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Euro brushes aside Fed rate cut

NEW YORK, Jan 5: The euro yesterday brushed aside a surprise cut in US interest rates, closing near 95 US cents after a surge in the dollar petered out amid persistent concerns about the health of the US economy, says AFP.

At 2200 GMT, the euro was worth 0.9497 dollars, having plummeted to 0.9270 a day earlier in New York when the US Federal Reserve reduced its benchmark federal funds rate by a half a point to six per cent in an aggressive action aimed at reviving US economic momentum.

The euro quickly recovered Thursday pushing back to 0.9520 during early Thursday trading – its best level since last June.

Our US economics team anticipates further Fed rate cuts during the months ahead, and the combination of rates cuts and weak economic data is not likely to be a positive for the US dollar," said Robert Sinche, an analyst with Citibank.

Sinche said the dollar is set to decline against the euro, bringing the European currency back to parity with the dollar, with expectations it will stabilize at 0.96 cents to one dollar.

French Economy Minister Laurent Fabius went further, noting that the euro had "come back quite strongly in recent days," adding that euro-dollar parity could be attained – or even surpassed by the euro – "quite quickly."

Investors quickly recovered from the Fed's surprise announcement to realise that the cut in the interest rate was unlikely to change US economy prospects, and went back to the euro, Audrey Childe-Freeman, an economist with the Canadian Imperial Bank of Commerce.

Some analysts point to the likelihood of another base rate cut at the Fed's January 31 meeting.

And the release Thursday of US weekly jobless claims, showing a rise of 16,000 to a seasonally adjusted 375,000, the highest level since July 1998, was also supporting the euro, Finstrom said.

Taiwan stocks seen higher next week

TAIPEI, Jan 5: Taiwan stocks are expected to maintain their upward momentum in the coming week in anticipation of an interest rate cut by the central bank, dealers said Friday.

"Institutional investors will continue to build-positions as the central bank has yet to lower interest rates after the rate cut in the US," said Kelvin Chu, analyst of Grand Cathay Securities.

Foreign and domestic institutions have scrambled to raise stock holdings since the Federal Reserve slashed key interest rates by half a percentage point to six per cent, sending the Nasdaq skyrocketing 14 per cent Wednesday.

In the past week, foreign institutions were net buyers of shares worth 15.55 billion Taiwan dollars (473.21 million US). Local investment trusts and brokers were net buyers of shares worth 13.92 billion dollars.

"Investors are also beginning to regain confidence in the market in anticipation of better relations with China after President Chen Shui-bian's New Year speech and the opening of direct links with the mainland," Chu said.

New NBL chairman

Habibullah, a leading industrialist, took over as the chairman of National Bank Limited on Jan 1, says a press release.

He is a sponsor director of the bank.

He built up his own business houses in the name of M/s Habibullah & Co and M/s Hasan Habib & Co.

He is the Chairman of Multimode Transport Consultants Limited, Dulamia Spinning Mills Ltd, K&Q Bangladesh Limited and Transworld Engineering and Training Co Ltd.

He is also the Vice Chairman of Multiplex Services Ltd and Managing Director of City Hospital Limited.

Habibullah is closely associated with many socio-cultural organisations.

Japan team to make appraisal of investment climate

15-member delegation due in city Jan 13

A 15-member business delegation from Japan arrives in the city on January 13 to see for themselves the prevailing investment environment and opportunities in Bangladesh, particularly in the Export Processing Zones, reports UNB.

The "Observation Mission on Investment Environment to Bangladesh" from the Japan-Bangladesh Committee for Commercial and Economic Co-operation (JBCCEC) would visit Dhaka and Chittagong EPZs during their 5-day tour.

Led by JBCCEC chairman Koji Nojima, the delegation will visit few factories in the CEPZ and hold meeting with Japanese companies operating in the exclusive economic zone, said sources in the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), JBCCEC's local counterpart.

During their stay in the capital, the mission is expected to call on Prime Minister Sheikh Hasina and other ministers, hold meetings with the president of FBCCI, other government functionaries and Japanese business association in Dhaka.

Japanese businessmen have invested USD 927 million in the country till June 2000 while their investment in EPZs stood at USD 57 million till June 1999.

Bilateral trade is in favour of Tokyo as Bangladesh exported goods to Japan worth USD 98 million during the July-March period of the fiscal 1999-2000 against its imports worth USD 697 million.

Major export items from Bangladesh included shrimps, woven, garments, leather and leather products, camera parts, jute yarn and twine, jute manufactures, fishing reel, knitwear, frozen fish and golf shaft.

Major imports from Japan included vehicles, aircraft, vessel and associated transport equipment, base metals and articles of base metal, machinery and mechanical appliances, electrical equipment, sound recorders, chemical and allied products, plastic and rubber products, textile and textile articles.

