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BB cancels six money changers' licences

Bangladesh Bank (BB) has cancelled the money changer licences of six companies on different grounds, a BB press release said in the city yesterday.

The companies are: S C L Money Changer Ltd, Gaus Money Exchange, Unique Money Exchange, Al-Shafi International Money Exchange, Bhuvan Money Changer and Adarsha Money Changer Ltd.

The central bank has advised the members of the public not to make any exchange with these companies.

Mercantile Bank posts Tk 20cr profit

Mercantile Bank has earned Tk 20.16 crore operating profit during the year 2000, says a press release.

As on December 31, 2000 the total deposits and advances of the bank were Tk 889.61 crore and Tk 391.30 crore respectively.

During this period, the bank handled foreign exchange business of approximately Tk 1600 crore.

The bank is presently operating with 10 branches and extending all modern banking services.

S'pore GDP surges 10.1pc in 2000

SINGAPORE, Dec 31: Singapore's economy grew by 10.1 per cent in the year 2000, well above expectations, Prime Minister Goh Chok Tong said Sunday, reports AFP.

But a US economic slowdown, political turmoil in Southeast Asia and a sluggish Japanese economy are minefields that could slow down the growth momentum next year, he warned in a New Year's eve message.

The rate of increase in gross domestic product (GDP) is seen moderating to between five and seven per cent in 2001, the prime minister said.

"We have started the new millennium on a strong note. The economy grew by 10.1 per cent in 2000, well above our expectations at the beginning of the year," Goh said.

"All sectors did well except construction."

Singapore's trade ministry earlier this year projected GDP growth at 9.0 per cent but raised it to 9.5 per cent last month following strong expansion in the third quarter.

"Looking ahead, the economic outlook is fair, but with some uncertainties," Goh said, pointing to a significant slowdown in the US economy -- the largest in the world and a major market for Asia.

"If all goes well, it should avoid a hard landing. But if the US does go into a recession, it will hurt Asia's growth, and Singapore's too."

While European growth was firm, the Japanese economy may be losing steam, he added.

Chinese economy grows by 8pc

BEIJING, Dec 31: China's economy grew by eight per cent to 8.9 trillion yuan (about 1.1 trillion US dollars) this year, surpassing a trillion dollars for the first time at the current exchange rate, according to preliminary government statistics released Saturday China issues rules on trade with Taiwan, reports AFP.

The GDP growth rate surpassed last year's rate of 7.1 per cent and beat the government's target of seven per cent, the official Xinhua news agency said, citing figures released by the National Bureau of Statistics.

From 1996 to 2000, the country's GDP increased by an average of 8.3 per cent annually, Xinhua said.

In the first 11 months of this year, industrial output reached 257 billion dollars, up 11.5 per cent from the same period last year.

China invested 43.5 billion dollars in renovating and upgrading traditional industries in the 11-month period, an increase of 17.2 per cent year-on-year.

The development of high-tech industries also accelerated, according to Xinhua.

Electronic and telecommunication products have become the largest manufacturing industry in China, with a growth rate over 20 per cent points higher than that of the sector as a whole, Xinhua said.

Restructuring of state-owned enterprises has shown results, according to government figures.

The accumulated profits of China's industrial enterprises reached 44.7 billion dollars in the first 11 months of this year, up 92 per cent from a year earlier. From that figure, state-owned companies reported combined profits of 25 billion dollars, up 1.4 times, an all-time record since 1990, Xinhua said.

DSE launches millennium index of top 20 cos today

Star Business Report

The Dhaka Stock Exchange (DSE) will launch its new millennium index today which will include top 20 publicly-traded companies listed with the bourse.

The selected companies hold almost 50 per cent of the total market capital, said DSE acting Chief Executive Officer Md Rezaul Rahman.

He said that the new index will reflect the actual index movement as the existing DSE All Share Price Index includes many other companies which are not even in operation, do

not pay dividend or hold regular AGMs.

"The new index will truly reflect the market position," Rahman said.

The new DSE-20 index has been on a trial basis for the last few weeks. A company having a minimum Tk 20 crore capital, holding regular AGMs, declaring at least 10 per cent dividend for the last few years and shares of which are actively traded will qualify for the index.

