

# Star BUSINESS

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## Dollar begins 2007 on weak footing

AFP, New York

The dollar fell sharply against the euro in trading Tuesday, opening the New Year on a continued low note against the European currency which notched up hefty gains against the dollar last year.

Traders said the euro's spike against the dollar Tuesday was mainly due to expectations that the European Central Bank would continue to raise interest rates in 2007.

The euro was trading at 1.3275 dollars at 2100 GMT, up from 1.3197 dollars late on Friday in New York. The European currency had, however, surged as high as 1.3297 dollars in earlier trading, its highest level since December 8, before receding somewhat.

The dollar meanwhile was changing hands at 118.81 yen, down from 118.96 yen late on Friday, the US markets were closed Monday due to the New Year holiday.

There was no fresh US economic news Tuesday driving the

dollar's fortunes, although Wednesday will see the release of the minutes from the last Federal Reserve interest-rate setting meeting.

The Fed has kept its key fed funds short term interest rate pegged at 5.25 percent since August.

Market-watchers are likely to pore over the minutes for any hints about future interest rate moves.

The euro has soared over 11 percent against the dollar in the past 12 months as the world's largest economy has cooled, largely amid a housing market downturn.

In late New York trade, the dollar stood at 1.2131 Swiss francs after 1.2191 Friday.

The pound was being traded at 1.9736 dollars from 1.9596.

The Tokyo and Singapore markets were closed Tuesday for New Year celebrations.

Meanwhile, another report from London adds: The euro struck a near three-week high against the dollar and all-time peaks against

the yen and Swiss franc in European trade on Tuesday.

The euro hit as high as 1.3288 dollars in early European exchanges on Tuesday, the highest point since December 13, 2006.

During the course of 2006, the euro gained 11.4 percent against the dollar, 12.0 percent against the yen and 2.7 percent against the Swiss franc.

Analysts believe the principal driver of the foreign exchange market last year had been differences in interest rates across economic zones.

Interest rates in the US have been held steady since last August at 5.25 percent, giving momentum to the European currency in recent months, while recent data in Japan has dampened expectations of another rate hike there.

The euro is meanwhile now being used by 13 countries after Slovenia became on Monday the first former communist state to join the European Union's common currency.

### Bepza, Texas Fashion Wear sign agreement

Bangladeshi-owned textile manufacturing company Texas Fashion Wear Limited will expand its plant in Dhaka Export Processing Zone with an investment of \$1 million, according to a press release.

The company is expected to create employment opportunity for about 542 Bangladeshi nationals.

An agreement to this effect was signed between the Bangladesh Export Processing Zones Authority (Bepza) and Texas Fashion Wear Limited in Dhaka recently.

Prasanta Bhushan Barua, member-Investment Promotion of Bepza, and M Zakir Chowdhury, director operation of Texas Fashion Wear Limited, signed the agreement on behalf of their organisations.

### China plans stricter auto export rules

AFP, Beijing

China plans stricter export rules to ensure that only big and credible auto makers take part in the nation's push to become a major power in the global vehicle market, state media said Monday.

Beginning from March 1, the government will introduce a licensing system that will weed out auto makers that are too small to compete internationally, the official Xinhua news agency reported.

"There are too many exporters and the exporting business is in chaos, with problems such as cut-throat competition arising," Xinhua said.

A statement posted on the website of the commerce ministry announced the new moves but gave no further details.



PHOTO: T-MART  
Towheed Chowdhury, managing director of T-Mart Group, the country's sole agent of Jordana Color Cosmetics, USA, receives the 1st prize trophy of Dhaka International Trade Fair-2006 from Dr Shoib Ahmed, adviser to the caretaker government, recently. Commerce Secretary Firoz Ahmed was also present.



PHOTO: T-MART  
Prasanta Bhushan Barua, member (Investment Promotion) of Bepza, and M Zakir Chowdhury, director (Operation) of Texas Fashion Wear Limited, sign an agreement on behalf of their organisations in Dhaka recently for expansion of the production space in Dhaka EPZ with an investment of about \$1 million.



PHOTO: SILKCARD  
Musleh Uz Zaman, executive director of Silkcard, a SIM card producer of the country, receives a certificate of associated membership at the GSMA Members' Forum & Congress, held recently in Singapore.

## ROK plans promoting investment abroad

AFP, Seoul

South Korea's top economic official Tuesday announced plans to change financial rules to encourage more local companies and funds to invest abroad.

Finance Minister Kwon O-Kyu urged financial institutions to improve their competitiveness through active investment overseas.

"The government will help local funds improve their ability dramatically to invest abroad," he told reporters.

"We need a radical change in

our financial rules," he said, vowing to revise tax codes and "unreasonable" regulations that have restricted outbound investment.

South Korea previously encouraged companies to invest within the country to create jobs, increase production and exports and boost domestic economic growth.

But the policy has resulted in the rise of the won, which raises the price of exports, and more foreign direct investment into the country than outbound investment.

## CURRENCY

Following is Wednesday's (January 3, 2007) forex trading statement by Standard Chartered Bank.

Sell	Buy				
TT/OD	BC	Currency	TT Clean	OD Sight Doc	OD Transfer
69.6700	69.7000	USD	68.4000	68.3772	68.3316
93.9918	94.0323	EUR	89.3851	89.3553	89.2957
139.1380	139.1979	GBP	133.4347	133.3902	133.3013
56.9831	57.0076	AUD	53.1878	53.1701	53.1347
0.5995	0.5998	JPY	0.5725	0.5723	0.5719
58.4137	58.4388	CHF	55.2772	55.2588	55.2219
10.7335	10.7381	SEK	9.6475	9.6443	9.6379
60.8365	60.8627	CAD	58.1336	58.1142	58.0755
8.9708	8.9747	HKD	8.7678	8.7648	8.7590
46.6082	46.6283	SGD	44.5980	44.5832	44.5534
19.1243	19.1326	AED	18.4730	18.4668	18.4545
18.7255	18.7335	SAR	18.0948	18.0887	18.0767
12.9913	12.9969	DKK	11.6745	11.6707	11.6629
237.6174	237.7218	KWD	234.9544	234.8784	234.7265

Exchange rates of some currencies against US dollar

Indian rupee	Pak rupee	Lankan rupee	Thai baht	Nor kroner	NZ dollar	Malaysian ringgit
44.245	60.875	107.65	36.110	6.1835	0.7089	3.51

### Local Market

**FX:** Local interbank FX market was active on Wednesday. The USD was steady against Bangladeshi taka.

### Money Market

Money market was active on Wednesday. Call money rate remained unchanged and ranged at around 6.50 per cent.

### International Market

The yen hit a record low against the Euro and a two-month low against the US dollar on Wednesday as the hunt for yield

dominated sentiment ahead of US data that could give clues on the direction of US interest rates. Carry plays, using low-yielding currencies such as the yen to fund purchases of units with more attractive interest rates, were the major factor behind the euro's pulse higher, analysts said. Euro has hit successive record highs against the yen in recent weeks, as investors look for a quicker pace of monetary tightening in the euro zone than in Japan.

## STOCK