

Bank holiday on December 3

BSS, Dhaka

The Bangladesh Bank and all scheduled banks will remain closed on December 3, 2002 (Tuesday) on the occasion of holy Shab-e-Qadar, a central bank press release said.

BOI moves to update info on FDI inflow

Board of Investment (BOI) of Bangladesh requested investors in the private sector to furnish the relevant information on the foreign direct investment (FDI) inflow into their industrial set-up for regular updating of FDI inflow into the country, says a press release.

The foreign invested industrial undertaking (100% foreign/joint venture) outside EPZs, now in operation or under different stages of implementation, registered with the BOI or approved by the erstwhile deptt. on industries, are requested to fill-in and send the form on FDI inflow they have been sent by mail or fax earlier to BOI by December 1, 2002 at the latest.

Industries that have shifted their addresses from those at the time of registration are advised to collect the form from IIMC wing of BOI.

New country manager of Expeditors



K Hamidur Rahman took over as country manager of Expeditors (Bangladesh) Ltd on Monday, says a press release.

He has been with the company since its inception as country sales and marketing manager.

Expeditors (Bangladesh) Ltd, a subsidiary of Expeditors International of Washington, has been awarded the best of all American companies in Bangladesh by the American Chamber of Commerce and Industry (AmCham) this year.

Tk 650m fixed rate long-term loan for Holcim

Holcim, the country's leading ISO 9002 certified cement company, will receive Tk 650 million as fixed rate long-term loan from three of the company's 'club banks', says a press release.

The banks to provide loan are Standard Chartered Bank, Public Bank and Citibank NA.

Meanwhile Holcim held a ceremony recently to celebrate the loan offers it received from the three banks.

A number of offers were formalised by signing agreements during the celebration of the event at a city hotel.

The event was attended by the executive committee of Holcim, along with senior officials from the different banks.

The banks were represented by Naser Ezaz Bijoy and Faisal Rahman from Standard Chartered Bank, Mirza Ali Insaif and Helal Ahmed Chowdhury from Pubali Bank, and Mamun Rashid and Abed Islam from Citibank, NA.

Ramit Budhraj, CEO, and Tilak Ratnayake, GM (Finance), represented Holcim.

The loans form part of a Tk 800 million long-term funding package for Holcim comprising loans and preference shares.

This is the first time that a local currency, five-years fixed-rate, long-term "club" loan has been offered to any commercial organisation in Bangladesh. This path-breaking step is likely to encourage the budding long-term fund market in the country and help other entrepreneurs make new investments in conformity with the government's policy.

Eid sales go up as extortionists retreat

ZAHIDUL HAQUE

Eid sales in the city have increased by 10 to 15 per cent this year so far over the previous year, thanks to the improvement of law and order situation and decrease in extortion in different market places following country-wide army deployment.

A visit to some major shopping malls by this correspondent yesterday found happy faces of both shop owners and customers.

However, some shoppers

said although extortion has declined this year, traders do not reduce their product prices.

According to President of Dhaka New Market Bonik Samity (traders' association) Maruf Hossain, sales ahead of Eid are noticeably higher, some 10 to 15 per cent, this year over the corresponding period of the last year.

The president of the association, a body of around 250 shop owners of Dhaka New Market, said, "The bold decision to deploy army by the government

has made it possible."

Even extra spending by customers for winter clothes could not reduce the Eid sale. Sales people at New Market, the city's traditional destination of Eid shoppers, were found extremely busy haggling over prices with the buyers.

Nazrul Islam Babu runs a readymade garments shop at the New Market. He estimated his sale had soared by 15 per cent in comparison with that of the previous year's corresponding period. "Sense of security

among general public has helped them to visit shopping centres as incidents of mugging have decreased manifold in the city."

However, Zakir Hossain, another retailer at the New Market, sees traffic jam and load shedding as a setback, which causes the sale to drop slightly.

Gausia Market also witnesses brisk business. However, some of the shop owners said lack of parking facility drops sale at Gausia, the shopping hub for middle income

group people.

Masud Alam, owner of a large shop selling women's wear at Rapa Plaza, a posh mall attractive to mostly higher income group people, said his Eid business is good this year.