The index will not be displayed on brokers' workstations as the DSE system does not

allow display of two indices simultaneously.

"However, if we find the DSE top 20 index to be more convenient for the brokers, then we may ask the bourse management to show the index live on trading monitor," said a councillor of the bourse.

Under the criteria, Islami Bank has qualified from the banking sector, Bangladesh Lamps and Singer Bangladesh from the engineering sector, AMCL Pran from the foods sector, British Oxygen Company

(BOC) from the fuel and power sector, Padma Textile from textile sector, Beximco Pharmaceuticals, ACL Beximco Infusion, Beximco Synthetics and Square Pharmaceuticals from the Pharmaceuticals sector, Eastern Housing from the service and real estate sector, Chittagong Cement, Confidence Cement and Meghna Cement from the cement sector, Pragati Insurance from the insurance sector and Bata Shoe, GQ Ball Pen, Monno Ceramics and BEXIMCO Ltd from the miscellaneous sector.

Low demand fails dream for locally-made motorbikes

By Shahriar Karim

Although different companies have been assembling motorbikes in the country since long, the demand is still too low to go for two-wheeler manufacturing.

The poor demand, according to industry people, is due to high value added tax (VAT) and registration fee.

According to the Motor Cycle Dealers' Association (MCDA), only about 27,000 motorcycles were sold in the country last year. However, in a country of over 12 crore people, the sales figure is far too short of the industry's expectations. Insiders view that given the size of the population, at least 100,000 units should be sold every year.

But unless a single brand can pull an annual demand of at least 50,000 units, it would not be viable to set up production plants, assemblers say.

Domestic demand in Sri Lanka, India and Pakistan prompted companies like Honda, Yamaha and Suzuki to set up joint venture production plants in those countries.

Currently, motorcycles are imported in completely knocked down (CKD) form from India, Pakistan and China and then assembled locally. Earlier, Japan was the main source of bikes, which importers later mostly discarded due to high yen appreciation.

Atlas, an enterprise of the

Bangladesh Steel and Engineering Corporation, still imports motor cycles in CKD form from Japan in addition from India and Pakistan. The Japanese motor cycles that are assembled by Atlas are C-50-SWR, CD-80-P, CG-125 and XL-185.

With 7000 units annual sales, Atlas commands 26 per cent of the market.

The state-owned enterprise also assembles Indian Hero Honda CD 100 Splendour and CD 100 SS. Recently Atlas has also started assembling two models of Pakistan-made Honda motor cycles -- CD-80 DK and CG-125 PK.

Private sector companies including Karnaphuli, Uttara Motors, Rian Motors and Niloy Motors sell some 20,000 units per year.

Although the demand is so low to set up production plant, Nilol Group recently announced that it would go for local manufacturing. However, the company did not spell out any specific time limit to implement its project. Company insiders said that before going for manufacturing two wheelers it has to create a demand in the country.

To achieve its target, Nilol recently launched its own brand motor bikes imported from China. It has extended credit facilities to end-users with the aim to create demand. Nilol sells three types of motor bikes -- Nilol Rider 125cc, Nilol Glory 100cc and Nilol Simple 100cc.

4 debt-stricken ROK banks to merge into holding firm

SEOUL, Dec 31: Four debt-stricken banks will be merged under a \$3 billion dollar government-led financial holding company by the end of next March, South Korea's financial industry watchdog said Friday, reports AFP.

The announcement marked an acceleration of the government's consolidation drive in the industry. It also came as operations at the country's two key commercial banks returned to normal after a week-long strike in protest over their proposed merger.

The four banks -- Hanvit, Peace, Kwangju and Kyongnam -- will be integrated under a financial holding company to be set up during the first quarter of next year, the Financial Supervisory Commission (FSC) said.

The FSC said the new finan-

cial holding company will become a financial giant with combined assets of 104 trillion won (\$3 billion dollars) as at the end of June this year. It would become the world's 84th largest financial institution.

Seoulbank, another troubled bank, would also become part of the financial holding company if the government fails to sell it to foreigners by the end of June, it said.

The FSC will also look at adding other weak merchant banks and security firms to the new holding company.

However, the four banks will be allowed to operate independently while being restructured until June 2002.

