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# The Daily Star BUSINESS

DHAKA THURSDAY, JANUARY 29, 1998



HYUNDAI

CARS THAT MAKE SENSE

## DSE appoints CEO

Gulam Qudus Chowdhury, a chartered accountant, has been appointed the chief executive officer (CEO) of the Dhaka Stock Exchange (DSE), reports BSS.

A DSE press release said that the councillors of the bourse made the appointment to fulfill its commitment to appoint a professional CEO to separate the policy-making and management responsibilities of the stock exchange.

A former consultant with the Securities and Exchange Commission (SEC) Chowdhury has long experience both in multi-national and national companies as a top management staff.

During his professional career he gained experience in setting up pharmaceutical, textile and other industries and management consultancy work.

A keen sportsman, Chowdhury is the Secretary General of Bangladesh Olympic Association.

## World economic forum opens today

GENEVA, Jan 28: The White House sex scandal and Asia's financial crisis will be the hot topics at the World Economic Forum in Davos, which opens Thursday with a line-up of 2,000 business, political and academic luminaries plus Hillary Clinton, reports AFP.

The classy Swiss ski resort is once again rolling out the red carpet for bigshots attending the event, which runs from January 29 to February 3, and includes a weekend when invitees will be given time off to hit the ski slopes.

The solo theme this year was originally "priorities for the 21st century, including introduction and impact of the Euro, China's integration into the global mainstream and the biotechnology and information technology revolutions.

But the turbulence in Asia forced organizers to come up with a double billing. The shock events of the last six months will be discussed under the framework of "managing global volatility."

Thailand's premier Chuan Leekpai will be on hand to discuss effort to pull his country out of its economic mess.

Chinese Vice Premier Li Lanning, Japan's Vice-Minister of Finance Eisui Sakakibara and a team dispatched by South Korea's President-elect Kim Dae Jung will also make the trip to Davos.

International Monetary Fund and US treasury officials will lend their weight to debates on the mayhem unfolding in Asia and how to prevent fresh crises.

However, Hillary Clinton seems set to steal the spotlight if her trip goes according to plan. The US First Lady defending her husband over allegations of sexual misconduct with a Former White House intern, is due to arrive in Davos Sunday night and appear at the forum on Monday.

Her visit to Switzerland though may not happen if the political climate in Washington continue to deteriorate.

Politics will take a lower profile this year with the absence of regulars such as Palestinian leader Yasser Arafat and Egyptian and Israeli heads of state. The Middle East peace process drew the most attention at last year's conference.

But there will be no shortage of heavyweight politicians.

German Chancellor Helmut Kohl is pined in to speak at the opening plenary session Thursday. Russian Prime Minister Viktor Chernomyrdin is on the participants' list along with a roster of South American and African presidents.

Technologists will also be thick on the ground. The most famous of the pack beleaguered Microsoft's Bill Gates who is also the richest person in the United States will talk about strategies for the 21st century.

Larry Ellison, the chief of Oracle corporation is lined up to speak in a different session.

## German banks facing risks from Asian econ crisis

MUNICH, Germany, Jan 28: German banks are facing larger-than-expected risks from the Asian financial crisis because of their high exposure to the region, but the danger can be contained, the IFO Economic Institute has said, reports Reuters.

"The current financial crisis in Asia has shown German banks once again that downward reactions cannot be ruled out even, or especially, in emerging markets with high growth rates, IFO said in a report.

Transactions should, therefore, be carried out with particular care," the report added.

The total short term exposure of German banks in the troubled Asian region was 141 billion marks in September 1997, IFO said, citing statistics from the Bundesbank.

But the Institute also noted that the exposure was relatively limited.

## Matia speaks of mismanagement, corruption

# Kibria directs banks to disburse Tk 1000cr agri loan by June

Finance Minister Shah AMS Kibria yesterday directed the banks to disburse at least Taka 1000 crore agricultural loan during the next five months, reports BSS.