There are good prospects for expanding Bangladesh's garment export market in Japan as well as increasing export of non-traditional items.

Md Salimullah, Managing Director of Jayson Pharmaceuticals, receives the certificate of Quality Management System ISO 9001 from Dr Vinod K Jain, representative of British Standards Institution (BSI), UK, at a function held at a city hotel on Thursday. – Star photo

This file picture taken July 20, 1993 shows the head office of the French state-owned commercial bank, Banque Hervet in Neuilly sur Seine, near Paris. France announced Thursday that it had received takeover offers from five financial groups, including a subsidiary of Britain's HSBC Holdings. – AFP photo

US labour market weakening

Layoffs jump 200pc in Dec

WASHINGTON, Jan 5: The number of Americans filing for new unemployment benefits climbed to its highest level in 2-1/2 years last week and layoffs at US firms jumped more than 200 per cent in December, according to two reports released yesterday that showed a softening US labour market, says Reuters.

The reports, which added detail to a picture of an already slowing economy, were issued less than 24 hours after Federal Reserve Chairman Alan Greenspan and his colleagues unexpectedly cut a key interest rate that affects borrowing costs throughout the economy a half-percentage point.

The move was made between the Fed's regular policy-setting meetings and was the largest cut since mid-1992.

In a statement after the rate cut, the Fed said a significant drop-off in consumer confidence, sales and production warranted the move and suggested that it was poised to slice rates again if necessary. Most analysts think the powerful central bank will cut rates again at the conclusion of its next meeting on January 31.

Stock markets soared after the Fed's announcement on Wednesday with the Nasdaq composite index tallying its largest gain in its nearly 30-year history. But equity prices fell in trading on Thursday as investors sought to lock-in profits from the previous day's rally.

The latest data showing an economic slowdown came from the Labor Department on Thursday. The agency said new claims for unemployment benefits rose for the third straight week to 375,000 in the Dec 30 week from an upwardly revised 359,000 during the prior week.

In another report, an international outplacement firm said US firms announced 133,713 job cuts in December, up 203 per cent from November.

It was the highest number of job cut announcements ever recorded since the survey began in 1993 and only the fourth time ever that the number of job cuts totaled more than 100,000 in one month, Challenger, Gray and Christmas said.

"These are recession-like readings that we are getting," First Union chief economist David Orr said, predicting the economy faced about a 40 per cent chance of sinking into a recession. "They (Fed officials) do not need to hesitate."

Thursday's reports could bolster expectations for a weak reading on December employment, which will be released Friday. In a Reuters poll, economists estimated a slim 102,000 rise in new jobs last month, up from a 94,000 gain in November.

India asks bidders to finalise partners for airlines stake

NEW DELHI, Jan 5: India on Friday asked bidders for a stake in Air India and Indian Airlines to finalise joint venture consortium partners ahead of submitting their technical bids by the end of this month, reports AFP.

The government said in a statement that qualified candidates for the Air India stake had been sent bid packs with details of the initial shareholders agreement, share purchase agreement and a request for separate business proposals.

"This will be followed by the screening of technical bids, including security clearance of the consortium parties," it said.

India's Tata Group in partnership with Singapore Airlines and an Air France-and Delta Airlines combination all figure in a pruned list of bidders for a 40 per cent stake in Air India.

Up to a dozen bidders were initially believed to be in the race for the slice of the state-owned international carrier, but New Delhi announced last month that three had been disqualified because they did not fulfil all the required criteria.

A bid by Air India's pilots' union had been rejected.

The government hopes to sell a 60-per cent stake in Air India, which has piled up losses of 10 billion rupees (230 million dollars) in the past five years.

Forty per cent will be sold to a "strategic investor" -- which would include a maximum 26-per cent stake for a foreign airline -- and 20 per cent to employees and financial institutions.

New Delhi also plans to sell 26 per cent of its equity in Indian Airlines, the state-run domestic carrier. Consumer goods giant Videocon and India's Tata group have both bid for a slice.

Industry officials said the government was keen that the bidders should finalise their joint venture partners as further pruning would not be possible without knowing the track records of each consortium.

Experts say any airline which acquires a stake in Air India, would be in a strong position globally because routes over India provide a corridor between Asia and Europe.

Air India has an ageing fleet of 26 aircraft and is currently unable to fly on many of the routes for which it has landing rights.

Star TV clears $300m for DTH project in India

NEW DELHI, Jan 5: Media tycoon Rupert Murdoch's Star TV has cleared a 300-million-dollar investment to fund a direct-to-home (DTH) television project in India, the Economic Times reported Friday, reports AFP.

The newspaper said the News Corp subsidiary's board had sanctioned the initial investment for the project and was scouting for local partners to bring in the rest of the investment.

