

Mercantile Bank reduces lending rates

Mercantile Bank has reduced lending rates, says a press release. The bank has, however, kept interest rates on all types of deposit and deposit schemes unchanged. The rates of interest vary from 1-3 per cent such as, 1 per cent interest rate on term loan, 1 to 2 per cent interest on commercial and working capital loan and 3 per cent interest on export loan have been reduced.

Sony Ericsson Mobile regional VP in city



Bjorn Almqvist, Vice-President of the new Sony Ericsson Mobile Communication AB Asia Pacific Region, is in the city on a three-day visit to Bangladesh, says a press release.

During stay, he will reorganise the new Sony Ericsson office, which is going to be inaugurated very soon.

He will hold bilateral discussion with the officials from Grameen Phone, TM International Limited and Seba Telecom.

He will also meet the channel distributors to devise a new model particularly suitable to the Bangladeshi market and add value to both distributors and users.

One of the top mobile communications tools distributors in Bangladesh, Discovery Communication has already invited Bjorn to inaugurate their new Sony Ericsson service centre.

Bjorn Almqvist together with Engr Anwar Hossain, Country Manager of Sony Ericsson Mobile Communications AB in Bangladesh, will meet the press on Wednesday to discuss a wide range of issues of the company and mobile communication.

Malaysia airlines offers free stay in KL

Malaysia Airlines will offer one night free hotel accommodation in Kuala Lumpur for its passengers on any Malaysia Airlines destination, travelling between November 31, this year to 31, January, 2002, says a press release.

Malaysia Mega sales Carnival will be held from December 1 to 30, 2001.

A very special mega discount (up to 70 per cent) will be offered for overseas shoppers in this fantastic shopping extravaganza.

Foreign diplomats visit Aventis Pharma plant

A group of foreign diplomats from different embassies and high commissions in Bangladesh recently visited the Aventis Pharma plant at Tongi, says a press release.

They were British High Commissioner Dr David Carter, France Ambassador Michel Lummaux, German Ambassador's representative Third Secretary Juergen Schrod, Charge d'Affaires of European Commission Jorg Volker Ketelsen and French Trade Commissioner Pierre Boedoz.

The diplomats expressed their satisfaction over the quality level of the Aventis Pharma.

The pharmaceutical manufacturing plant of the company was commissioned on a 26 acres of land.

A K M Shamsuddin, Managing Director of Aventis Pharma, presented Aventis Crest to the guests.

HK jobless hits 5.5pc

AFP, Hong Kong

Hong Kong's unemployment rate is expected to rise further after a 5.5-per cent rise in the number of jobless in the three months to October as the economic slowdown deepened, a government spokesman said Monday.

The figure compared to 5.3 per cent in the three months to September.

"On present indications, a further rise in the unemployment rate is plausible," a government spokesman said.

SEC serves show cause notices on 4 brokers in manipulation case

M SHAMSUR RAHMAN

The Securities and Exchange Commission (SEC) issued show cause notices on four stockbrokers asking them to explain why actions would not be taken against them for contravening securities laws while dealing for an investment company.

The brokers are Imtiyaz Hussain & Company, SCL Securities Limited, Azam Securities Limited of Dhaka Stock Exchange (DSE) and CMSL of Chittagong Stock Exchange (CSE).

Earlier, the SEC sued former managing director of the investment company -- Saudi-Bangladesh Industrial and Agricultural Investment Company Limited (SABINCO), a joint-venture investment company owned by Bangladesh and the Saudi governments -- on the allegation of manipulating the stock market in July last year.

Prior to the case filing, Managing Director Kutubuddin was forced to resign after the SEC informed the finance ministry about his alleged involvement in manipulation.

In mid July last year, the Dhaka Stock Exchange (DSE) price index shot up to 721 points from 582 points within a span of eight days. The index then nose-dived in just three consecutive trading days.

The abnormal surge made SEC suspicious about the whole affairs, leading them to launch an investigation.

After a lengthy 10 months investigation, the SEC filed a report stating that the abnormal surge was caused by heavy transactions by SABINCO.

"The company engaged some 14 stock brokers for trading for a month. These brokers had resorted to buying and selling of same securities on both the bourses on a same day," the investigation said.

The SABINCO dealing involved stocks of Dynamic Textile, Beximco Pharmaceuticals and Meghna Cement Mills Ltd.

The brokerage houses which traded the shares for SABINCO are Azam Securities, Imtiyaz Hossain and SCL Securities of DSE and CMSL of Chittagong bourse.

In the showcase notice to SCL, the SEC said SABINCO MD made a profit of Tk 1.86 lakh through a single buy and sell order of Beximco Pharmaceuticals shares without making any investment.

"This means that your company financed trading of the MD without any margin arrangement," the SEC said.

The allegations against the others accused in the manipulation also went to the extent of allowing trade in "undefined and unidentified" clients, lacking margin, among others.

