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BB issues new Tk 500 note Aug 10

Bangladesh Bank will issue on August 10 a new 500-taka note with multifarious security textures in recto-verso printing and the denomination written in indelible ink, reports UNB.

"Printed in cent per cent cotton-fibre 152mm-by-65mm standard sized paper, the note will have holographic security thread, water print, inlaid writing, micro-print and see-through safety measures," said a BB announcement yesterday.

It will have the pictures of Satgombuj Mosque and Father of the Nation Bangabandhu Sheikh Mujibur Rahman on front side and the Supreme Court on the other face.

The note will bear the signature of Bangladesh Bank Governor Dr Mohammad Farasuddin.

With borderless flask, the note will show a design after gathering the two left and right corners, and picture of flower after assembling the two opposite sides up and down.

Standard Chartered training on basic banking held

Standard Chartered Bank held a week-long (July 29-Aug 5) training on "Basic Banking," which was participated by 21 bank employees.

The topics covered in the training were account opening, operations and documentation, clearing house operation, foreign trade and foreign exchange products.

Anisur Rahman Sinha, President of BGMEA, who attended the closing ceremony as chief guest, distributed certificates among the participants, says a press release.

In his address, Anisur Rahman Sinha said that the training would essentially upgrade the skills of the participants, which will reduce the time to complete a transaction and will enable them to work more smartly to provide better services to the customers.

Sethu Venkateswaran, Chief Executive Bangladesh of Standard Chartered Bank, said that the training was a part of the bank's tradition of continuous staff development to ensure better customer services.

Mamun Rashid, Head of Corporate Banking and Group Special Asset Management of Standard Chartered Bank, Bangladesh, gave the vote of thanks.

Dr Taufic A Chowdhury and Ahmedul Huq, faculty members of BIBM, and a host of bank officials attended the function.

Japanese zero rates keep economists guessing

TOKYO, Aug 6: The question of when Japan will feel safe enough to drop the crutch of zero interest rates is still up in the air after months of on-again-off-again dramatics, reports AFP.

Just when it seemed possible, the collapse of the 170-year-old Sogo Co Ltd department store chain scuppered any chance of dropping the policy at the last Bank of Japan (BOJ) meeting on July 17.

Now a sharp fall on the Tokyo Stock Exchange — where the Nikkei 225 index dropped 171.21 points to 15,667.36 in the past week has dashed any expectations of its demise at the next meeting on Friday.

Add to that the fact that government officials and economic analysts are still unable to detect evidence that the world's second-biggest economy is able to stand on its own feet.

The result is a guessing game that has most experts taking a punt but none sure of the outcome for the uncollateralised overnight call rate, at which banks lend to each other.

But a report by Commerzbank Securities has added a new twist to the game; it argues the Bank of Japan must ditch zero rates by September of live with it for another year.

Commerzbank has revised its outlook for Japanese gross domestic product (GDP) growth to 1.9 per cent from 1.3 per cent for the current financial year to March 2000.

It cites better-than-expected capital expenditure, industrial production and exports.

But Commerzbank chief economist Ronald Bevacqua has also cut back the outlook for the following year to 0.9 per cent from 1.5 per cent as he forecasts falling profit growth leading to slower investment.

"For monetary policy, the slowdown scenario suggests that unless BOJ governor Masaru Hayami can convince a majority on the policy board to raise rates on August 11 or September 17, he will probably have missed his opportunity to end the zero-interest-rate policy for at least another year," he said.

Army to run BMTF partly on commercial basis

By Rafiq Hasan

The Army will run the Bangladesh Machine Tools Factory (BMTF) at Gazipur on commercial basis after meeting its requirement, according to sources at Privatisation Board (PB).

It will use 60 per cent capacity of BMTF for "military purposes" and 40 per cent for producing machinery and spare parts on commercial basis, the sources said.

The source further said that the army had also expressed hope to get foreign assistance for improving the condition of the factory which remained closed for several years.

The army has also formed a company to run the factory and Brigadiar Aftab Uddin Ahmed was made its managing director, the source added.

When contacted the industry minister Tofail Ahmed said the army has taken the responsibility of BMTF and they would decide how to run it.

