Star BUSINESS

E-mail: business@thedailystar.net

Euro up 11pc against dollar in 2006

AFP, *London*

The euro climbed against the dollar on Friday in the wake of positive eurozone data, marking an 11-percent gain for the European single currency against the US unit in 2006.

The euro rose to 1.3170 dollars in early European trading, from 1.3149 dollars late on Thursday in New York.

The dollar increased to 118.97 yen from 118.90 yen late on Thursday.

Traders said the euro benefited Friday from data that showed the eurozone money supply, as measured by the broad M3 indicator, expanded 9.3 percent in November after an 8.5 percent gain in October.

Analysts polled by the financial news agency AFX had predicted an increase limited to 8.7 percent.

Calyon analyst Stuart Bennett said the European Central Bank may take some comfort from the detail of the release, which showed that credit growth to residents and the private sector both slowed, but added that this would be insufficient to prevent further interest rate rises in 2007.

"The interest rate hikes are having some impact on the money supply data, but not a sufficiently strong enough one to stop the ECB from continuing to hike," Bennett added.

"This should imply at least two more 25 basis point rate hikes in the first half of 2007, taking the refi rate to 4 percent from 3.5 percent currently and providing support for the euro during the first half of 2007," he said.

The European single currency has profited against the dollar this year from higher interest rates in the eurozone at a time when borrowing costs have remained on hold in the United States during the latter half of 2006.

Meanwhile, the dollar firmed slightly against the yen Friday after US housing data and consumer confidence both beat forecasts to suggest strong underlying fundamentals in the US economy, dealers said.

"Trading today reflects the entire year of 2006 in which the dollar was strong against the Japanese currency," said Kikuko Takeda, currency research manager with Bank of Tokyo-Mitsubishi UFJ.

The dollar was supported by better-than-expected US data overnight, including existing home sales that rose 0.6 percent in November.

It marked the first back-to-back monthly sales gain since early 2005, although the price of homes sold fell for a record fourth consecutive month.

"The figures were better than expected in the market," said Satoru Ogasawara, strategist at the global foreign exchange research and strategy division at Credit Suisse First Boston.

PHOTO: GRAMEENPHONE

Yasir Azman, head of Dhaka Region, and DM Khaled Osman, head of Operation (GPC Franchise) of mobile phone operator Grameenphone Ltd, cut a cake to mark the inauguration of a Grameenphone centre on Gazipur Chourasta in Gazipur recently.

China tightens iron ore import rules

AFP, *Beijing*

China, the world's biggest iron ore consumer, has sharply tightened up its import rules in a bid to avoid putting further pressure on soaring international prices, state media said Friday.

The move is seen as an attempt to curb importer demand which has helped fuel large increases in prices over the past few years, the China Daily said.

Last week, China's top group Baosteel agreed with CVRD from Brazil a price increase of 9.5 percent in 2007 for ore, setting the industry benchmark in negotiations said to have been much more friendly than in years past.

That followed a 19 percent rise this year and a 71.5 percent hike in 2005 when CVRD, BHP Billiton and Rio Tinto, the three suppliers who control more than 70 percent of the global iron ore trade, exacted a heavy price which enraged Chinese steel producers.

The China Iron and Steel Association and the China Chamber of Commerce of Metals, Minerals and Chemical Importers and Exporters will now require importers to double their registered capital to at least 20 million yuan (2.56 million dollars).

Firms will also be required to have imported at least 700,000 tonnes of iron ore in the previous year, up from the current criteria of 300,000 tonnes, the report in the China Daily said.

Strict resource saving and environmental requirements will also be applied to steel mills trying to qualify for iron ore imports, the report added.

"We expect the new regulation will put iron ore imports in order," the report quoted Luo Bingsheng, the vice chairman of the China Iron and Steel Association, as saying.

The new policy will probably force some of China's 118 iron ore importers, including 70 steel mills and 48 trading companies, to go out of business, Luo said.

He estimated China's iron ore imports will rise 18.2 percent to a record 325 million tonnes this year, accounting for nearly half of the total global trade.

Next year, imports are expected to grow a further 30 million tonnes or 9.2 percent, he said.

The government also hopes that increasing production at home and abroad will help balance supply and demand so that prices come down, the newspaper said.

The association predicted domestic iron ore production will rise 28.8 percent to 644 million tonnes this year, rising another 10 percent in 2007.

Liberia, Arcelor Mittal sign $1b mining deal

AFP, *Monrovia*

The world's largest steelmaker, Arcelor Mittal, signed an iron ore mining contract with Liberia Thursday that promises to pour more than a billion dollars (760 million euros) in investment into the war-ravaged state.

"This is a landmark project for both Liberia and for Mittal Steel," said the head of the steelmaker's Liberian operations, Joseph Mathews, before the signing ceremony.

The agreement is a revised version of an August 2005 deal which was rejected as unfair by Liberian President Ellen Johnson Sirleaf when she was elected five months later.

PHOTO: BEPZA

Prasanta Bhushan Barua, member (Investment Promotion) of Bepza, and Golam Kabir, chairman and managing director of Rhythm Dressmaker Ltd, exchange documents after signing an agreement on Thursday in Dhaka.

PHOTO: DCCI

MA Sattar, former commerce minister, Mahbubur Rahman, president of ICC-Bangladesh, and Anwar Hossain, chairman of Anwar Group of Industries, inaugurate a permanent display centre on the premises of Dhaka Chamber of Commerce & Industry (DCCI) in the capital on Wednesday. Hossain Khaled, DCCI president, and MA Momen, immediate past president of the DCCI, among others, are seen.

PHOTO: BRAC BANK

Dhaka Electric Supply Authority (Desa) and Brac Bank Ltd signed a bill collection agreement on Wednesday in Dhaka. Under the deal, the bank will collect electricity bills from the customers of Desa. Md Rafiul Alam, Desa secretary, and Khwaja Shahriar, head of Corporate Banking of the bank, signed the deal on behalf of their sides while ANH Akhtar Hossain, Power Division secretary, and Imran Rahman, managing director and CEO of the bank, among others, were present.

New RMG unit in Karnaphuli EPZ to employ 2,780 locals

UNB, *Dhaka*

A Bangladeshi company named Rhythm Dressmakers Limited will set up a garment industry in the Karnaphuli EPZ through investing 2.536 million US dollars.

The planned garment-manufacturing unit is estimated to annually produce 4.90 lakh dozens of readymade garments, including shirts, blouse, pant/trousers, shorts and jackets, a Bepza release said.

"The company would create employment opportunity for 2,780 Bangladeshi nationals," it said.

To this effect, an agreement was signed on 28 December between Bangladesh Export Processing Zones Authority and the Rhythm Dressmakers Limited management.

Quake cuts Philippines telecoms services by 40pc

AFP, *Manila*

The powerful earthquake which hit Taiwan Tuesday has cut Philippine telecoms capacity by as much as 40 percent, a senior official said Thursday.

National Telecommunications Commission Deputy Commissioner Jorge Sarmiento said some 60 percent of phone and Internet capacity was operational as carriers rerouted through other links to North America, the Middle East, Hawaii, Malaysia and Singapore.

A spokeswoman for local telecom giant, Philippine Long Distance Telephone (PLDT) confirmed that connectivity was down by about 40 percent.

STOCK