Malaysia in recession, situation may get worse in 6 months: Analyst

REUTERS, Kuala Lumpur

Malaysia is already in recession and the economic slump could get worse in the next six months as consumption slows, Goldman Sachs said.

"Over the next six months, we believe there will likely be confirmation that this recession is deeper than that of 1998," analyst Adam Le Mesurier wrote in a report obtained by Reuters on Monday.

Malaysia's economy has slowed for two consecutive quarters, hurt by faltering export revenues and investments from the United States.

Gross domestic product (GDP) grew 0.5 per cent in the second quarter and 3.1 per cent in the first quarter, well below the 8.5 per cent growth achieved in 2000.

Third-quarter GDP is due to be unveiled on Thursday.

The slowdown comes barely three years after the country slid into

its worst recession in decades following the onset of the Asian financial crisis in 1997.

The GDP data released by the government are not seasonally adjusted, leaving economists split on whether the country had entered recession this year.

But Goldman considers Malaysia to be in a recession, it said in its latest review of the country's economy.

"On a nominal growth basis, the swing in nominal GDP growth is already the largest on record," the research house said. GDP contracted 7.5 per cent in 1998.

Goldman has cut its forecast for Malaysia's GDP to 1.0 per cent contraction in 2001 from 0.4 per cent contraction previously, and to 1.0 per cent growth in 2002 from 2.3 per cent growth previously.

"The main difference between now and 1997/98 is the degree of the export sector's downturn,"

Goldman said.

It said the value of the country's exports on a year-on-year basis, measured over a ten-year period had fallen significantly.

"The 1997/98 period represented a pause in the export sector's expansion rate, whereas today exports are contracting significantly," it added.

Slowing consumption, as measured by factors including car sales and house mortgages, would lead to higher deflationary pressures on the economy, making it harder for the government to abandon its fixed exchange rate regime if it needs to, the research house said.

It said up till now, strength in domestic consumption, driven by government pump-priming and interest rate cuts, has helped cushion the impact of the sluggish export sector.

But consumption growth is likely to slow over the next six months as

job losses sap consumer confidence. That, in turn, will add to deflationary pressures, Goldman said.

"We believe this increased deflationary pressure will intensify the political debate on the wisdom of the pegged exchange rate," it said.

The ringgit has been pegged at 3.8 per US dollar since September 1998, a regime Goldman says limits the central bank's policy responses to address deflation.

"With the overall balance of payments currently in a surplus position, the authorities would be well advised to consider exiting the peg while in a position of relative strength."

As deflation intensifies, efforts to restructure the country's debt-heavy corporate sector could also be hampered.



PHOTO: JANATA BANK
Managing Director of Janata Bank Murshed Kuli Khan and Chairman of Square Group of Industries Shamson H Choudhury exchange documents of a consortium loan deal on Thursday in the city. Under the agreement, Janata Bank and Sonali Bank will extend loan to Shara Knit Fabrics Ltd, a company of Square Group.

Phillips Petroleum, Conoco announce \$35b merger

AFP, Houston, Texas

Texas-based Conoco Inc. and Oklahoma-based Phillips Petroleum Co. announced Sunday they would combine to create the United States' third-largest energy company, with 35 billion dollars in assets.

The new firm, ConocoPhillips, will be headquartered in Houston, Texas, and maintain a presence in Oklahoma.

"This merger of equals represents an excellent strategic fit for both Conoco and Phillips," Conoco chief executive Archie Dunham said in a statement.

"It will position ConocoPhillips as a stronger US-based global energy producer by significantly enhancing its capability and growth prospects on five continents in both current and prospective ventures, while generating major synergies."

Under the terms of the agree-

ment, Phillips shareholders will receive one share of ConocoPhillips stock for each share of Phillips they own, and Conoco stockholders will receive 0.4677 shares of ConocoPhillips stock per share of Conoco owned.

Phillips shareholders will control about 56.6 per cent of the new firm, while Conoco shareholders will own about 43.4 per cent.

"This merger ensures that the United States will be home to a third major international petroleum company," said Phillips CEO James Mulva. "For Conoco and Phillips, joining forces is the ideal way to be competitive in the reshaped energy industry."

Mulva will serve as president and CEO of the new firm, while Conoco's Dunham will be chairman.

ConocoPhillips will have a refining capacity of some 2.6 million barrels a day and will operate or have interests in 19 refineries in

Britain, the Czech Republic, Ireland, Germany, Malaysia and the United States.

It will also maintain participation in the chemical and plastics joint venture Chevron Phillips Chemicals and the natural gas gathering and processing joint venture Duke Energy Field Service.

Conoco, founded in 1875, has operations in 40 countries and had 20,000 employees and 27.7 billion dollars in assets as of September 30, 2001.

Founded in 1917, Phillips has a presence in 39 countries and had 38,500 employees and 35.4 billion dollars in assets at the end of September.