Some new shopping centres namely ARA Centre, Metro Shopping Complex, Concord Arcadia and Concord Twin Tower have emerged this year to compete with other marts. Most of the market places, including the new ones, are decorated with flowers and fairy lights to

attract customers.

Many sellers are also offering lucky coupon draw with gifts like car, TV, fridge, jewelry and cash, on the sale of their products to shoppers.

Vendors on the footpaths in Gulistan, Baitul Mukarram, GPO, Farm View Super Market and many other areas, however, witness slim sales this year as police and army often evict them from pavements.

Eastern Housing declares 10pc cash dividend

Eastern Housing Limited has declared a 10 per cent cash dividend for its shareholders for the year ending July 31, 2002.

The dividend was declared at the 38th annual general meeting of the company held at BDR Darbar Hall in the city on Monday, says a press release.

Manzurul Islam, chairman of the Board of Directors of Eastern Housing Limited, presided over the meeting. The turnover of the company plunged to Tk 78.98 crore from 100.02 in the last year. The gross profit fell down to Tk 17.65 crore from Tk 22.16 crore of the previous year. The profit declined to Tk 3.63 from Tk 6.73 of the last year.

In the Land sector, the company developed 50.47 acres of land against 92.78 acres in the previous year and had another 90.25 acres of land at different stages of development. In the Apartment Sector, 106 units of shops and apartments were constructed against 386 in the previous year and another 4207 units were under different stages of completion.

In a dull and demand dearth market, the company could sell and hand over 790 plots of land, 44 commercial shops and 175 units of apartments.

During the year under review, the company could manage to purchase only 20.20 acres of land as against 26.20 acres in the previous year, despite the serious cash flow constraints.

The meeting was attended by a large number of shareholders.

The shareholders unanimously adopted the director report and audited accounts of the company. The retiring Directors Azharul Islam and Md Atiar Rahman Munshi who retired from the office as per Article 138 & 139 of the Articles of Association of the Company were re-elected to the Board.

Auditors M/s. A Qasem & Co, Chartered Accountants was appointed as the auditors of the company for the year ending July 31, 2003.

Diverging inflation rates turn into policy headache for ECB

AFP, Frankfurt

With inflation galloping ahead in countries such as Ireland and Spain and Germany facing the threat of deflation, divergent price developments across the euro zone are proving to be a headache for the ECB as it tries to find an appropriate level of interest rates for the region as a whole.

Most European Central Bank watchers expect the guardian of the euro to lower euro-area borrowing costs by a notch or two at its next policy-setting meeting on December 5.

It's a move which many experts believe is long overdue and badly needed to give the ailing economy a shot in the arm. But apparently contradictory comments from leading ECB officials -- and all but open dissent on the ECB's policy-making governing council at its meeting last month -- mean that a rate cut is still anything but a safe bet next week.

The ECB's deputy president Lucas Papademos told a Finnish newspaper on Wednesday he saw an increasing probability for a cut in euro-zone interest rates.

But on the same day, the bank's chief economist Otar Issing told a French newspaper that the ECB remains concerned

about inflation in the single currency area.

"One of our concerns is that, in a context of a slowdown in real economic activity, inflation has not declined in the same way," Issing said in an interview with French daily Le Figaro.

By contrast, Papademos told the financial daily Kauppalehti that "the outlook for inflation to decrease and to stay below 2.0 per cent next year is improving."

"Therefore the probability for economic growth supported by a cut in interest rates, that will not threaten price stability, is increasing," he said.

The seemingly contradictory positions mirror the ECB's central dilemma when setting a one-size-fits-all monetary policy for 12 individual countries which are at very different stages of the economic cycle.

Indeed, while a rate cut would be welcomed in Germany, one of the worst performing economies in the 12-country region, it would not be so desirable in other countries, such as Spain, where economic activity is much stronger.

On Tuesday, Spanish economy minister Rodrigo Rato said that a cut in the ECB's central "refi" rate, which currently stands at 3.25 per cent, would only exacerbate his country's already

high rate of inflation.