New Delhi has capped foreign direct investment in a DTH project at 20 per cent.

The Economic Times quoted Star TV chief Peter Mukherjea as saying that the network would apply next week to India's Foreign Investment Promotion Board to bring in their share of the equity.

Both Star TV and Subhash Chandra's Zee Television are unhappy with the low ceiling on foreign equity allowed for DTH projects in India and have asked the government to raise the ceiling to a minimum of 49 per cent.

Star TV said a 20 per cent cap on foreign equity amounted to "bridling the key player in a project" that required generous funding.

However, Star TV has decided not to force the issue at this stage.

"We don't want a face-off (with the government over the 20 per cent cap on foreign equity), otherwise the project will never happen," said Mukherjea.

"We want to launch the project, and then justify our case to the government."

Prior to New Delhi's green light for DTH satellite broadcasts in November last year, all satellite channels were delivered via cable, rather than direct to individual satellite dishes.

DTH is now being touted as a revolution for TV viewers, but experts here question how many can afford the service.

Commodity price recovery to slow this year

Rate acceleration seen again in 2002

LONDON, Jan 5: Base metals and crude oil prices will decline this year and slow down the recovery by industrial commodities, although this will accelerate again in 2002, the Economist Intelligence Unit (EIU) said today, reports Reuters.

In its latest World Commodity Forecasts, the EIU said industrial raw material prices, which rose 14.2 per cent in 2000, will increase by 4.2 per cent this year, before jumping 9.6 per cent next year.

"The slowdown is largely attributed to base metal prices, which are forecast to decline by 3.6 per cent in 2001, reflecting downturns in aluminium and nickel," EIU Commodities Editor Matt Perry said.

Rubber is seen as the strongest-performing commodity, rising by 34.6 per cent this year and 32.6 per cent in 2002.

But after surging 65.2 per cent in 2000, crude oil prices are expected to fall some 18 per cent this year as surplus supply chokes high prices, the EIU said.

Among the base metals, aluminium will decline on oversupply, accentuated by many smelters re-opening when energy prices fall. A recovery is likely in 2002, however, as the market gears up for the next round of production cuts and an upswing in demand.

Copper prices are expected to rise both this year and in 2002, even though demand growth will slow while production growth accelerates. Demand will still exceed supply and inventories will fall.

Natural rubber prices are still expected to recover over the next two years. "Powerful support for prices will come from the fundamentals, once buffer stock disposals are completed," the EIU said.

In oil, prices will fall this year unless the Israel/Palestinian conflict escalates, as oversupply starts to take hold OPEC production increases and slowing demand growth have suggested lower prices, but western refinery bottlenecks and the Middle East conflict have kept prices up.

"Prices are forecast to fall once again in 2002, although OPEC unity remains and uncertainty, since drastic steps to cut supply may restrain the decline," the report said.

Germany sees no need to scrap Russian debt

DUSSELDORF, Germany, Jan 5: German Chancellor Gerhard Schroeder will stick to his position that there is no need to cancel any of Russia's debts when he meets with Russian President Vladimir Putin at the weekend, the business daily Handelsblatt reported on Friday, reports AFP.

Germany is Russia's biggest creditor, accounting for 48 per cent of debt inherited from the former USSR.

On Thursday, the Interfax news agency in Moscow quoted a spokesman at the Russian finance ministry as saying that Russia expected to miss its first debt payments of 2001 to the Paris Club of creditor nations and would not take a decision on debt inherited from the former Soviet Union until it knew the outcome of a visit by an IMF mission, expected by the beginning of February.

The spokesman, Gennadi Yezhov, stressed that this did not mean that Russia was defaulting.

Euro revival heartens its UK fans

LONDON, Jan 5: After a year of silence enforced by the euro's dire displays, British supporters of the European single currency have found their voice again after its recent revival, reports AFP.

From trade union boss John Monks, close to the governing Labour Party, to opposition Conservative big-wig Kenneth Clarke, the pro-euro camp is snapping at the country's euro-sceptic majority once more.

Last year, it was different: the euro lost a quarter of its value, the US economy was in rude health and Denmark said 'no' to joining the single currency zone.

This all made British Prime Minister Tony Blair very nervous, and he toned down his instinctive support for the euro.

The euro's revival over the past few weeks, aided in part by mounting fears of a recession in the United States, have changed the picture for now.

Pro-Europe campaigners now claim euro-zone countries are forging ahead in economic growth, outstripping Britain.

"Growth will probably slow down a little but I expect the average level of growth in the euro-zone to continue to exceed growth in the British economy," Clarke said Thursday.

Clarke's views have earned him only brickbats from his euro-hostile party, despite the former finance minister's status as one of its grandees.