Asked about the future programme of army regarding the lone machine tools factory, the minister expressed his ignorance.

He, however said that the army agreed to bear the long term and short term loan liabilities of the mills.

The machine tools factory set up before the independence, had more than Tk 300 crore loan liabilities.

Prime Minister Sheikh Hasina formally handed over the factory to the army on July 27. It was closed down on July 14, 1994 after it incurred losses for several years.

After closing the factory the government first had decided to sell the factory to a private company. But it was not possible due to lack of any buyer for such a vast industry sprawling over 247.66 bigha of prime land at Gazipur town.

Then the government tried to set up an export processing zone EPZ at the factory premises. A number of foreign company including-- Youngone a Korean conglomerate had expressed desire to build an EPZ there. But the government left the idea due to security reason to nearby Ordinance Factory.

Filipinos keen to invest in food-processing

The Philippines is interested in setting up a joint venture food-processing industry utilising plenty of quality foods, fruits and vegetables of Bangladesh, reports UNB.

Former Speaker of the Philippines House of Representatives Jose C De Venecia said this while meeting Agriculture Minister Begum Matia Chowdhury at her office yesterday.

They discussed various matters relating to cooperation in agriculture sector, feasibility of joint ventures in food processing and different aspects of agricultural production.

The Agriculture Minister said there is a vast scope for setting up blackberry, pineapple, jack-fruit and banana juice manufacturing plants in Bangladesh.

"The Philippines can invest in this sector independently or jointly with us," she told Jose, president of the largest political party of the archipelago.

Matia Chowdhury said the government had attached importance to setting up agro-based industries alongside increasing food production in the country.

The Philippines leader said continued bilateral cooperation would further strengthen the economies of the two countries and their friendship.

Charge de Affaires of the Philippines Jose DR Burgos and President of Philippines Business House Ermano Traverso were present during the meeting.

Expats remit Tk 5.67cr thru' FMOs

Bangladesh nationals living abroad remitted 3.61 lakh pound sterling and 6.96 lakh US dollar through foreign money orders (FMOs) in July, reports UNB.

The exchange money of the FMOs is Tk 5.67 crore which has already been paid, said a press release yesterday.

S'pore faces new set of economic challenges

SINGAPORE, Aug 6: From tropical backwater to having one of the highest foreign reserves in the world, tiny Singapore has much to be proud of as she celebrates her 35th birthday this week, but ahead lie new challenges which allow no room for complacency, reports AFP.

The country boasts an impressive economic record and was singled out by global investors as having weathered the 1997 financial meltdown much better than its neighbours.

The economy, rebounding strongly from the 1998-99 slowdown, is poised to grow by up to 7.5 per cent this year, the government said.

Still, the challenges facing the ruling People's Action party (PAP) in the Internet Age may be more difficult than those of transforming a sleeping fishing village into one of the region's top financial centres.

Instilling a sense of commitment to Singapore among the younger generation in the New Economy described by the government as the future of the country is one of the key tasks ahead, observers said.

Reminders by several ministers that young Singaporeans owe their success to government achievements since 1965 look to be falling on deaf ears, and serve only to expose the weak sense of commitment they have for the country.