He also directed the Krishi Bank and other banks to come up with separate programmes within 15 days to expedite the agricultural loan disbursement process.

The minister was presiding

over a high level meeting held to review overall agricultural loan disbursement position, an official handout said here yesterday.

Agriculture Minister Begum Matia Chowdhury at the meeting expressed dissatisfaction over the mismanagement and corruption in disbursement of agricultural loan by different banks.

The meeting also decided to establish a committee at national level to monitor the agricultural loan disbursement situation, as proposed by the agriculture minister.

The meeting was told that so far the banks disbursed Taka 691.22 crore as agricultural loan out of the total Taka 2352.50 crore targeted for disbursement during the current

fiscal year. Out of the total disbursement target of Taka 1000 crore of the Krishi Bank, it disbursed Taka 356.81 crore and recovered Taka 455.71 crore this year.

The meeting was attended by Finance Secretary, Banking Division Secretary, Bangladesh Bank Governor and Managing Directors of Krishi Bank and other nationalised banks.

## Indian rupee ends 2-week rise against dollar

BOMBAY, Jan 28: The Indian rupee's two-week rise against the dollar ended today as the central bank stepped in to buy greenbacks, dealers said, reports AFP.

The rupee opened at 38.56 to the dollar and weakened to 38.60 within an hour of trade. Midul Gokhale, at foreign exchange and travel house Thomas Cook, said: "It seems the RBI does not want the rupee to rise against the dollar beyond 38.50."

"We expect the market to be patchy today, with some demand for the greenback as the market want to see how far the RBI will defend the current rupee-dollar exchange rate."

The currency, which closed at 38.34 to the dollar yesterday, has been recovering against the dollar during the past fortnight on RBI intervention after Asian market turmoil and the fall of India's government pushed it to an all-time low of 40.34.

Amar Sha, at foreign exchange house Meckl and Meckl, said: "The RBI bought dollars yesterday for the first time after October."

"But the outlook on the rupee is still negative as India's economic fundamentals do not look too good, with rising interest rates hitting corporate profits."

RBI Governor Bimal Jalan said last month that an exchange rate of 38.55 rupees to the dollar was "reasonable."

The rupee lost almost 13 per cent to the dollar between September, when it stood steady at 35.70 and the start of 1998, it currently remains almost eight per cent weaker than its September level.

## US labour costs jump

WASHINGTON, Jan 28: US labour costs jumped in the final three months of 1997 as workers rapped the biggest quarterly gain in their pay and benefits in five years, the Labour Department said yesterday, reports Reuters.

The department reported that its employment cost index, a measure of labour costs that combines wages and salaries with fringe benefits, increased 1.0 per cent in the fourth quarter, the sharpest rise since an identical one the last three months of 1992.

The number surpassed the expectations of US economists in a Reuters survey, who had forecast a 0.9 per cent gain in the index.

The fourth-quarter reading brought the increase in worker compensation for all of 1997 to 3.3 per cent, the largest calendar-year rise 3.5 per cent in 1993.

In the last quarter of 1997, wages and salaries rose 1.1 per cent, a seven-year high. The cost of benefits such as health care broke a trend of subdued increases by rising 0.9 per cent, a three-year high.

Federal reserve policy-makers, meeting on February 3-4 to discuss interest rates and the economy, are expected to study the employment cost figures closely amid concerns about inflationary pressures in the labour market. However, many analysts have been expecting that uncertainty about the impact in the United States of the Asian financial crisis would lead the fed to keep rates on hold.

# Dollar falls against major currencies

NEW YORK, Jan 28: The dollar fell against major currencies Tuesday, dropping against the Japanese yen amid signs of economic stabilisation in Indonesia and Japan, reports AP.

"The yen has been the favourite currency of the day," rising against the dollar and German mark among other currencies as the dollar reversed its gains from Monday, said Dennis Pettit, a foreign exchange manager at Long-Term Credit Bank of Japan Ltd.

