

Star BUSINESS

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US calls for freer yuan ahead of G20 meet

REUTERS, Melbourne

The United States called on China on Friday to allow its currency to trade more flexibly as the world's biggest economic powers gathered for talks on global imbalances and a range of pressing economic concerns.

US Deputy Treasury Secretary Robert Kimmitt, in a briefing ahead of Group of 20 (G20) talks due to begin on Saturday, said the United States also needs to do its part to fix trade imbalances, saying it needed to raise savings rates.

But Kimmitt painted an otherwise upbeat picture of the U.S. economy at a time when officials from many other countries, which depend on the United States as a vital export market, have voiced increasing concern about a possible slowdown in growth.

"Let me say this about the U.S.

economy, I think it is solid in the near and mid-term. There has been some slowdown because of the housing market but inflation is low and job creation is good," Kimmitt told reporters.

Finance ministers and central bankers from the G20 countries were due to hold talks on a wide range of economic issues, including the Chinese yuan, energy and minerals security and the need for more progress on trade liberalization.

Kimmitt said Washington's contribution to evening global macroeconomic imbalances would be to encourage Americans to increase their savings while the government tackled its trade deficit with the rest of the world.

But China, which has allowed only a slow and limited increase in the yuan's value since Beijing unshackled the currency from the

U.S. dollar in July 2005, needed to move more swiftly, Kimmitt said.

"We believe the Chinese need to accelerate their moves on foreign exchange rates," he said.

"I will be meeting with the Chinese central bank governor and I expect that issue (foreign exchange flexibility) will come up."

Treasurer Peter Costello, from host country Australia, said the inflation outlook and its implications for monetary policy around the world would be a major topic for the G20, which draws together industrialized and developing countries.

"The global economy will be a key issue. Global inflation prospects will be discussed, the monetary policy response -- not just in Australia but around the world -- where central bankers around the world see monetary policy going," Costello told reporters.



PHOTO: GRAMEENPHONE

Md Abdur Rahim Dhali, general manager of Epyllion Group, a textile and garment manufacturing company, and Khandaker Omar Farhan, head of Direct Sales (Business Solutions) of GrameenPhone (GP) Ltd, pose for photographs at an agreement signing ceremony recently. As per the deal, GP will provide complete communication facilities under its 'Business Solutions' package for Epyllion Group.

GM aims to grab 10pc of Asian market

AP, Hanoi

General Motors Corp., its market share shrinking at home, is turning to Asia to boost its profits, and aims to capture 10 percent of the region's market by 2010, the U.S. automaker's regional chief said Friday.

Top target markets are China and India, where rapid economic growth is fueling demand for cars, said Nick Reilly, president of GM Asia Pacific.

GM aims to sell 1.3 million vehicles in Asia this year to grab a 6.5 percent market share, two-thirds of which is expected to come from China, he said. Last year, GM's sales hit just over 1 million units in Asia for the first time, giving it a market share of 5.7 percent.

The company also plans to strengthen its presence in South Korea and Southeast Asia, especially Malaysia and Indonesia, Reilly told The Associated Press in an interview on the sidelines of a regional business forum here.



PHOTO: ICC-B

Mahbubur Rahman (3-L), president of International Chamber of Commerce-Bangladesh (ICC-B), speaks at the inaugural session of an ICC workshop on 'Transport Documents in Trade Finance: How to get Paid?' at Chittagong Chamber of Commerce and Industry (CCCI) office in the port city on Thursday. Saifuzzaman Chowdhury, CCCI president, among others, was present.



PHOTO: PRIME BANK

M Shahjahan Bhuiyan, managing director of Prime Bank Ltd, speaks at the inaugural session of a workshop on 'Customer Relationship Banking' held recently in Dhaka. Other senior officials of the bank are also seen.

Dollar firm

AFP, London

The dollar firmed against the euro and the yen on Friday, supported by receding concerns of an impending reduction in US interest rates, dealers said.

