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Agrani Ins IPO seven times oversubscribed

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The initial public offering (IPO) of Agrani Insurance Company Limited has been oversubscribed by more than seven times.

The company offered 900,000 shares of Tk 100 each (at par) totalling Tk 9 crore but investors including both the general public and the non-resident Bangladeshis (NRBs) applied for shares worth more than Tk 64 crore.

"We have received more than Tk 64 crore through over 100,000 applications from the public. Of them, general public applied for shares worth around Tk 55 crore while the NRBs Tk 9.22 crore," Anwar Hossain, company secretary of Agrani Insurance Company Ltd, told The Daily Star.

Response ratio of NRBs is more than the general public as Tk 9.22 crore was deposited through 212 applications against shares worth Tk 90 lakh kept reserved for the NRBs, which is more than 10 times of the offer. The amount deposited by the general public is a bit less than seven times.

As per Public Issue Rules 1998, the company kept 10 percent of the total shares amounting to Tk 90 lakh reserved for the NRBs and the rest Tk 8.10 crore for the general public.

The company opened subscription for IPO on January 9 and closed on January 13.

"The lottery for the allotment of shares will be held in the second week of next month," the company secretary added.

It was mandatory for the company not to allow the applications for shares from the general public, who do not have beneficial owner (BO) accounts.

However, the NRBs were allowed to apply for shares without BO accounts provided that he or she would inform the company about his or her depository account number in writing subsequently for getting shares from the company, if allotted in his or her favour.

Now, 18 general and three life insurance companies are listed with the stock exchanges, which are being traded ranging between Tk 172 and Tk 3,330 as on Tuesday.

"Being traded at almost double the price of face value is the main reason for such tremendous response from the public for the shares of insurance companies," said Sohrab Uddin, a stock market operator.

Agora to promote Australian products

Chain superstore Agora will promote Australian products for the consumers of Bangladesh under a promotional campaign styled 'Taste Australia.'

A memorandum of understanding (MoU) to this effect was signed between Rahimafrooz Superstores Ltd, the owning company of Agora, and Bemco Australia.

Niaz Rahim, managing director of Rahimafrooz Superstores, and Helen Pilakis, managing director of Bemco Australia, signed the MoU in Dhaka Wednesday, says a press release.

Among others, Lorraine Barker, high commissioner of Australia in Dhaka, and Feroz Rahim, CEO of Rahimafrooz Group, were present at the signing ceremony.

WTO chief to push for faster progress on trade at Davos

AFP, Davos, Switzerland

World Trade Organisation chief Supachai Panitchpakdi is to press ministers to speed up global trade talks at a meeting Saturday in Switzerland.

Supachai said he might table some key issues during an informal meeting of trade ministers on the sidelines of the World Economic Forum in the Swiss ski resort of Davos.

Saturday's meeting comes as officials and experts at the forum warned that the fragilised WTO was now an essential part of the world economy.

The global trade chief said he wanted ministers to map out their objectives for trade talks by February 14, date of a Trade Negotiations Committee meeting in Geneva, with a view to a December WTO ministerial conference in Hong Kong.

He noted that most of the WTO's 148 members had been eyeing completion of a new round of trade liberalisation in 2006.

"They have moved, but they have not moved far enough to guarantee what I would see as a real progress at Hong Kong," Supachai told a news conference at the Davos forum.

The former Thai minister said he hoped that by February 14, "people will be prepared to come up and say, courageously, what they intend to achieve by December this year, and what kind of a roadmap, work programmes they would like to see."

The trade chief said he was trying to "step up the pressure" and stimulate some political involvement after months of technical work since talks on the Doha round, principally on agriculture, were wrenched out of deadlock in July at a meeting in Geneva.

"I have been overly anxious to get things moving at the beginning of the year," Supachai said.

However, he warned that to achieve the target of completion in 2006, trading nations needed to come up with outlines of concrete figures for liberalisation in a broad spectrum of areas, not only farm produce.

"The July package was not meant to be the end of the round, it was meant to salvage the round, because it was moribund, we were coming to the brink," Supachai said during a debate on the future of the WTO.

"What we are going to do this year in Hong Kong is to call the bluff, put the money where the mouth is, to make countries deliver on their commitment," he added.

US Trade Representative Robert Zoellick, also in Davos, said he would join his fellow trade officials Saturday to examine how to "sharpen the focus" of the Doha round and "press for ambition" ahead of the Hong Kong meeting.