In New York, trading late Tuesday, the dollar was quoted at 125.32 yen, down from 126.85 Monday. The US currency also settled at 1.7892 German marks, down from 1.7956.

The yen benefited from news in Asia, starting on its home turf.

In Japan, traders have been pleased since last month by continued government hints about financial stimulus pack-

## Bribery scandal

# Japanese finance minister resigns

TOKYO, Jan 28: Chastened by a scandal that has engulfed his ministry, Japan's finance minister submitted his resignation Wednesday after two officials under his supervision were arrested on bribery charges, reports AP.

Prime Minister Ryutaro Hashimoto formally accepted the resignation from Hiroshi Mitsuoka on Wednesday morning, a spokesman from Hashimoto's Liberal Democratic Party said. The prime minister will concurrently serve as finance minister until Mitsuoka's successor is chosen.

Mitsuoka was pressed to resign after prosecutors raided the ministry Monday and opposition lawmakers vowed to block critical national budget legislation until he quit.

Mitsuoka had announced Tuesday that he would resign to take responsibility for the scandal, which centres on allegations that Finance Ministry officials accepted lavish dinners and other entertainment from banks in return for tipping them off about the ministry's "surprise" inspections.

Mitsuoka has not been directly implicated in the scandal, but Japanese officials often resign to take responsibility for wrongdoing by their subordinates.

Hashimoto has not yet decided who will replace Mitsuoka. The LDP spokesman, speaking on condition of anonymity, said: "Members of a Mitsuoka-led faction within the LDP, however, are pushing for Sohei

Miyashita, a former defence minister and influential legislator on tax policy. Kyodo news agency reported.

The scandal and arrested have focused renewed criticism on the powerful Finance Ministry.

Critics say its lax oversight has contributed to the decay of Japan's debt-saddled financial institutions. Calls for its breakup have increased in recent years. And despite Mitsuoka's resignation, the criticism appears likely to continue.

Opposition politicians will likely press for the resignation of Takeshi Komura, a vice minister and the top career official in the ministry, the Nihon Keizai newspaper reported. Komura is said to have even more power than the Finance Minister, who is a political appointee.

Koichi Miyagawa, 52, and Toshihiko Tanuchi, 48, the ministry officials at the centre of the scandal, were arrested for allegedly telling banks in advance when the ministry would conduct surprise inspections in exchange for 40,000 dollars in winning and dining over four years.

The scandal has been especially embarrassing for the ministry because Japanese media have focused on reports that the officials were entertained in restaurants featuring waitresses wearing short skirts and no underwear. Meals there cost more than 30,000 yen (250 dollar) per person, according to media reports.

# BNP buys Peregrine's HK, China operations

SINGAPORE, Jan 28: Banque Nationale de Paris (BNP) and a Singapore-based affiliate have purchased the Hong Kong and China operations of failed Hong Kong investment bank Peregrine Investment Holdings Co. Ltd, a financial newspaper here reported today.

"Homegrown financial group BNP Primecast, together with its major shareholder Banque Nationale de Paris, has bought the greater China operations of Peregrine... for an undisclosed sum," the Business Times said, citing a source close to Primecast.

French bank BNP has a 70 per cent stake in BNP Primecast, which was founded in 1994 by a group of former Morgan Grenfell Asia Executives, the report said.

The purchase of Peregrine's Hong Kong and China operation would strengthen BNP's operation there, the source told the Business Times.

The deal also means Primecast's staff of 150 in Hong Kong, Indonesia, the Philippines, Singapore and Thailand, will be doubled with the entry of more than 150 of Peregrine's top personnel, including Peregrine Managing Director Francis Leung, the report said.