Spanish inflation currently stands at 4.0 per cent, way above the 2.0-per cent ceiling set by the ECB. In Ireland, it's even higher at 4.6 per cent and in Portugal it currently stands at 3.7 per cent.

Cutting rates and making credit cheaper might cause inflation in those countries to spiral even higher.

By contrast, German inflation currently stands at 1.1 per cent and unless a rate cut is forthcoming there is even talk that the euro-zone's biggest economy could be facing deflation.

The discrepancy is hardly surprising given the fact that economic policy continues to be set by the national governments rather than an area-wide body, while monetary policy lies solely in the hands of the ECB.

"The ECB must set monetary policy for 12 different countries. What's right for one country is wrong for another," said US economist Milton Friedman, who won the Nobel prize for economics in 1976, in a newspaper interview on Wednesday.

"It's possible that monetary policy is too lax for Ireland, but probably too tight for Germany. You can almost feel sorry for the central bankers," Friedman said.

KL on track to achieve GDP target: Central bank chief

THE STAR/ANN

Malaysia is on track to achieve its targeted GDP growth for this year of between 4-5 per cent, said central bank Governor Dr Zeti Akhtar Aziz.

Zeti said the Malaysian economy grew by 5.6 per cent during the third quarter to September on the back of strong domestic demand and export performance, following growth rates of 3.9 per cent in the second quarter and 1.1 per cent in the first quarter.

In a press conference to announce Malaysia's third quarter economic performance, Zeti said she was optimistic the country's fourth quarter growth would be similar to that of the third quarter. "We expect the economy (in the fourth quarter) to sustain the growth in the third quarter," she said. "If the external environment is favourable, it would outperform the

third quarter." She said the expansion in economic activity was reflected in the broad-based growth across all sectors. For the first time since the first quarter of 2001, all sectors of the economy registered positive growth. The manufacturing sector led the way with a value-added growth rate of 7.3%, underpinned by a stronger performance in export-oriented industries, particularly in the electronics and electrical industry. According to Zeti, leading indices suggest growth would be maintained through early 2003 but external influences, such as the possibility of a US war against Iraq, would nevertheless have an impact on the Malaysian economy.

However, she added the Government had the leeway to give the economy another boost if necessary.

"The fundamentals remain strong. If required, the

Government will make further fiscal stimulus," she said, adding that the positive and cumulative effects from the Government's monetary and fiscal stimulus packages, higher commodity prices that benefited a wider section of consumers across the country, together with a stronger recovery in external demand, had contributed to the strong growth in the third quarter. Prime Minister Datuk Seri Dr Mahathir expressed his happiness now that the country's economy had emerged better than what the Government had expected, reports ZULKIFLI ABD RAHMAN.

He said this demonstrated Malaysia's resilience as most other countries were experiencing an economic downturn.

"We should all be thankful for the country's economic achievement," Dr Mahathir on Wednesday.



Azharul Islam, chairman of the board of directors of Uttara Bank Limited, presides over the 19th annual general meeting of the bank at the BDR Darbar Hall in the city yesterday. MA Samad, Motior Rahman, SKH Reza, Abu Hossain Siddique and Abul Motin Khan were re-elected directors in the meeting.

Heavy demand seen as Lanka starts record IPO

REUTERS, Colombo

The sale of 12 per cent of Sri Lanka Telecom, the country's biggest-ever initial public offering (IPO), opened yesterday to strong investor demand, an official close to the deal said.

The country's dominant fixed-line phone company opened the \$34 million IPO on the back of improved investor interest in the island following talks to end a 19-year ethnic war with Tamil Tiger rebels.

"The response is tremendous," the official said. Trading in the shares is expected to begin in late December or January.

The shares are being sold by the government, and a successful IPO will bolster government plans to raise \$220 million in asset sales this year.

Issue manager DFCC Bank Ltd said the sale of 217 million shares at 15 rupees each could close within the day, but that it has the option to keep it open

until December 18.

Managers of the issue said foreign funds had shown interest in the IPO, which could boost the emerging bourse's \$1.6 billion market capitalisation by more than 17 per cent.