"Much hard work remains if we are to realize the promise of Doha," he said in a statement.

"We must continue to clear away the remaining underbrush and focus on reaching ambitious and achievable benchmarks among the three core areas of agriculture, goods and services," Zoellick added.

Although detailed discussion was not expected in Davos, Supachai said he might raise the issue of setting an end-date for the elimination of export subsidies.

"We need to be able to agree on a formula for Non-Agricultural Market Access (industrial goods) before the summer break," he added.

The current round of trade negotiations, aimed mainly at widening the benefits of the free-trade system for developing countries, was launched at a ministerial meeting in Doha, Qatar in 2001.

But the talks -- which have been dominated by efforts to break down barriers, such as subsidies in agriculture -- have been dogged by disputes between rich and poor countries that have almost led to their collapse.

"If we don't move on agriculture, we will have a more and more divided world between the rich countries and the poor countries," Luiz Furlan, Brazil's industry and trade minister, told the forum during a debate on the WTO's future.

P&G to buy Gillette for $57b

REUTERS, New York

Procter & Gamble Co said on Friday it would buy Gillette Co for about $57 billion in stock, uniting two iconic US producers of household goods ranging from Pampers diapers to Duracell batteries.

The combined company would boast more than $60 billion in annual revenues, giving it increased leverage at stores ranging from discounters to grocers.

The maker of Tide, which also unveiled a stock buyback of up to $22 billion in the next 18 months, is paying an 18 percent premium in the agreed deal for Gillette, best known for its razors. P&G promised cost cuts of up to $16 billion and heralded lay-offs of 4 percent of the combined 140,000 workforce.

Gillette shares traded in Germany jumped more than 9 percent from the US close to 38.50 euros ($50.24), compared with the $53.94 per-share value of the take-over deal. P&G fell more than 6 percent from its New York close to 39.76 euros ($51.88).

The news also spurred a rise in shares of European consumer goods companies such as French pen, lighter and razor maker Bic and UK household cleaning goods maker Reckitt Benckiser, on speculation it could spark merger activity in a sector long believed ripe for consolidation.

Retailers, led by discounter Wal-Mart Stores Inc, have pressured consumer products makers to keep prices low, pinching profits.

"That is a hell of a big deal and it gets people thinking that Unilever or others could go back on the acquisition trail," said one dealer in Paris, adding that Bic would be an obvious target. Colgate-Palmolive Co might eye Reckitt, traders said.

In Davos, EU antitrust chief Neelie Kroes said she expected to review the planned deal by P&G and Gillette.

P&G, which will discuss the tie-up with analysts and investors Friday morning in New York, also raised its target range for annual sales growth to 5 to 7 percent, up from 4 to 6 percent.

The transaction has the support of billionaire investor Warren Buffett, whose Berkshire Hathaway Inc. has a 9 percent stake in Gillette. Buffett said in a statement he would raise his holding in the combined company by 7 percent to 100 million P&G shares, a $350 million investment at current prices.

"This merger is going to create the greatest consumer product company in the world," Buffett said. "It's a dream deal."

It would be the largest transaction since J.P. Morgan Chase & Co purchased Bank One Corp for $56.8 billion last January, according to research firm Dealogic.

P&G, based in Cincinnati, is swapping 0.975 shares of its stock for each Gillette share. That values Boston-based Gillette at $53.94 per share, an 18 percent premium to its closing stock price on Thursday.

The price values Gillette at 28 times projected 2005 earnings, a 40 percent premium over rival Colgate's price earnings ratio of 20 and double the PE of battery maker Energizer Holdings Inc.

P&G plans to buy back between $18 billion and $22 billion of the company's stock within the next 18 months -- about one 10th of the companies' combined market value. The buyback means that P&G essentially is buying Gillette for 60 percent stock and 40 percent cash, the company said.

P&G said it would achieve revenue and cost synergies between $14 billion and $16 billion from the transaction, which would also result in the loss of about 6,000 jobs, or 4 percent of the firms' combined 140,000 workforce.

Gillette reported just over 1 billion shares outstanding as of October, giving the transaction a total equity value of $54 billion. P&G said the deal carried a value of $57 billion but did not explain the difference.