BNP had talked a confidential offer for Peregrine's equity business covering mainland China, Hong Kong and Taiwan,

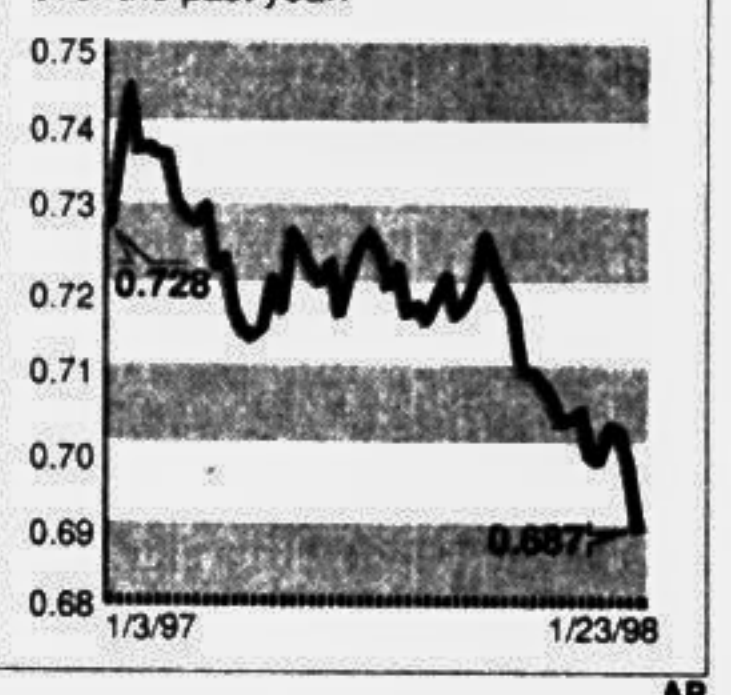
and had also been interested in snapping up Peregrine Assets Management (PAM).

Peregrine, once Asia's largest independent investment bank, filed for liquidation on January 12, suffering under an estimated 400 million US dollars of debt.

Didier Balme, BNP's Director General for China, Hong Kong and Macau had said Monday that the bank was awaiting a response from liquidators to its offer to take over the flag-ship Hong Kong and China equity arms of Peregrine.

Canada's dipping dollar

The Canadian dollar has fallen to the lowest level since it was created in 1858. A look at the currency's performance over the past year.



age details that would help the ailing economy. There were recalcitrant Tuesday that Japanese officials were readying another package that could get the support of the Group of Seven major industrial nations when they meet next month.

"Most people in the market think it's plausible," said David Gilmore, a partner at Foreign Exchange Analytics in Essex, Connecticut. Analysts said the attention to the announced resignation of Japan's finance minister in the wake of a scandal involving two finance officials.

Analysts also attributed the yen's rise to apparent stability in Indonesia, where the currency had lost about 80 per cent of its value since July.

Indonesia's central bank intervened in the currency market Tuesday, helping boost the rupiah's value nearly 30 per cent.

Indonesia, battling its most severe economic crisis in decades, also announced plans to revamp its ailing banking system. Reforms include allowing foreign ownership of banks, strict new supervisory regulations and ensuring that depositors' money is secure.

The dollar's fall against the mark came as a senior Bundesbank official, Franz-Christof Zettler, said he didn't have any problem with currency levels as they were Tuesday. He also downplayed the possibility of inflation becoming a serious factor in the German economy.

"The perception in the market place that the Bundesbank has encouraged is that the central bank would like to see the dollar under 1.80 (marks)," Gilmore said, making the dollar's downward move Tuesday acceptable in the market.

The dollar rose Monday as President Clinton strongly de-

## IMF welcomes Indonesia's reform plan

WASHINGTON, Jan 28: The International Monetary Fund welcomed Indonesia's latest measures to rehabilitate banking sector and said they should help resolve a financial crisis which is crippling the troubled tiger economy, reports Reuters.

In a statement released late on Monday, IMF Managing Director Michel Camdessus said the measures announced in Jakarta would both continue and extend a revised package of reforms first announced on January 15.

"It is my conviction that the new measures will be implemented effectively and will contribute to a resolution of Indonesia's present crisis," he said.