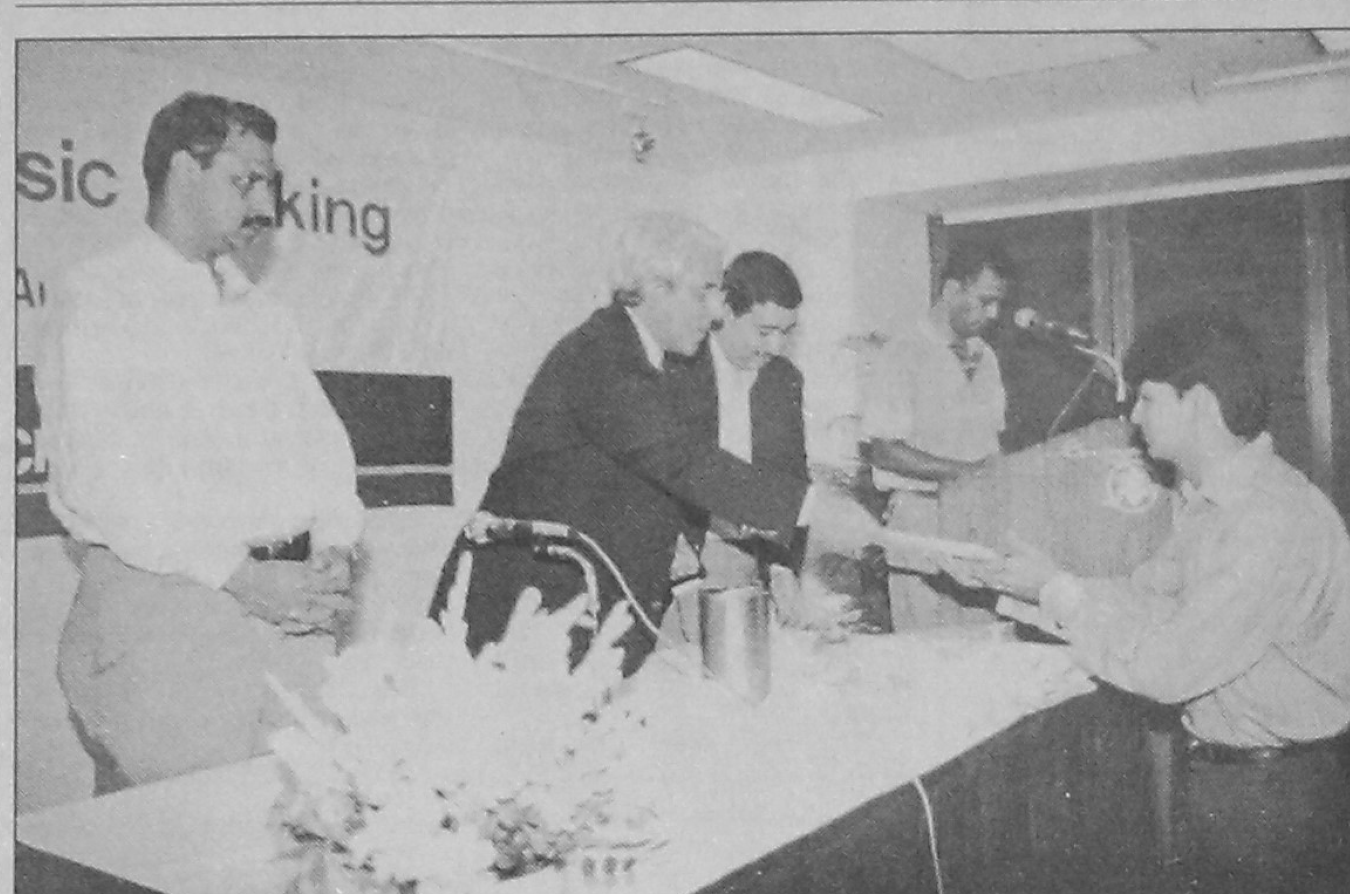
"As they say, it's the New Economy," a 21-year-old government scholar told the national newspaper The Straits Times.

"We need to move around by our second year of working life, to broaden our job scope in order to rise faster," he said.

"Why do we have a moral obligation?," a young woman told the newspaper.

"It's not a moral issue. It's just a money contract .... they want us to work for them until we've compensated them for the opportunity cost, and not because they want to do us a favour," she said.

Deputy Prime Minister Lee Hsien Loong has stressed that every Singaporean owes his success to the foundations provided by the country and had "a responsibility to contribute back to Singapore, to help others enjoy the same opportunities."



BGMEA President Anisur Rahman Sinha distributes certificates among the participants of a Standard Chartered Bank training on 'Basic Banking', which ended on Saturday. --Interspeed photo

BB T-bill auction held

The 100th auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year treasury bills were held here yesterday, reports UNB.

At the auction, Tk 597.00 crore, Tk 10.00 crore, Tk 45.00 crore, Tk 25.00 crore were offered respectively for the 28-day, 182-day, 364-day and 2-year bills.