The deal would give P&G strength in categories where it currently has little presence, including shaving supplies, where Gillette ranks No. 1 worldwide. It also expands its retail shelf space, possibly giving it more leverage in price negotiations.

Richard Hastings, a retail economist at Variant Research Corp., said the deal would bolster P&G's promotion strength and ability to trim costs but it remained unclear whether it would give P&G enough clout to dictate pricing to large retailers such as Wal-Mart.

"I don't think Wal-Mart effect is the main driver," he said.

Pakistan forex reserves up

REUTERS, Karachi

Pakistan's foreign exchange reserves rose by $9 million to $11.850 billion in the week ending on Jan. 22, the central bank said Friday.

Reserves held by the State Bank of Pakistan rose to $9.058 billion from $9.054 billion a week earlier, while those held by the commercial banks rose to $2.792 billion from $2.787 billion a week ago, the bank said in a statement.

The bank gave no reason for the rise in reserves, but bankers attributed it to an increase in the flow of remittances from Pakistanis working abroad.

Pakistan's reserves hit an all-time high of $12.65 billion in March last year.

IMF agrees to subsidise loans for natural disasters

REUTERS, Washington

The shareholder governments of the International Monetary Fund Thursday agreed to a plan to subsidise assistance for countries hit by natural disasters by providing loans at below-market interest rates.

The decision follows the devastating Asian tsunami in which the global lender pledged $1 billion in loans to help countries hard-hit by the Dec. 26 disaster.

Sri Lanka has already indicated it will apply for lending under the fund's disaster facility to help its economy cope with the damage from the tidal wave.

The global lender estimated it will require about $68 million to $98 million in new bilateral contributions from shareholders over the next five years to support the move.

In a statement, the IMF's board said France immediately indicated a firm commitment to contribute funding, while other countries "stated readiness of their authorities to consider providing subsidy contributions."

Yuan grabs spotlight ahead of G7

REUTERS, Beijing

People watching exchange rates gyrate this week over any remark, from anyone, anywhere, on the yuan for thinking that China has somehow got a stranglehold on the global currency markets.

The yuan has grabbed the spotlight ahead of a meeting of finance ministers from the Group of Seven rich nations next week in London, where the currency's peg of about 8.28 to the dollar will be on the agenda.

G7 members like the United States say the peg makes Chinese exports unfairly cheap, and have urged greater yuan flexibility.

Mere mention of the yuan these days, not only by high-ranking officials but also by well-regarded yet ultimately powerless academics, triggers swift reaction from markets hungry for any hint of impending change.

Yet despite the recent excitement, analysts say there is little chance that Beijing will soon tweak the yuan, for example by widening its ultra-slim trading band or by tying its value to a basket of currencies.

"China does not want to be seen as 'being forced' by foreigners and the market to move, even if foreigners or the market could be fundamentally right in their expectations," JP Morgan economist Frank Gong said in a research note.

Some say the week-long Lunar New Year holiday that begins on Feb 9 might give policy makes a window of opportunity while the country is more focused on wolfing down steamed dumplings than doing forex deals.

But the dawn of the Year of the Rooster comes uncomfortably close to the end of the Feb 4-5 G7 meeting.

"The government is reluctant to change. They are not certain of the implications from adjusting the exchange rate and don't want to have more uncertainties," said Xiao Minjie, an economist at the Daiwa Institute of Research in Shanghai. Beijing is also reluctant to reward speculators by acting when big money is riding on the yuan. The currency is not freely convertible, but traders can place bets using non-deliverable forward contracts.

Trading in these derivatives is no more than $400 million on and active day, one trader in Singapore estimated. But businessmen and companies have also sidestepped exchange controls to bring tens of billions of dollars back into China in anticipation that the yuan will be cut loose and float higher.

"It is in their interest to wait until the markets cool down. If you go now, the worry is that the markets will just go ga-ga and you'll see a lot of volatility," said Jonathan Anderson, chief Asian economist with UBS in Hong Kong.

"They'd rather go at a time when the markets simply aren't looking and people are just going to take it in their stride."

PHOTO: RAHIMAFROOZ

Niaz Rahim, managing director of Rahimafrooz Superstores Ltd, the owning company of chain superstore Agora, and Helen Pilakis, managing director of Bemco Australia, exchange documents after signing a memorandum of understanding on promotional campaign of Australian products on Wednesday in Dhaka.