## Asian stocks

# Nikkei Average falls

HONG KONG, Jan 28: Share prices fell for the second straight session in Tokyo Wednesday, but many other Asian stock markets were closed for the Chinese New Year holidays, reports AP.

Tokyo's benchmark 225-stock Nikkei Stock Average fell 7.79 points, or 0.05 per cent, to close at 16,973.83. On Tuesday, the average lost 91.71 points, or 0.54 per cent.

Traders said prices eased as traders waited to see what steps the Japanese government will take to put the economy back on track.

The ruling Liberal Democratic Party is expected to propose another set of stimulus measures around February 20, before the February meeting of the Group of Seven finance minister and central bankers in Britain.

Meanwhile, the US dollar was quoted at 125.62 yen, down 0.64 yen from late Tuesday in Tokyo but higher than its late New York rate of 125.32 yen.

Thai shares closed sharply higher because investors were confident of Thailand's efforts to turn around ailing economy.

The Stock Exchange of Thailand (SET) index rose 11.12 points, or 2.6 per cent, to 434.22.

Indonesian shares also surged. Traders said foreign gain-hunters were buying back stocks in anticipation that the government's efforts to stabilize the rupiah through the banking reforms announced Tuesday will be successful.

In late trading, the rupiah was quoted at 10,475 rupiah to the dollar, compared with its close Tuesday at 11,800 rupiah.

The Jakarta Stock Exchange's Composite Index closed up two per cent, or 9.627 points, to 455.338 points.

Also rising were Philippine stocks, boosted by the peso's continued gains and by renewed interest in selected blue chips. The 30-share Philippine Stock Exchange index rose a hefty 48.92 points, or 2.8 per cent, to 1,782.07, after a meager 2.33-point gain on Tuesday.

The peso average 41,827 peso per dollar at close, compared with 42,758 pesos on Tuesday. Dealers said the peso was buoyed by slack corporate demand for the US dollar.

The markets were closed in Hong Kong, Taiwan, Malaysia, Singapore and South Korea for the lunar New Year holidays.

## MANAGING PEOPLE

# Don't Play Games with People's Pay

Nothing is more dear to an employee's heart — and to most managers' hearts — than the paycheck. So, be fair. "Managers who play games with compensation — say, by not living up to every written and oral agreement — risk losing respect," explain Bruce Hyland and Merle Yost in *More Reflections for Managers*. "Worse, they are perceived as dishonest and mean. When that perception develops, the employees' behaviour will begin to match the manager's, and the employees will begin to look out for themselves at the expenses of the organization."

## How to Screen Resumes

In screening a resume, don't dwell too much on its overall appearance. Instead, look for stability, advises *HR Focus*. Beware of an applicant who has changed jobs every two or three years. Such employment instability could signal performance difficulties or other undesirable traits. Moreover, look for levels of increasing responsibility throughout an applicant's career. Good employees either move up within an organization or move out.

## COMMUNICATION

# The High Cost of A Memo

The next time you begin to write a memo, consider a quick meeting instead. Studies show that routine memos are written once, and then re-written 4.2 times, according to *The Manager's Intelligence* report. They further reveal that 54 minutes are spent planning, composing and editing the memo. Here's the outcome:

If you earn Tk 300,000 a year (Tk 150 an hour), the 54 minutes it takes to write a memo costs Tk 135. If a memo is re-written 4.2 times, that's Tk 702. If one memo a week is written, that's Tk 36,502 a year!

## Clear-Design Tips

To produce effective brochures, *Communication Briefings* recommends two rules:

Design with "C" in mind. Readers scan pages in a C-shaped pattern — starting in the upper-right corner, to the upper-left corner, down to the lower-left, and off the page in the lower-right corner.

Avoid background shades of 30 per cent or more. Legibility decreases as the percentage of background tint increases.