Of these, Tk 596.00 crore, Tk 43.00 crore, and Tk 15.00 crore in total of Tk 654.00 crore of 28-day, 364-day and 2-year bills were accepted respectively.

The range of the implicit yields is 6.00-6.10 per cent, 7.50-7.60 per cent and 8.41-8.50 per cent per annum respectively.

This bids offered of the 182-day bills were not accepted and no bids were offered for the 91-day and 5-year bills.

Due to maturity of the bills, the total amount of Tk 637.00 crore will retire in the current week. So, the net amount of the issuing bills will stand at Tk 17.00 (654.00-637.00) crore in this week.

Plan to step up tourism co-op

Thailand, Myanmar agree to curb illegal trade

YANGON, Aug 6: Thailand and Myanmar have agreed to curb illegal cross-border trade and step up cooperation to boost tourism, Thai Commerce Minister Supachai Panitchpakdi said during a visit to Yangon, reports AFP.

The two sides "agreed to make more effort to expand trade, investment and cooperation in various fields including tourism," a joint statement released late Saturday said.

They admitted that "substantial" amounts of trade were being conducted illegally along their 2,401 kilometres (1,490 miles) of common border.

"It is imperative that the two sides should allow the trade along the border only through official entry and exit points supported by official documents," the statement said.

After meeting with the junta's first secretary Khin Nyunt, Supachai said Thailand had proposed a 240 kilometre (150 mile) road link between its border town of Kanchanaburi and the Myanmar seaport Dawei.

The road to be built by the Thai private sector, "should not only expedite regional trade but also promote investment and enhance tourism," Supachai said.

Kanchanaburi, west of Bangkok, is a popular destination for tourists visiting historic World War II era sites, including the bridge over the river Kwai.

Dawei lies to the north of Myanmar's Mergui archipelago, a pristine string of islands popular with divers.

Supachai arrived here Friday for a session of the joint trade commission between the two countries.

Indian IT firms chart new path of global expansion

NEW DELHI, Aug 6: India's infotech firms are blazing a path of global expansion through a wave of strategic acquisitions in the United States, and in other developed countries, reports AFP.

Domestic IT firms, such as DSO Software, Leading Edge Systems and Aptech, have all bought stakes over the past one year in about a dozen overseas infotech firms mainly in the United States.

"I think the trend will only increase as you can only grow so much organically. You need to have mergers and expansion," said Dewang Mehta, president of the National Association of Software Companies (NASSCOM).

Industry officials said the spree was likely to gain momentum as the central bank recently raised a forex investment limit on overseas acquisitions by IT firms from 10 million to 50 million dollars.

"I think the top 10 Indian IT companies are all looking at global acquisitions in the next 12 to 18 months," said Rajiv Gupta, director of mergers and acquisitions at DSP Merryl Lynch.

Soumitra Ghosh, head of worldwide marketing at Wipro Technologies, said an increasing number of firms were achieving a "critical mass" in terms of sales turnover that would allow them to take their cheque books overseas.

Several companies have already listed in the United States and other foreign stock exchanges with an eye to raising hard currency capital for their acquisition plans.

According to NASSCOM, India's software exports stood at 171.5 billion rupees (four billion dollars) in the year to March 2000, of which 62 per cent went to the United States and Canada, and 23.5 per cent to Europe.

"The US is not only the largest market, but it is a simpler territory to operate in terms of rules and regulations," said Atul Kanwar, Chief Executive Officer of information portal Mantra Online. "There is also a comfort factor as a range of technologies in US corporations are manned by Indians," he added.

A 3-member Philippines delegation headed by former Speaker of the Philippines House of Representatives and Chairman of Manila-based Policy and Markets Inc. Jose de Venecia (3rd from left) called on President of the Dhaka Chamber of Commerce and Industry (DCCI) Aftab-ul Islam (extreme right) at the DCCI office on Saturday. First Secretary and Consul General of the Philippines Embassy in Bangladesh Jose Dela Rosa Burgos (2nd from left) and Managing Director of Fin Agro Limited Ermannodraverso (extreme left) were also present. They discussed various issues of bilateral interest and explored the possibilities of mutual cooperation. --DCCI photo

Malaysia seen keeping low lending rates

KUALA LUMPUR, Aug 6: Malaysia has nudged banks and finance companies to raise deposit rates but the move is unlikely to spur a rise in the low lending rates, key to the nation's economic recovery, reports Reuters.