Kookmin Bank and Housing and Commercial Bank (HCB) were operating normally Friday after a week-long union protest at their merger plan.

Union members at the two

banks had gone on strike last Friday, when the merger was announced. Workers feared mass layoffs as a result of the marriage.

But the strike, which crippled operations at the two banks' 1,127 branches nationwide, ended as riot police crushed a sit-in by some 10,000 protesters Wednesday.

The Korean Financial Industry Union, an association of bank unions, also called off a "bank industry-wide strike at 10 banks Thursday."

"All bank offices opened for normal business today," said spokesmen from Kookmin and HCB on Friday.

The merger of Kookmin and HCB will create the country's largest bank with 122.2 trillion won (100 billion dollars) in combined customer deposits, 19,888 employees and 1,149 branches, officials said.



New DMD of City Bank

AHM Nazmul Quadir is the new Deputy Managing Director of the City Bank.

Prior to his present promotion, he was the Executive Vice-President of the same bank, says a press release.

Quadir started his banking career with erstwhile Eastern Banking Corporation Limited (Now Uttara Bank) as a Probationary Officer in the year 1969.

In March 1984, he joined The City Bank Limited as Assistant Vice President and held different positions.



S.M. Bakhtiar Alam, Managing Director, and Engr. Iftekhar Alam, General Manager of Prophecy Furnishers Limited of Bangladesh, and William Ong of Will Jackson Trading Enterprise of Singapore sign an export agreement on behalf of their respective organisations recently. Prophecy Furnishers Limited is a 100 per cent export-oriented joint venture furniture industry of the country.

- PF photo

Henkel buying Colgate-Palmolive detergent unit in Mexico

FRANKFURT, Dec 31: German chemicals group Henkel KGaA said on Friday it is buying US Colgate-Palmolive Co's heavy duty detergents operations in Mexico for an undisclosed amount, reports AFP.

The purchase will be effective from January 1 and includes factories, technical know-how and all the detergents bearing the Viva brand-name in Mexico, the company said in a statement.

The business in Mexico has annual sales volume of about 83 million euros (77 million dollars), it said.

The sale would allow the US soap-and-toothpaste group to strengthen its financial resources in its core businesses in Mexico, Henkel said.

For Henkel, the purchase boosts the German company's position in Mexico, the second-largest market for detergents in Latin America, it said.

Colgate Mexico and Henkel would cooperate in logistics and marketing in the initial stages, to ensure a smooth hand-over of the Viva brand to its new owner.

Henkel is a world leader in adhesives and owns the Persil detergent brand, and has 70 subsidiaries worldwide.



Picture shows the participants and organisers of the three-day Ejab Group workshop on Business Management-2001 held at its head office at Banani in the city early last month.

- Ejab Group photo

Ejab Group workshop held

Ejab Group held a three-day training workshop on Business Management-2001 at its head office at Banani in the city early last month, says a press release.

The workshop was organised for the company's sister concern Humadri Limited's project in-charges and accounts executives.

Begum Rabeya Ahmed, Managing Director of the company, inaugurated the workshop.

Mushtaq Ahmed, Chairman, Sobera Ahmed Rizvi, Director, Wally Ahmed, Director, and Eshtiaque Ahmed, Director of Humadri Limited were present on the occasion.

Anup Kumar Saha (Shadhin), Corporate Research and Development Manager, and Senior Accounts Personnel, conducted the workshop on business management particularly relating to finance and administration, public relations, business development, computerised accounts maintenance and price fixation.

Currency Roundup, 2000

Local forex market

The local foreign exchange market was steady throughout the year 2000. Stability was the undertone of the market without any major volatility. Most of the trade-related and current account transactions were denominated by US dollar. However, import letters of credit for capital machinery were denominated by Japanese yen and European currencies.

Prior to devaluation of taka, US dollar traded between Tk 51.10 and Tk 51.25 in the interbank market against Bangladesh Bank's US dollar buying and selling rates of Tk 50.85 and 51.15. On August 10, Bangladesh re-adjusted exchange rate of taka against the US dollar by Tk 3 (5.88 per cent). After the devaluation, the interbank US dollar/taka rate ranged between Tk 53.85 and 53.98. Corporates showed interest in short-term forwards to hedge exchange risks against import payments.