However, Sri Lanka stocks opened slightly lower as brokers said there was uncertainty about how the IPO would fare.

"There are some concerns that foreign investors have not really taken the issue up," one broker said.

Though big for Sri Lanka, the issue is tiny by regional standards set by Chinese fixed-line phone giant China Telecom's \$1.43 billion offering and a \$449 million share sale by Singapore cellphone service operator MobileOne this month.

Repeated government attempts to sell its shares in the \$280 million firm, in which Japan's Nippon Telegraph and Telephone Corp has a 35.2 per cent stake, had been derailed

by the ethnic war.

A truce signed between the two sides in February and peace talks that began in September have raised hopes of a permanent end of the conflict.

The local Daily Mirror newspaper said the issue could close within one or two days.

The government can offer another three per cent of the telco if the issue is oversubscribed, taking its stake down to 46.5 per cent. Employees own 3.3 per cent of the firm. DFCC, in a research report, forecast a 50 per cent jump in net profits at Sri Lanka Telecom this year, to 3.2 billion rupees (\$33 million) from 2.1 billion last year.

Telecommunications is one of fastest growing sectors in the economy. Although Sri Lanka Telecom lost its monopoly on international calls in August, it has 86 per cent of the fixed-line market and 15 per cent of the mobile phone market.

India, Belarus sign pacts to boost trade, investments

AFP, New Delhi

India and Belarus Wednesday signed two agreements to boost trade and investment and increase cooperation in science and technology, officials said.

The two accords were inked in the presence of Prime Minister Atal Behari Vajpayee and his visiting counterpart from Belarus, Gennady V Novitski after their talks.

"The entire gamut of bilateral relations came under focus during the talks" an Indian official said adding: "Special emphasis was placed on the need to exploit the vast potential for economic cooperation."

The total trade turnover between India and Belarus is at present 78 million dollars, he said.

Bullish data lift US economic hopes

AFP, Washington

No Shoppers splashed out at the malls, jobless queues shrank and US industry revved up, a battery of bullish economic data showed Wednesday, sending stocks soaring.

"This was a great day for numbers," said Naroff Economic Advisors president and chief economist Joel Naroff.

"A few more of these days and people will start believing that this economic expansion is at hand."

The key economic releases showed:

-- Shoppers, the dynamo in the US economy, boosted spending 0.4 per cent in October while their income rose 0.1 per cent.

-- Consumer sentiment brightened with the University of Michigan's survey-based barometer rising to 84.2 points in November from 80.6 points in October.

-- The number of people making new unemployment benefit claims plunged 17,000 to a seasonally adjusted 364,000 in the week ending November 23, the lowest level since February 2001.

-- Orders at the factory gate for big ticket items such as cars and washing machines surged 2.8 per cent in October from September, the first increase since July.

-- Industrial activity in the US Midwest region expanded in

November after shrinking for two months. The Chicago Purchasing Management Association's barometer rose to 54.3 points from 45.9 in October.

The figures ignited a pre-holiday rocket on Wall Street. The Dow Jones industrials average of 30 top stocks leapt 255.26 points, or 2.94 per cent, to close at 8,931.68.

"After that economic data, you had better put on your spacesuits because we are going to the moon today," said Art Hogan, chief market strategist at Jefferies and Co.

Traders head for Thanksgiving Day holidays Thursday.

Naroff said the shopping figures were key.

"They're back. Consumers hit the malls with a vengeance in October as spending increased solidly," he said.

"With confidence rebounding, that tells me the holiday shopping season could be a lot better than the nattering nabobs of negativity have been saying," he said.

People cut spending on durable goods such as cars by 1.0 per cent but they more than made up for it by raising expenditure on non-durable goods by 0.7 per cent and on services by 0.5 per cent, the Commerce Department said.

The outlook for consumer spending was brightened by the steeper-than-expected slump in new jobless claims, analysts said.



Another Gallery of Apex showroom was opened at the Metro Shopping Mall at Dhanmondi in the city recently. The showroom was inaugurated by senior VP of Prime Bank Limited M Shahidul Islam. Directors of Apex Footwear were also present on the occasion.