The euro fell to 1.2774 dollars in European trading from 1.2793 dollars in New York late on Thursday.

The dollar stood at 118.34 yen from 118.20 yen late on Thursday.

Dealers were set later Friday to digest the release of US housing starts data for October, and speeches from US Federal Reserve officials Sandra Pianalto and Richard Fisher.

Dubai's annual IT show starts today

AFP, Dubai

Dubai's annual information technology shopping extravaganza opens today with some 120,000 visitors expected over five days.

GITEX 2006, the emirate's biggest technology show, has attracted 1,347 exhibitors from 76 countries, with delegations from the United States, Syria, Hungary and Portugal taking part for the first time, organisers said.

Microsoft is expected to unveil its latest versions of Office, its Exchange Server messaging platform, and its new Vista operating system.

GITEX, in its 26th year and organized by the Dubai World Trade Center, is the Middle East's largest IT fair and draws thousands of visitors from the region who crowd the hotels of the booming Gulf emirate.

According to market researchers, the Middle East's spending on information and communications technology is expected to hit a whopping 16.8 billion dollars by 2010, double the 8.4 billion dollars spent in 2005, organizers said.

Weekly Currency Roundup

November 12-November 16, 2006

**Local FX Market**  
Demand for US dollar was stable in throughout the week and USD rose against Bangladeshi taka.

**Money Market**  
In the Treasury bill auction held on Sunday, bid for BDT 6,010.00 million was accepted, compared with total of BDT 7,185.00 million in the previous week's bid.

Overnight money market was steady throughout the week. The call money rate remained unchanged throughout the week and ranged between 6.50 and 7.00 percent.

**International FX Market**  
The dollar sank to a 2-1/2-month low against the euro and an 18-month trough versus sterling on Friday, weighed down by concerns that China plans to diversify its estimated \$1 trillion in foreign exchange reserves. In late afternoon trading, the euro was up 0.1 percent from late Thursday, having hit its highest since Aug. 21. Sterling rose 0.3 percent against the dollar, pulling back a touch from an 18-month peak hit earlier in the session. The week began as the dollar held near last week's lows versus major currencies on Monday on persistent worries that central banks might gradually shift their foreign exchange reserves away from the greenback. Sterling hit an 18-month high against the dollar at the end of last week. The dollar eased to a one-week low against the yen, before recovering some ground to trade 0.1 percent down on the day.

In the middle of the week, the yen rallied on Tuesday after data showed Japan's economy grew more rapidly than expected in the third quarter, keeping the Bank of Japan on track to raise interest rates in the next few months. The yen had risen half a percent against the dollar. It also rose a third percent against the euro having hit a record low around 151.50 last week. The euro was up 0.2 percent against the dollar, having hit a 2-1/2-month high last week. Fukui said last week the central bank would raise rates preemptively but in small steps. The dollar firmed against the yen and Swiss franc on Wednesday, consolidating Tuesday's losses, with the major focus on minutes from the Federal Reserve's last policy meeting that could further shape US rate expectations. The Fed has voted to keep US interest rates on hold at 5.25 percent since August. The dollar was up 0.2 percent on the day against the yen. It slid 0.5 percent the previous day on data showing US core producer prices fell 0.9 percent in October and retail sales slipped 0.2 percent in the same month. The euro hit a 6-1/2-year peak against the Swiss franc after Swiss National Bank chairman Jean-Pierre Roth said the previous day that the franc looked less attractive as a safe-haven currency.

The yen inched towards a record low against the euro on Thursday after the Bank of Japan's governor sounded a neutral note on interest rates, dampening any market expectations of a rate rise by the end of the year. The euro held broadly steady against the dollar, with investors looking to US inflation data for October and speeches from a number of Federal Reserve officials later in the day for more clarity on the likely future path of US rates. The dollar was up 0.1 percent on the day against the yen, while the euro rose just three ticks short of a record high hit last week according to Reuters data.

- Standard Chartered Bank

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