Japan has no plan to stop loans to China

REUTERS, Tokyo

Japan has no specific plans to stop cheap development loans to China, Japanese officials said today, responding to a newspaper report that such aid could end as early as 2008 when Beijing hosts the Olympics.

Japan has already reduced low interest loans to booming China for three straight years, adding to tensions rooted in Japan's brutal occupation of parts of the country from 1931 to 1945.

Japan says all wartime compensation issues concerning China were settled by a 1972 joint statement that established diplomatic ties. But some analysts say China sees Japan's development aid as a form of reparations.

The Nihon Keizai Shimbun business daily said the government had started to consider further cuts in aid and may stop fresh loans from as early as the fiscal year starting in April 2008.

"I absolutely do not think that considerations are being made to stop them to specific countries or in specific years," Hosoda told a news conference. "I do not think there are such facts." Finance Minister Sadakazu Tanigaki also said no decision had been made to stop new yen loans to China.

PHOTO: MERCANTILE BANK

Chairman of Mercantile Bank Ltd Md Abdul Jalil MP speaks at the annual business conference of the bank in Dhaka recently. Director Saber Hossain Chowdhury and Managing Director Shah Md Nurul Alam were also present at the conference.

Oil eases as Opec cut unlikely

REUTERS, London

Oil prices eased on Friday as Opec looked set to keep its output unchanged at its meeting this weekend, but concern ahead of Sunday's election in Iraq prevented prices sliding further.

US light crude was down 22 cents at $48.62 a barrel, after gaining six cents on Thursday. London's IPE Brent crude was down 11 cents at $46.33 a barrel.

Sunday has been flagged as a big day for oil markets due to the coincidence of the Opec meeting and the Iraqi election.

Ministers from the Organisation of Petroleum Exporting Countries look unlikely to agree any change in the group's crude oil output at Sunday's meeting.

Several ministers have said that a cut in output to prevent a rapid build in global stocks as oil demand falls in the second quarter cannot be justified due to the current high price of oil.

Saudi Arabia's Oil Minister Ali Al-Naimi said on Thursday that Opec could afford to wait at least until March before reducing supply.

Algeria's Oil Minister Chakib Khelil said strong oil prices and high inventory levels meant that current oil market conditions suited both producers and consumers.

"Lights are flashing green for the market," he said. "Prices are good, stocks are high, speculators are back. Supply is more than demand, what else do you want."

Market participants are concerned that militants in Iraq may attack oil infrastructure as the country goes to the ballot box for the first time since the US led invasion of the country and the overthrow of Saddam Hussein in April 2003.

Attacks on Iraq's oil installations limited the country's exports for over a month.

The flow of crude from Iraq's northern oil fields through the pipeline to Turkey was paralyzed by an attack on December 18, and attacks since then have prevented the line reopening.

With the pipeline closed, Iraq has been relying entirely on its southern Basra terminal for oil exports.

If the weekend passes uneventfully, then traders and analysts fear sentiment could turn bearish for the oil market, which has rallied.

Forecasts for the US Northeast, the world's largest heating oil market and a key driver of winter oil prices, are for higher than normal temperatures in February and March.

If the weather forecasts are accurate, then low heating oil stocks are unlikely to be tested before the end of the winter.

Mitsubishi Motors to get $2.65b in rehab plan

AFP, Tokyo

Struggling Mitsubishi Motors will get 270 billion yen (2.65 billion dollars) in extra aid from firms in the group under a new rehabilitation plan to be announced Friday, a report said.

Japan's fourth-largest carmaker, reeling from a series of vehicle defect cover-ups, will receive the capital from Mitsubishi Heavy Industries, the Bank of Tokyo-Mitsubishi and trading firm Mitsubishi Corp., the business daily Nihon Keizai Shimbun said.

Under the restructuring plan Mitsubishi Motors will close some 100 domestic dealerships out of 885 by the end of March 2007 to cut its operation costs, the daily said.

A company spokeswoman declined to confirm the report.

Mitsubishi Motors is scheduled to announce a rehabilitation plan Friday.

The carmaker received 496 billion yen in capital last year from the three Mitsubishi firms and other companies but the injection did little to boost its financial standing as sales remained sluggish at home and abroad.

Indian Airlines, Air India may float IPOs by '06

AFP, New Delhi

India's state-owned carriers, Indian Airlines and Air India, could launch initial public offers (IPO) by next year to help fund fleet expansion plans, Civil Aviation Minister Praful Patel said Friday.