The pro-euro camp is at least partly right: the euro's revival and overall euro-zone growth should see the gap narrowing between British interest rates of six per cent and Europe's 4.75 per cent.

And economic convergence is one of the five key tests set by Chancellor of the Exchequer Gordon Brown before any notion of Britain joining the euro can be put to a referendum.

Clarke said: "The British economy is moving into a position where convergence criteria that the chancellor has set down look much more aligned with what is happening in euroland.

"All the events of the last few weeks show that it (joining the euro) is a decision that can't be put off and our interest would be as early an entry as would be expedient into the euro."

Labour has promised to hold a referendum on adopting the euro as quickly as possible after the criteria have been met.

The Conservatives, in contrast, are ruling out membership of the euro for at least five years.

The euro camp has another reason to cheer: Labour's victory in legislative elections expected in May appears assured, with the Tories hopelessly behind in the opinion polls.

With up to five more years in power to look forward to, Blair could afford to be a little more daring then in his support for the euro.

Dominic Cummings, of the anti-euro Business for Sterling, agreed that the single currency's recent surge in value made a successful referendum on entry early in the next parliament more likely.

"The pro-euro campaign's arguments change week to week, depending on what has happened in the foreign exchange markets, and that is not an intelligent or rational way to conduct the debate," he said.

Government of the People's Republic of Bangladesh
Local Government Engineering Department
Office of the Executive Engineer
Kurigram

Memo No LGED/EE/Kuri/2000/3844 Date: 18-12-2000

Notice Inviting Tender
No: 19/2000-2001

1. The Government of the People's Republic of Bangladesh has received a loan from Asian Development Bank (ADB), International Fund for Agricultural Development (IFAD), Swedish International Development Co-operation Agency (SIDA), Japan Bank for International Co-operation (JBIC), towards the Cost of Rural Development Project-21: Infrastructure Greater Rangpur, Dinajpur, Mymensingh, Jamalpur District and to apply a part of the proceeds of this loan to eligible payments.
2. Local Government Engineering Department (LGED) Dist: Kurigram invites sealed tenders for the following works listed below from the pre-qualified contractors/firms under RDP-21 of LGED for the FY 2000-2001.

Sl No	Group Code	Name of the Scheme	Price of Tender Schedule	Work Completion Time	Eligibility of Contractor
	01	02	03	04	05
01.	200042/CLM-1/KURI	a) Const of pavement work on Thanahat-Fakirarhat Road from Ch. 4091m-6191m under Chilmari upazila b) Const of 3.00x2.50m RCC box-culvert on Thanahat-Fakirarhat Road at Ch. 6350m under Chilmari Upazila	1,000/-	120 days	Pre-qualified contractor of RDP-21 Special A&B
02.	200043/CLM-1/KURI	a) Const of pavement work on Thanahat-Fakirarhat Road from Ch. 6191m-9841m under Chilmari upazila b) Const of 2x3.50x3.50m & 3.00x2.50m RCC box-culvert on Thanahat-Fakirarhat Road at Ch..8340m & 6300m under Chilmari upazila	2,000/-	120 days	Pre-qualified contractor of RDP-21 Special A& B

3. The tender documents could be purchased from the office of the (a) Divisional Commissioner, Rajshahi, b) Project Director, RDP-21, LGED Bhaban, Agargaon, Sher-e-Bangla Nagar, Dhaka-1207, c) Deputy Commissioner, Kurigram, d) Deputy Project Director, RDP-21, Regional Office, Rangpur/Mymensingh, e) Executive Engineer, LGED, Dist: Rangpur/Nilphamari/ Gaibandha/ Lalmonirhat/ Dinajpur/ Thakurgaon/ Panchagarh/Jamalpur/Mymensingh/Sherpur/Netrokona/Kishoreganj and office of the undersigned. f) Upazila Engineer, LGED, Upazila-Chilmari, District: Kurigram, up to 18-01-2001 during the office hours. Tender will be received upto 1.00 PM on 21-01-2001 and will be opened at 1.30 PM on the same day in presence of the tenderer or their authorized representative (if they are intended to be present) in the offices mentioned above.
4. The tender documents are those stated below and should be read in conjunction with any Addenda issued in accordance with Clause 12.
*Tender Notice *Instruction to Tenders *Condition of Contact *Contact Data *Specifications *Tender Form *Bill of Quantities/Activity Schedule *Form of Agreement *Drawings.
5. The tender is expected to examine carefully the contents of the tender documents. Failure to comply with the requirements of tender submission will be at the tenderers' own risk. Pursuant of Clause 27, tenders which are not substantially responsive to the requirements of the tender documents will be rejected
6. The authority reserves the right to accept or reject any tender or all the tenders without assigning any reason thereof.

Executive Engineer
LGED, Kurigram
Phone-0581-691/681

DFP-31646-31/12
G-62