Analysts said banks' decision on Friday to raise deposit rates by 25 basis points was aimed at helping the central bank ward off inflationary pressures and stem flight of capital.

But the question now being asked is Can a hike in lending rates be far behind?

Bank Negara said it will pursue an accommodative monetary policy and assured of no increase in banks' lending rates.

Though puzzled by the move to raise deposit rates which will squeeze the margins of an already troubled banking sector, analysts say it was not prudent to raise lending rates as demand, central to an economic recovery, has not yet picked up.

Low interest rates have been central to Malaysia's recovery from the deepest recession in more than four decades.

The low rates have kept borrowing costs down, easing companies debt burden and spurring growth.

The central bank's benchmark three-month intervention rate has been pegged at 5.5 per cent since August 9, 1999.

Finance Minister Daim Zainuddin last week conceded that domestic demanded had not recovered to pre-crisis levels. He warned slow private investment could act as a drag on future growth.

"The loan growth has also been a bit slow," said Manokaran Mottain, economist at SBB Securities, adding it was another factor acting against an increase in lending rates.

Total annual loans rose by 2.0 per cent at the end of June against a growth of 1.3 per cent at end-May.

ESCAP urges rich countries to invest forex in poor nations

Move to offset capital shortage due to donor fatigue

JAKARTA, Aug 6: Wealthy countries should invest their foreign exchange reserves in poor nations to offset a capital shortage due to donor fatigue, according to the head of a UN Asia-Pacific economic body, reports AFP.

"There are about one trillion US dollars worth of foreign exchange reserves in the region .. and these reserves are all invested in New York and London, so how about recycling these foreign reserves in the region?" said Kim Hak-Su, chief of the UN Economic and Social Commission for Asia and the Pacific (ESCAP).

The proposal was one of several debated by economists from 37 developing nations at a five-day conference organised by ESCAP and the Asian Development Bank in Jakarta last week.

Regional bankers, policy makers and advocates were here to probe alternative forms of revenue-raising for countries hurt by donor fatigue and a drop in foreign investment.

Kim said the drying up of both funding sources was hampering development in poor nations and further marginalising them from global economic growth.

"The poor countries, especially in our region, the island state countries, the land-locked countries, many of the transitional economies in Central Asia, their main supply of capital is the official Development Assistance," he said.

Kim said the level of foreign aid, or ODA, from developed nations was well below the UN target of 0.7 per cent of GDP, coming in at less than 0.3 per cent last year.

At the same time he pointed to ESCAP data showing an 11 per cent drop in foreign investment in developing countries in 1998, although that figure had improved slightly in 1999.

Kim said one of the top priorities was to bring down interest rates in developing nations, which could be done by "cautiously developing capital markets" and introducing risk management strategies and guarantee systems.

"Because of their risk, developing countries always have high interest rates domestic rates are high because of inflation and then overseas lenders charge high because of risk premiums," he said.

"That kills their investment opportunities and lowers economic growth."

Kim proposed what he dubbed a "swap" system, under which rich nations would transfer some of their foreign exchange reserves to central banks in poor nations facing capital shortages.

A former banker and economic advisor in South Korea's private and public sectors, Kim said it was normal for developed countries' central banks to swap their forex reserves.

"So can we make arrangements for these poor central banks if they are short of foreign exchange, instead of borrowing from the International Monetary Fund, to do a kind of swap, as a form of risk management."

Kim said he was a also keen to look at syndicated loans for poor countries, under which several banks would share the risk, and consequently drop their interest rates.

Exchange Rates

Following are yesterday's **Standard Chartered Bank** rates of major currencies against Taka.