"We have told the airlines to start working towards that end. It will take some time and the two airlines could launch the IPO (initial public offer) in the latter part" of the financial year ending March 2006, Patel said.

The stock offering would be used by the two airlines battling stiff competition from privately-owned rivals to finance fleet expansion and improve debt-to-equity ratios, the Press Trust of India quoted Praful as saying.

Domestic carrier Indian Airlines has been negotiating with European aviation consortium Airbus to buy 43 aircraft, while overseas counterpart Air India has plans to acquire 50 long-range planes.

Bombay-based Air India's privatisation was ditched in 2001 due to a lack of investor interest.

Air India has lost out on market share to foreign carriers in recent years due to its failure to increase capacity, analysts say.

Air India and Indian Airlines, one of India's three main domestic carriers, used to enjoy a monopoly among Indian carriers on money-spinning foreign routes, but the government recently permitted private airlines to fly overseas.

In the face of new Indian prosperity that has helped spur passenger demand, a government committee recently cleared Indian Airlines' request to buy 43 new Airbus aircraft. Air India has invited tenders for around 50 new planes.

Indian air travel is expected to boom in coming years thanks to increasing affluence and greater competition among carriers that will make air travel more affordable.

Microsoft profit jumps to $3.46b

AFP, Redmond, Washington

Software titan Microsoft said Thursday profit for the just-ended quarter more than doubled from a year earlier to 3.46 billion dollars, as revenues jumped to a new record.

The profit for the fiscal first quarter to December 31 compared with earnings of 1.55 billion dollars in the same period in 2003. It amounted to 32 cents per share.

The earnings per share were better than the company's own forecast of 29 cents a share but below the Wall Street consensus forecast of 33 cents a share.

Revenues in the quarter meanwhile advanced 6.5 percent to a record 10.82 billion dollars for the maker of the dominant Windows operating system used on the vast majority of personal computers worldwide.

Weekly Currency Roundup

Jan 24-Jan 27, 2005

Local FX Market

Local market was closed on Saturday and Sunday due to Eid holidays. US dollar remained strong against Bangladeshi taka throughout the week. On back of pressing demand for USD for import payments and outward remittances, the dollar reached its record level against taka.

Money Market

Bangladesh Bank borrowed BDT 7,724.00 million through the Treasury bill auction held on 19th (instead of 23rd because of holiday), compared with BDT 2,316.00 million in the previous week's bid. Weighted average yields of t-bills of different tenors were almost unchanged from the previous bid.

Call money rate remained high and moved in wide ranges in the week. In the beginning of the week the rate was 15-27 percent which rose to as high as 50 percent in the middle of the week. However, on the last day of the week, most of the deals were settled between 20 and 30 percent.

International FX Market

The dollar paused on Monday after a three-week rebound, while the Japanese yen slipped as investors lightened positions ahead of a meeting of Group of Seven next week. Policymakers from the G7 rich nations' club meeting in London on February 4-5 and are expected to discuss the dollar's three-year slide and the issue of currency flexibility, particularly in Asia. The dollar was up slightly against the yen today but was down against the euro. Euro was up half-a-percent against the yen.

The yen jumped in the middle of the week, retracing some of this week's losses, after China said it would discuss the yuan at an upcoming meeting of the G7 economic powers, rekindling speculation of a yuan revaluation. A Chinese official said that the country's finance minister would attend next week's G7 meeting in London and that there would be a "deep dialogue" on issues including the yuan. Dollar slid as much as half a yen before recovering. The dollar also fell slightly against the euro after Germany's Ifo institute said its pan-German business climate index rose unexpectedly in January to 96.4.

The dollar stayed in a holding pattern on Thursday as investors looked to next week's meeting of the Group of Seven economic powers for direction, particularly hints on whether China would revalue its currency soon. The dollar was knocked back against the yen on Wednesday after comments from a Chinese official reignited speculation that Beijing could move a step closer to revaluing the yuan. Euro was little changed on Thursday despite rising briefly. Market is currently waiting for direction before Sunday's parliamentary election in Iraq, a cornerstone of US policy. Dealers said that an escalation of violence could weigh on the dollar, noting the news on Wednesday that 31 US troops had died in a US helicopter crash in Iraq had dented the currency.

- Standard Chartered Bank