

China economy soars 9.9pc in '05

CEIS, Beijing

China maintained its solid growth momentum in 2005, with an increase of 9.9 per cent in its GDP amid oil price hikes, trade disputes and frequent disasters. It was seen to be getting closer to balanced growth.

Commissioner Li Deshui of the National Bureau of Statistics (NBS) announced that China's gross domestic product (GDP) had reached 18.23 trillion yuan (2.3 trillion US dollars) last year, or 1,700 dollars per capita.

China overtook Italy as the world's 6th biggest economy after a national economic survey found under-reported service sector

output for 2004. The United States, Japan and other developed economies have yet to release their 2005 growth figures.

China's primary, secondary and tertiary sectors posted a respective 2.27 trillion, 8.62 trillion and 7.34 trillion yuan in added value, with the secondary sector, including industry, manufacturing and mining, growing at the fastest pace -- 11.4 per cent -- last year.

Preliminary government figures show that consumer spending, investment and exports contributed to 33.3, 48.8 and 17.9 per cent of the GDP growth.

For a long time, the Chinese economy has been driven by hefty investment, but Li said consumer

spending was playing a greater role. "As for the future growth model, we will definitely try to spur consumption and raise its contribution to economic growth."

Other evidence for fair growth is that government investment in the less dynamic central and western areas rose 32.7 and 30.6 per cent respectively, much faster than the 24 per cent increase in east China.

On roughly 900 million farmers that critics say have been left behind by the country's quarter-century-old reform and opening-up, the government abolished agro-taxes for them and vowed to speed up the construction of rural facilities in the so-called New Socialist Countryside campaign.

Farmers' per capita income rose 6.2 per cent in real terms to 3,255 yuan in 2005, still lower than the 9.6 per cent increase for urban residents. Li Deshui acknowledged it was difficult to raise farmers' earnings.

"2005 was a very successful year for China's economy," chief economist Tang Min with the Beijing office of Asian Development Bank told Xinhua.

He said China's growth was laudable. It was achieved amid numerous financial problems and at a time when investment in allegedly overheated sectors, such as iron and steel, was being reduced.

But Tang said GDP is not the sole criterion of a harmonious society.

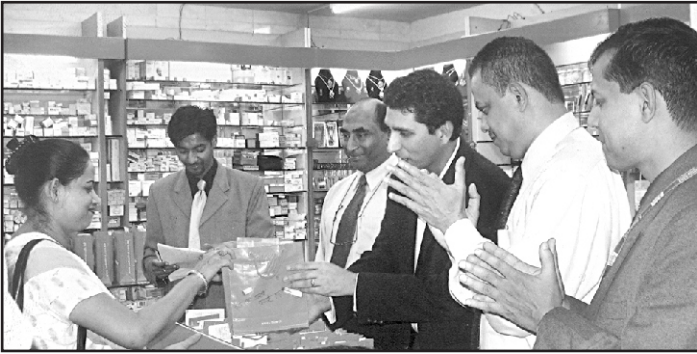


PHOTO: BANGLALINK

The prize giving ceremony of a joint promotion of Banglalink and Agora was held recently at Gulshan in Dhaka. Omer Rashid, director (Marketing) of the mobile phone operator, and Niaz Rahim, managing director of Rahimafrooz Superstores Ltd, the owning company of Agora, gave away prizes among the winners.

Weekly Currency Roundup

Jan 29-Feb 02, 2006

Local FX Market

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

Money Market

In the Treasury bill auction held on Sunday, bid for BDT 6,198.00 million was accepted, compared with total of BDT 5,213.00 million in the previous week's bid. Weighted average yields remained at the same level.

Overnight call money rate was steady throughout the week. It ranged between 10.00 and 12.00 percent throughout the week.

International FX Market

The dollar rose to a four-week high against the yen on Monday, extending a week-long rally as investors warmed to the view that there was at least one more US interest rate rise in the pipeline. The Federal Reserve is widely expected to lift rates to 4.5 percent on Tuesday, delivering its 14th consecutive quarter-point rise on Chairman Alan Greenspan's last day in the job after more than 18 years. US releases painted a mixed picture, but strong durable goods orders, an unexpected rise in new home sales and a rise in the Fed's preferred inflation gauge all encouraged traders to bet the central bank would keep its foot on the monetary brake. Futures markets reflect an 75 percent chance of US rates rising to 4.75 percent hike in March, up from 50 percent just over a week ago. The euro was also down against the greenback.

The dollar held firm against the euro and yen on Wednesday as the Federal Reserve hinted further monetary tightening might be on the cards after delivering its 14th straight interest rate hike by 25 basis points to 4.5%. In the statement, the Fed dropped the word 'measured,' which had signalled more tightening was likely on a regular, predictable basis at a quarter percentage point at a time. By 0905 GMT, the dollar was around a quarter percent high against euro. Against the yen it was also up 0.25 percent. This week's two major US releases -- the Institute for Supply Management's monthly snapshot on manufacturing at 1500 GMT and the January jobs report on Friday -- are expected to show upbeat activity and hefty hiring. But analysts believe the dollar will get limited support at best from further Fed policy tightening, with the European Central Bank already embarked on a gradual path of raising rates and even the Bank of Japan moving closer to doing so.