Bangladesh Bank further deregulated the foreign exchange market by introducing a new policy vide its Exchange Rate circular no 02, dated December 3, 2000. The central bank decided to buy and sell US dollar from authorised dealers within the band of Tk 53.85 to 54.15 instead of transacting all the US dollar purchases at Tk 53.85 and selling US dollar at Tk 54.15. The market players accepted the decision with enthusiasm.

According to Bangladesh Foreign Exchange Dealers Association (BAFEDA) the daily average foreign exchange turnover was over USD 220 million.

Demand for US dollar was much higher in the kerb market. US dollar cash notes closed at Tk 58.

Exchange rates of some foreign currencies against taka as on December 26, 2000.

Currency	Exchange rate (Taka)
Euro	49.95
Pound Sterling	79.79
Japanese Yen	0.47
Malaysian Ringgit	14.21
Saudi Riyal	14.41
UAE Dirham	14.69
Indian Rupee	1.15

Local money market

During the year 2000, local money market was stable. The average call money rate was around 7 per cent with high of 11 per cent and low of 5 per cent. Total daily turnover in the call money market was between Tk 4 to 5 billion. On the other hand, turnover in the term market was Tk 2 billion, and the 3-month term rate ranged between 8 and 11 per cent. The swap market was very limited in terms of number of players, turnover and tenors. Daily average swap turnover was USD 20-25 million. The swap, though in a limited way, stabilised the call money market.

The banking sector was flushed with excess liquidity throughout the year. Tighter credit expansion due to banks' focus on quality assets led to the excess liquidity. Excess liquidity continued to prevail despite increased government borrowing. The government borrowed around BDT 95 billion through treasury bills. However, yield on treasury bills fell due to excess liquidity in the market.

A number of factors prompted the government to increase its borrowing. The most important factor was shortfall in revenue collection. Hike in the price of petroleum products in the international markets also aggravated the situation. However, bumper crop during the year 2000 resulted in excess food stock which alleviated some pressure on the government.

International market

In the international markets, US dollar started the year with a strong footing against all the major currencies on the back of strong US economy. Federal Reserve was concerned about the future inflation expectation and hiked the US dollar rates few times to 6.5 per cent. Thus US dollar appreciated considerably against Euro and British pound.

In the fourth quarter, US economy started slowing down and Federal Reserve changed its bias and became concerned about the slowing down of the economy. This change in Federal Reserve policy stance initiated a market expectation of a US dollar rate cut in the first quarter of 2001. This weakened the US dollar in the fourth quarter.

On the other hand, in the fourth quarter, fall in the US stock market also contributed to the weakness of US dollar, especially against Euro and British pound.

However, Japanese yen remains under pressure due to persistent political turmoil and negative outlook about Japanese economy. US dollar closed against Euro at 0.93 level, pound sterling at 1.48 level and Japanese yen at 113 level.

Libor of Major Currencies As of December 26, 2000

	1 mon	3 mon	6 mon	12 mon
USD	6.64625	6.45000	6.23000	6.00000

Taiwan ready for launching direct links with China

KINMEN, Taiwan, Dec 31: Taiwan on Sunday put the finishing touches to preparations for the opening of three landmark "mini-links" between its territory and mainland China, reports AFP.

As of Monday, direct trade, transport and postal services will be authorised between the outlying Taiwanese islands of Kinmen and Matsu and the Chinese cities of Fuzhou and Xiamen in Fujian province on the mainland.

The links will be the first of their kind to be approved between China and Taiwan and there are hopes the highly sym-

bolic initiative could lead to an easing of tensions between the two rivals.

Although huge amounts of business are done between Taiwan and China, political tensions mean they are currently largely conducted through Hong Kong and Macau.

The two sides have been at odds since Chinese nationalist forces were forced to flee the mainland in 1949 at the end of a civil war which brought Mao Zedong's communists to power.

Port authorities on Kinmen and Matsu were busy Sunday checking their facilities and software for the opening of the

mini links.

The "Haian", the ship which will inaugurate the new era, was at sea, its crew familiarising themselves with the route between Kinmen and China's Xiamen city.