The merger must be approved by both companies' shareholders and federal regulatory authorities before it can proceed.

The move is the latest in a string of merger deals among oil firms in the United States.



PHOTO: CONCORD ENTERTAINMENT

S M Kamaluddin, Chairman of Concord Group, cuts ribbon to mark the pre-inaugural ceremony of the Festival Square of amusement park Fantasy Kingdom at Ashulia recently. The Festival Square is expected to be opened to public by mid-December while the full-fledged park will start operation by January, 2002.

Oil price slump to boost struggling global economy: Analysts

AFP, London

The slump in oil prices triggered last week by a row between major world crude producers over output could provide a timely boost to the struggling global economy, analysts believe.

Crude prices fell some 15 per cent last week -- bad news for the world's major oil exporters locked in a nerve-racking battle for market share, but good news for oil importing western economies that are flirting with recession.

Not that major importers like the United States, Japan and the European Union should be willing oil prices to plunge to pitiful levels. Ridiculously cheap crude would present a new set of problems, destabilising the Middle East and encouraging wasteful use that would aggravate global warming, analysts say.

But for now, economic managers in Washington, London and Tokyo grappling with a testing economic downturn will be happy with recent developments on crude markets.

An icy row between the 11 countries grouped in oil cartel OPEC and independent producer Russia about output has sparked a market slump the likes of which has not been seen since 1998.

The Organisation of Petroleum Exporting Countries (OPEC) argues that all producers should be cutting back production now to trim supply in line with falling demand, hence

allowing weak prices to recover.

Russia publicly disagrees. It wants to grab as much market share as possible, and is happy to engage in a game of dare with OPEC and its key player Saudi Arabia.

The result was that crude prices slumped heavily last week to levels not seen since June 1999, before stabilising on Friday around 18 dollars a barrel.

Lower energy costs are widely accepted as a blessing to industrial-

ised economies that are heavily dependent on oil imports.

Some analysts roughly figure that five dollars off the price of a barrel of oil gives the same stimulus to economies as a half-point off interest rates. Others liken it to a tax cut. Either way, lower energy costs keep inflation tame, keep costs down for business and leave motorists with more money in their pockets.

JB, SB to extend loan to Shara Knit Fabrics

Janata Bank and Sonali Bank have formed a consortium to extend Tk 474.51 crore in loan to Shara Knit Fabrics Ltd, a company of Square Group of Industries, says a press release.

An agreement to this effect was signed on Thursday.

Managing Director of Janata Bank Murshed Kuli Khan, Deputy Managing Director Md Shamsul Islam Bhuiyan, General Manager of Sonali Bank Md Nurul Islam Mollah, Chairman of Square Group of Industries Shamson H Choudhury, and officials of Shara Knit Fabrics were present on the occasion.

Managing Director of Janata Bank, the lead bank, said the Square Group maintains a cordial relation with Janata Bank and with the signing of this agreement a new horizon of business relation is going to be opened.

Chairman of Square Group of Industries Shamson H Choudhury highly appreciated the consortium financing agreement by Janata Bank and Sonali Bank.

China to see 7pc growth in 2002 despite global slump

AFP, Shanghai

China's economy will maintain its seven per cent growth target in 2002 despite the global economic slowdown, a top economic official was reported as predicting Monday.

National Bureau of Statistics vice-director Qiu Xiaohua said China would have no trouble reaching its growth target of seven per cent this year and looked set to reach a similar level next year, despite slowing export growth, the China Securities News said.

In the nine months to September, China's gross domestic product (GDP) was 6.72 trillion yuan (812 billion dollars), growth of 7.6 per cent on the same period in 2000.

Qiu said the slowdown in global growth could result in a continued slowdown in GDP growth next year, but that China's expansionary fiscal policies would offset any world slump.

Domestic demand would remain strong despite such "deep-seated contradictions" as a sharp decrease in exports, low farming incomes and unemployment pressure from ailing state-owned enterprises, Qiu said, according to the newspaper.

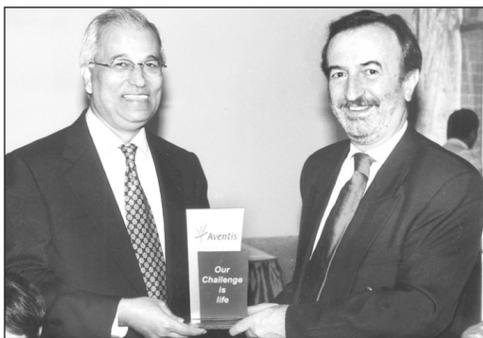


PHOTO: AVENTIS PHARMA

AKM Shamsuddin, Managing Director of Aventis Pharma, presented a crest of the company to French Ambassador Michel Lummaux when the envoy along with a number of foreign diplomats visited the Aventis Pharma plant at Tongi recently.