The dollar hit seven-week highs versus the yen and three-week highs versus the euro on Thursday, building on gains made after the Federal Reserve suggested this week that it may not be finished raising interest rates. The Fed raised its funds rate to 4.5 percent on Tuesday. Fed policy makers tweaked their post-meeting statement, which analysts said signalled future tightening might depend on economic performance. Dealers said the dollar was likely to remain firm ahead of a non-farm payrolls report on Friday that is expected to show strong US jobs growth in January and reinforce a case for more rate rises. Traders were also looking ahead to a ECB meeting later on Thursday, where the ECB is widely expected to leave its benchmark refinancing rate at 2.25 percent.

- Standard Chartered Bank



PHOTO: BGIC

Towhid Samad, chairman of Bangladesh General Insurance Company (BGIC) Ltd, speaks at the annual review meeting of the branch and zonal managers of the company on Thursday in Dhaka. AK Azizul Huq Chaudhuri, managing director, among others, was present.



PHOTO: DHAKA BANK

Senior officials of Dhaka Bank Ltd pose for photographs with the participants of a training course titled 'Foundation Training for Bankers' organised by the bank recently in the capital.

Japan's Hitachi suffers net profit fall

AFP, Tokyo

Japan's Hitachi said Friday its net profit fell 79 percent in the December quarter due to an absence of one-off gains that lifted the previous year's bottom line and to losses in hard-disk drives.

Hitachi posted a net profit of 5.4 billion yen (45 million dollars) in the three months to December in the absence of gains made on the initial public offering of affiliate Elpida Memory in November in 2004.

Pretax profit in the third quarter fell 16 percent to 59.6 billion yen despite revenue growth of six percent to 2.26 trillion yen.

Operating profit from the mainstay information and telecommunications systems division plunged 75 percent as its hard-disk drives (HDDs) business left a loss of 7.4 billion yen.

The company also lost money in personal computers and consumer digital products such as plasma display panel (PDP) televisions.

India, UK to boost ties in SME, film, media

PTI, London

Trade and investment ties between India and the United Kingdom are poised for rapid growth as the two countries have identified two new areas of cooperation -- small and medium enterprises (SME) and creative industries including films and the media.

The UK-India Joint Economic and Trade Committee (JETCO), which held its meeting here Tuesday night, agreed to start a dialogue on venture capital for SME and to set up a working group on creative industries. It also agreed to hold the first UK-India Investment Summit here possibly in June.

The second JETCO meeting outlined new initiatives aimed at achieving a substantial increase in bilateral trade and investment over the next three years, it was officially stated on Wednesday.

The Indian delegation at the meeting was led by Commerce Minister Kamal Nath while Alan Johnson, Secretary of State for Trade and Industry headed the British side.

"Two new areas of cooperation have been identified -- small and medium enterprises (SMEs) and creative industries, including films and the media," an official release said.

JETCO has agreed to establish a bilateral dialogue on venture

capital for SMEs, reflecting the discussions held earlier this month in New Delhi between Kamal Nath and Ian Pearson, it said.

Both sides have also agreed to set up a bilateral working group to enhance links in creative industries. In order to enhance investment, it has been agreed to hold the first UK-India Investment Summit here possibly in June this year, it added.

The agreed statement of the JETCO meeting gave a clear indication of the commitment on both sides to impart new momentum to ties that go back to centuries through greater trade and economic engagement.

Continuing increases in bilateral trade and investment were noted including the high level of Indian Foreign Direct Investment (FDI) into the UK, even though both trade and investment flows were way below the potential.

The bilateral expert working groups set up under the auspices of JETCO in order to enhance cooperation in key areas of opportunity, namely agribusiness, healthcare, high technology, infrastructure and legal services, have started work and made their recommendations.

The meeting recalled its previous recommendation to set up a mechanism to examine the requirements of non-practice legal advisory services for promoting trade and investment.

Oil prices higher

AFP, London

Oil prices rose on Friday as market attention returned to the nuclear crisis over Iran, dealers said.

The International Atomic Energy Agency (IAEA) was set Friday to refer Iran to the UN Security Council over suspected atomic weapons work despite an Iranian threat to retaliate.

New York's main contract, light sweet crude for delivery in March, rose 12 cents to 64.80 dollars per barrel in electronic deals.

In London, the price of Brent North Sea crude for March delivery increased 41 cents to 63.29 dollars per barrel.

Crude futures "were modestly higher in early trade this (Friday)

morning as it corrected some of yesterday's dip on continued concerns about Iran", analysts at the Sudden brokerage said.

They added that "any more concerns about Iran or Nigeria could easily send the market higher again".

New York crude had dropped 1.88 dollars on Thursday as the market shifted attention to an increase in crude stockpiles in the United States, the world's biggest energy consumer.

Crude stocks rose 1.9 million barrels in the week ended January 27 to total 321 million barrels, the US Department of Energy had said Wednesday, sharply outstripping US analysts' expectations of a 383,000-barrel build.

STOCK