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# Exchange Rates

Following is the Wednesday's forex trading statement by Standard Chartered Bank, Dhaka. Central Bank USD/BDT Rate: Buying-BDT 745.30/Selling-BDT 45.60

Selling			Buying		
TT/OD	BC	Currency	TT Clean	OD Sight	OD Transfer
45.6600	45.7000	USD	45.2600	45.0850	44.9866
76.0239	76.0905	GBP	74.0000	73.7240	73.5531
25.7966	25.8192	DEM	25.1444	25.0472	24.9610
0.3682	0.3685	JPY	0.3564	0.3550	0.3542
31.7083	31.7361	CHF	30.7891	30.6701	30.5408
22.7617	22.7817	NLG	22.3396	22.2532	22.1718
26.8273	26.8508	SGD	26.0665	25.9856	25.8841
7.6508	7.6575	FRF	7.5308	7.5017	7.4816
31.5114	31.5390	CAD	30.8101	30.6910	30.5615
5.7601	5.7651	SEK	5.6646	5.6427	5.6282
31.2771	31.3045	AUD	30.0979	9.8011	9.7861
10.6932	10.7026	MYR	9.8391	9.7861	9.8032
5.9107	5.9159	HKD	5.8408	5.8182	5.8077
12.2413	12.2520	SAR	11.9735	11.9273	11.9107

US Dollar		Libor				
TT	OD	30 Days	60 Days	90 Days	120 Days	180 Days
45.1654	44.8828	44.5057	44.0719	43.6005	42.5444	

US Dollar		1 Month				
Buying	Selling	USD	562500	562500	562500	568750
Cash	45.20	45.75				
Notes						
1C	45.05	45.65	75000	75000	75000	75000

Exchange Rates of Some Asian Currencies Against US Dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
38.75/38.80	44.006	54.75/54.80	4.3400/4.3500	11000/12000	1675/1682

## Market Commentary

Trading in local foreign exchange market was active on Wednesday ahead of Eid holidays starting from Thursday. Demand for US dollar and other currencies were high due to import payments. In the interbank market USD ranged between BDT 45.45 and BDT 45.55.

Local interbank money market was extremely hectic. Commercial banks faced severe liquidity crisis on deposit withdrawal, pushing the call money rate as high as 25 pc. Some of the private commercial and nationalised banks took advantage of the high call money rate and refrained from lending which further aggravated the liquidity crisis. Call money rate closed at a range of 15pc and 25 pc.

In international foreign exchange markets the major activities took place in European trading as Asian major trading centres were closed on Wednesday on Chinese New Year holiday. US Dollar firmed against DEM as markets began to set aside sexual allegations against US President Bill Clinton and focus more on economic fundamentals and on comments of a high Bundesbank official that cheap DEM is in Germany's interest, since it would boost their exports. Resignation of Japan's Finance Minister on reports of bribery scandal in finance ministry pushed Dollar lower against Yen as market interpreted the step as Japanese government's firm commitment to reform its financial sector at any cost. In European trading at 1050 hours US Dollar traded at 1.8070/80 against DEM, 125.30/40 against Yen and GBP traded 1.6353/64 at against USD.

The following are the Janata Bank's dealing rates (BD Tk for one unit of Foreign Currency) to public as on 28/01/98.

Buying				Selling			
Name of Currency	TT Clean	OD Sight Export Bills	OD Transfer	Name of Currency	TT Clean	OD Sight Export Bills	OD Transfer
US Dir	45.2850	45.0991	44.9884	US Dir	45.2800	45.1105	45.0110
GB Pound	44.1012	73.7884	73.6073	GB Pound	44.0681	73.7908	73.6281
FR Franc	25.1774	25.0711	25.0096	D Mark	25.1795	25.0852	25.0299
Yen	7.5374	7.5056	7.4872	FR Franc	25.2203	25.0843	25.0484
Yen	3.5888	3.5053	3.5654	C Dir	30.8798	30.7654	30.7299
Yen	30.8842	30.7528	30.6783	S Franc	31.0286	30.9125	30.8443
Yen	31.0437	30.9137	30.8369	J P Yen	35.0722	35.3559	35.3551