Selling		Currency	Buying		
TT/OD	BC		TT Clean	OD Sight Doc	OD Transfer
51.2500	51.2800	USD	50.8650	50.6964	50.6279
0.4787	0.4779	JPY	0.4599	0.4609	0.4599
30.3032	30.3277	CHF	29.6023	29.5077	29.4232
30.2461	30.2674	SGD	29.1232	29.0794	28.9647
34.7290	34.7536	CAD	33.8701	33.7765	33.6933
5.5770	5.5822	SEK	5.4736	5.4560	5.4400
31.4575	31.4330	AUD	28.7880	28.6905	28.6104
13.6321	13.6401	MYR	13.2496	13.2135	13.1956
6.6057	6.6096	HKD	6.4913	6.4736	6.4649
13.763	13.748	SAR	13.4585	13.4218	13.4036
14.0696	14.0779	AED	13.7045	13.7045	13.6860
0.0461	0.0462	KRW	0.0452	0.0452	0.0452
77.7105	77.6731	GBP	76.0120	75.7455	76.6909
47.0721	47.1590	EUR	45.4153	45.2319	45.1553
Usance Export Bills					
TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
50.7601	50.4469	50.0289	49.5481	49.0255	47.8549
Exchange rates of some Asian currencies against US dollar					
Indian Rupee	Pak Rupee	Thai Baht	Mal. Ringgit	Indo. Rupiah	NZ Dollar
44.96/45.06	53.15/53.35	41.25/41.29	3.7999/3.8001	8915/8935	0.4547/0.4554

US Dollar				Libor			
	Buying	Selling		1 Month	3Months	6 Months	12 Months
Cash notes	50.6650	51.2800	USD	6.62	6.71125	6.8825	7.0425
TC	50.6150	51.2600	GBP	6.08156	6.2025	6.32094	6.51

Weekly commodity: Palladium hits record high, oil up

LONDON, Aug 6: Palladium prices rose to record highs this week as supplies from the world's leading producer country, Russia, remained thin on the ground, reports AFP.

Cash prices rose to 855 dollars an ounce mid-week, to give a 30-per cent increase since June.

And its sister metal, platinum, also rose sharply, touching a 12-year high point.

Russia is the world's second-biggest producer of platinum after South Africa.

While supplies from Russia remain sparce, demand from the auto, electronics and jewellery industries is rampant.

Crude oil prices also rose, bringing an end to recent losses, on a stronger-than-expected decline in US reserves.

Gold: Slip. Gold prices weakened a little further as the dollar strengthened amid thin trading volumes.

The spot price slipped to 274.10 dollars an ounce on the London Bullion Market from 278.85 dollars the previous week.

Silver: Flat. Silver prices remained largely unmoved in uneventful trading.

The spot price rose by two cents to 4.95 dollars an ounce on the London bullion Market.

Platinum and Palladium: Surge. The price of sister metals platinum and palladium surged higher, with palladium setting a new record level midweek as supplies from Russia remained thin on the ground.

On the London Platinum and Palladium Market, palladium rose to 810 dollars an ounce from 762 dollars the previous week. Prices rose to a record 855 dollars on Wednesday.

And platinum soared to 582 dollars an ounce from 560 dollars. The cash price had risen to 612 dollars on Wednesday, the highest level for 12 years.

For months, the market has been buoyed by reduced supplies from Russia, the world's leading palladium supplier and second-largest platinum producer after South Africa.

At the same time, demand for the metals is high from the car industry which uses them in the manufacture of catalytic converters, while platinum has also seen strong demand from the jewellery market, especially in China.

Since June, palladium prices have climbed by more than 30 per cent, while platinum rates have risen by 38 per cent since the start of the year.

"Until we see some Russian spot sales, I don't see the price moving lower," a broker at the specialist brokerage Johnson Matthey said.

Didier Julienne, metals director at the Paris-based specialist brokerage Engelhard-Clal, said demand is so strong and Russian supplies so unforthcoming that the price of palladium could soar to 1,000 dollars an ounce this year.

"Demand it so strong that the psychological barrier of 1,000 dollars an ounce is within sight," he said.

Base Metals: Mixed. Most base metals traded on the London Metal Exchange (LME) fell back amid extremely light trading volumes.

Market attention was consumed by nickel, which fell under the weight of a continued build-up of LME reserves. Dealers were unphased by strike action at an important production site in Canada.