Taiwan's China policy decision-maker appealed to Beijing to cooperate fully with the initiative.

"We hope the Chinese communists would provide necessary assistance to the ships and people from Taiwan," Tsai Ing-wen, chairwoman of the island's Mainland Affairs Council (MAC), said after inspecting the preparatory work in Kinmen.

US Montgomery Ward goes out of business

CHICAGO, Dec 31: Montgomery Ward announced Thursday it had filed for Chapter 11 bankruptcy protection after 128 years in business, with some 28,000 staff to lose their jobs, according to a company statement, reports AFP.

Unhappy New Year for yen as Asian currencies fight dollar

HONG KONG, Dec 31: The yen failed to hoist itself out of the doldrums as a disappointing year dragged to a close, reports AFP.

It took a final tumble against the dollar as US investment funds, uninspired by the ailing Japanese economy, rushed to cast off the beleaguered currency.

Gloom also hung over much of Asia with the Singapore dollar, Philippine peso and Thai baht dropping against the greenback.

Japanese Yen. The yen ended 2000 on a dismal note as investors scurried for cover from the storm clouds gathering over the world's second-biggest economy.

The Japanese currency was quoted at 114.89-91 against the

dollar late Friday, well down from 112.58-61 a week earlier.

"American investment funds in the main are buying the dollar and offloading the yen," said Sanwa Bank trader Mitsuru Salaria.

"As far as they're concerned, the currency trends are merely reflecting the economic fundamentals of Japan as shown by rising unemployment, weaker industrial output and falling stock prices," he said.

A raft of figures released recently showed Japanese consumer spending falling, unemployment rising and industrial output on the wane, sending the yen to a 16-month low against the dollar.

Aussie Dollar. The dollar is in good shape to crack the 57 US cent barrier in the week

also after rising 10 per cent in December, dealers said.

Singapore Dollar. The US dollar advanced to 1.7335 Singapore dollars from 1.7290 a week ago.

HK Dollar. The dollar traded slightly higher at 7.7986-7.7996 to the greenback compared with the previous week's 7.7991-7.8001.

Indonesian Rupiah. Financial markets have been closed in Indonesia since December 23, but on Friday Bank Indonesia announced a year-end buy/sell rate of the rupiah at 9,095/10,095 to the dollar, a steep slide from the December 22 median closing rate of 9,380 to the greenback.

Analysts attributed the slide to the rash of Christmas Eve bombings in Indonesia that

killed at least 15 people and injured more than 100.

Philippine Peso. The peso closed lower against the dollar on Friday, December 29 at 50.010 pesos from 49.90 pesos the previous week.

ROK Won. The won fell two per cent, from 1,237 won per dollar a week earlier to 1,264.5 won to the greenback Friday, amid gloomy economic prospects and weak Asian currencies.

Taiwan Dollar. The Taiwan unit rose 0.6 per cent against the greenback over the week to close at 32,992 on Saturday after the central bank doubled the foreign currency deposit reserve -- a move intended to curb expectations of weakness in the local currency, dealers said.

ROK 2001 GDP growth target lowered at 5-6pc

SEOUL, Dec 31: South Korea's economic growth goal for next year has been set at five to six per cent, lower than over nine per cent growth expected this year, the Ministry of Finance and Economy said Friday, reports AFP.

The gloomier economic outlook was reported to President Kim Dae-Jung amid growing concerns over sluggish consumer spending and exports.

The ministry said it expected gross domestic product (GDP) to show a growth of four to five per cent in the first half of 2001 and six in the second half.

But it forecast the economy will remain in a difficult situation in the first half of next year due to unstable financial markets and weakening investment and consumption sentiment.

To help pick up the economic slack in the first half, the ministry said the government plans to spend about 60 to 70 per cent of its 2001 budget in the first six months.

The Bank of Korea earlier forecast GDP growth would ease to 5.3 per cent next year from 9.3 per cent projected for this year.

The central bank then based the outlook on slower demand in domestic and overseas markets.

South Korea's industrial output growth slowed to 6.4 per cent year-on-year in November from 11.5 per cent in October because of sluggish consumer spending and exports, the National Statistical Office (NSO) said Friday.

November output dropped 1.0 per cent month-on-month following October's 0.4 per cent fall.