

# China economic growth comes at a price

AFP, Shanghai

China's breakneck economic growth once again dominated global headlines this year but so did its tragic industrial accidents, fatal riots, protests and disastrous environmental pollution.

Its export-driven economy barely paused for breath in 2005, galloping ahead in the first three quarters of the year at annualised rates of 9.4 percent, but that pace came at a

heavy price.

While the Asian giant astounded with its impressive expansion to emerge as the world's sixth largest economy, and likely to surpass European powerhouses France and Britain in 2006, its economic ambitions increasingly divided its people between the haves and have-nots.

"There is a lot inequality in terms of urban workers a lot richer than rural workers and the coastal regions a lot richer than the western

regions, so there is a challenge of trying to find jobs for the people moving to the cities," said Robert Subbaraman, economist at Lehman Brothers in Tokyo said.

The central government, acutely aware that it must bridge the gulf that leaves some three-quarters of its 1.3 billion people living in relative poverty, has struggled to implement effective policies to counter growing social discontent.

It is one of Beijing's many chal-

lenges as it tries to balance economic development, especially in deeply impoverished rural areas, with new concerns for protecting the environment and demands for reform from its trade partners.

"There is always pressure and challenges for an economy as big as China's that is changing so rapidly, becoming more market-based and reforming in so many ways," said Subbaraman.

## Aftab Auto okays 20pc cash dividend

Aftab Automobiles Ltd has declared a 20 percent cash dividend for its shareholders for the year 2004-05.

The dividend was approved at the 25th annual general meeting (AGM) of the company on Wednesday in Dhaka, says a press release.

Shaful Islam, chairman of the company, presided over the AGM, which was also attended by Monwarul Islam and Saiful Islam, directors.

## Daffodil Computers okays 12pc cash dividend

Daffodil Computers Ltd has declared a 12 percent cash dividend for its shareholders for the year 2004-05.

The dividend was approved at the eighth annual general meeting (AGM) of the company on Thursday in Dhaka, says a press release.

Shahana Khan, chairman of the company, presided over the AGM, which was also attended by Akter Hossain Khan, director, and Md Sabur Khan, managing director.



The eighth annual general meeting (AGM) of Daffodil Computers Ltd was held on Thursday in Dhaka. Shahana Khan, chairman of the company, presided over the AGM, which declared a 12 percent cash dividend for its shareholders for the year 2004-05.



The ninth annual general meeting (AGM) of BDCOM Online Ltd was held on Tuesday in Dhaka. Chairman of the company Wahidul Haque Siddiqui presided over the AGM, which declared a 10 percent cash dividend for its shareholders for the year 2004-05.

## Weekly Currency Roundup

Dec 18-Dec 22, 2005

### Local FX Market

Demand for US dollar was high in this week and USD remained bullish against taka.

### Money Market

In the Treasury bill auction held on Sunday, bid for BDT 11,701.00 million was accepted, compared with total of BDT 16,296.00 million in the previous week's bid.

Overnight call money market was steady this week. The rate ranged between 9.00 and 10.00 percent in the beginning of the week. The rate eased by the end of the week and ended the week at 8.00-9.00 percent.

### International FX Market

The dollar rebounded from an earlier seven-week low against the yen on Monday, with further yen slippage seen after the greenback suffered its biggest one-week loss in six years. The yen had soared, especially against high-yielding currencies, as investors took profits on bets against the Japanese currency and forced others to cover huge short positions.

The massive unwinding of so-called carry trades-borrowing yen and selling it for higher-yielding currencies-sent the dollar tumbling 4.25 percent against the yen last week and drove the New Zealand dollar down nearly 6 percent versus the yen. Many analysts expect the yen to renew its slide because the Bank of Japan is expected to keep interest rates near zero for a while even if deflation ends, which has prompted domestic investors to seek higher returns in overseas bonds, currencies and other investments.

The euro rose against the US dollar and sterling in the middle of the week after sources said the European Central Bank is likely to raise interest rates at least twice in 2006, including a 25 basis point rise in March. Euro Zone central bank sources told Reuters the ECB was likely to tighten in March, using its quarterly economic forecasts as a justification. Investors were buying dollars earlier this year in anticipation of a widening interest rate gap between the US and the Euro Zone, with the Federal Reserve expected to raise interest rates in January. The euro rose by 0.3 percent on the day, rising before the comments. The dollar held onto most of this week's gains against the yen after recent US data reinforced expectations for further Fed tightening. The final estimate of third-quarter US growth date, due at 1330 GMT, is expected to confirm the world's biggest economy was growing at a healthy pace of 4.3 percent.

The dollar maintained recent gains against the euro and yen on Thursday ahead of monthly US inflation data which could give clues on how far the Federal Reserve will need to extend its 18 month tightening campaign. Higher-yielding currencies came under pressure, especially the New Zealand dollar which hit a five-month low after weak growth data dampened any hopes of further rate rises. Sterling also fell sharply after data showed Britain's current account deficit hit a record high. Investors are now eyeing the November Personal Consumption Expenditure index, the Fed's favourite inflation gauge, for a snapshot of what is happening to prices outside the food and energy sector.

-Standard Chartered Bank

## STOCK



The 25th annual general meeting (AGM) of Aftab Automobiles Ltd was held on Wednesday in Dhaka. Shaful Islam, chairman of the company, presided over the AGM, which declared a 20 percent cash dividend for its shareholders for the year 2004-05.



Siemens Bangladesh recently entered into an agreement with National Sports Council (NSC) to supply equipment for the project of cricket floodlighting system of Sylhet district stadium. Abul Kashem Mahbubul Alam, sports secretary, and Bernd Lutkenhoener, CFO and executive director of Siemens Bangladesh, signed the deal. Nurul Haque Prodhan of NSC and other senior officials were also present.

PHOTO: SIEMENS

PHOTO: AFTAB AUTOMOBILES LTD