3: A senior health official warned on Saturday that action may be needed against geese, ducks and other birds if the recent mass slaughter of chickens fails to wipe out bird flu, reports AP.

Another person — a 19-year-old woman — was found to have bird flu, a government statement said, raising the number of confirmed cases to 16 as of Saturday.

Of them, four have died. The woman, who was among five people earlier suspected to having the flu, was hospitalized in critical condition.

Dr. Margaret Chan, director of health, said the killing of Hong Kong's 1.3 chickens was only the first step against the H5N1 virus.

The government must carry out follow-up cleanup work and officials may have to look beyond the chickens and see if the virus exist "in geese, ducks and non-chicken population," she said.

On Friday, officials conceded they had done a sloppy job in slaughtering the chickens. Bedraggled birds were found to have survived the gassing, and dogs and cats had scurried off with carcasses before they could be buried.

Scientists were testing a sampling of rats, cats and dogs to see whether they could have picked up the virus.

Hong Kong's leader Tung Chee-hwa said shortages of staff and equipment hindered the government's efforts.

There is no vaccine against the bird flu virus, and medical experts don't know how it is transmitted.

Earlier this week, the Hong Kong government imposed a ban on chicken imports.

It also announced measures to protect the chicken supply after the ban is lifted, including the inspection of mainland Chinese farms by Hong Kong experts. The government has said the ban may not be lifted for another month.

PC market grows 16pc in Asia, Pacific

The personal computer (PC) market in the Asia-Pacific region grew 16 per cent in the third quarter of 1997, led by a strong growth in China despite the currency crisis in many countries, Dataquest Inc, a monitoring agency said, reports BSS.

Samsung Electronics, became the number one vendor, jumping past Compaq Computer, which slipped to the number two position after leading the Asia-Pacific region for straight eight quarters.

Samsung had 7.1 per cent of the region's market in the quarter, while Compaq had 6.7 per cent. Samsung made gains despite the severe economic downturn in South Korea because of

the success of its home computer market.

Computer shipments reached 2.2 million units in the quarter, up 16 per cent from 1.9 million units a year earlier. China led all countries with unit exceeding 608,000. Taiwan's market grew 36 per cent, Singapore's added 26 per cent, Hong Kong's grew 16 per cent, and Australia's 10 per cent.

The currency crises had the strongest negative effect on PC markets in Southeast Asia, with Indonesia and Thailand the worst hit in the quarter. Indonesia and Thailand saw dramatic reductions in purchasing from the corporate sector, and shipments fell 5 per cent in both the countries.

Stock prices in South Korea rise

SEOUL, Jan 3: Stock prices climbed Saturday in the first day of trading of 1998 as foreign investors snapped up blue chips in a move analysts said reflected growing confidence in South Korea's economy, reports AP.

The benchmark Korea Composite Stock Price Index rose 9.18 points, or 2.43 per cent, to close Saturday's half-day session at 385.49.

It was the market's first reaction to news that major international banks had pledged fresh financial support for the country.

South Korea's stock market had been closed this week for the New Year's holidays.

"This is a good start for the new year," said Baek Jung-hyun, analyst at Samsung Securities Co.

Buying by foreign investors exceeded selling by 19.6 million dollars, Park said.

Major foreign banks have been discussing ways to help South Korea through a pressing credit crunch. Proposals include swapping the country's foreign bank debt for up to 20 billion dollars in Korean government-guaranteed bonds.

On Friday, they met again in New York, but no concrete plan was developed, said a source familiar with the talks.

"When something eventually comes out, it may be a combination of various ideas. It's all being worked on," said the source, who spoke on condition of anonymity.

The aid would come on top of a record 57 billion dollars bailout from the International Monetary Fund. In return, South Korea has promised to restructure its financial markets and make it easier for foreigners to take over Korean companies.

"The market is waiting