

# Star BUSINESS

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## Forex reserves hit new high of \$3.9b

BB moves to steady dollar at Tk69

REJAUL KARIM BYRON

Country's foreign exchange reserves hit a new high of \$ 3.9 billion yesterday as the remittance inflow marked a 30 percent growth during the first six months of the current fiscal year, according to the Bangladesh Bank (BB) sources.

In view of the average remittance inflow, the growth is seen significant compared to it in the same period last fiscal, although such a flow came down slightly to \$534.20 million in December from \$598.29 million in November this fiscal.

The BB sources said high remittance inflow and huge export earnings contributed to a healthy

foreign reserve of \$3957.84 million. But the reserve will fall today or tomorrow on Bangladesh's payment of an amount as big as \$355 million of export-import bill to the Asian Clearing Union (ACU).

Meanwhile, the central bank is keeping a cautious watch on the trend of money market as it has observed that the reserves have also upped the value of taka against dollar. It is also found that the supply side of foreign exchange does not cope with the slightly slow demand side because of political unrest in the country. This, it is assumed, may result in a significant drop in price of dollar in the local money market.

To prevent such a fall in the

currency price, the BB has already purchased 60 million dollars from the money market. The central bank offers Tk69 per dollar to commercial banks.

The BB said if the dollar price goes below Tk69, exporters might face a setback, so the offer is made for the commercial banks with a view to steady the price of the greenback at Tk69.

Earlier, the country's remittance hit a record high in a single month as it reached US\$ 598 million in November.

As per the BB sources, the remittance also marked a surge in December as the overseas workers sent money on the occasion of

Eid-ul-Azha.

But the reserves may cross \$4 billion-mark before the ACU payment if the remittance flow continues, the sources also assumed.

The overall remittance rose to \$2840 million in the July-December period in FY 2006-07, posting a strong 30 percent rise over the same period last fiscal, which was \$2178 million.

According to the Export Promotion Bureau (EPB), in the fiscal 2005-06, Bangladesh exported goods worth \$10.52 billion, registering a 21 percent growth. The export is also rising this fiscal with approximately a 31 percent growth.

### Tehran, KL sign gas development agreement

AFP, Tehran

Iran and Malaysia have signed an agreement to develop the two offshore gas fields of Ferdos and Golshan in the southeast of Iran, state radio reported on Sunday.

The agreement was signed between the state-owned National Iranian Oil Company and Malaysia's SKS.

According to the report, the Golshan gas field holds more than 50 trillion cubic feet (1.425 trillion cubic meters) of gas in place. Golshan is located 65 kilometers (40 miles) from Iran's shore.

The Ferdos field, located 85 kilometers from the Iranian coast, has estimated gas reserves of 10 trillion cubic feet (285 billion cubic meters).

Iran's estimated gas reserves, the world's second largest after Russia, amount to 971.150 trillion cubic feet (more than 26 trillion cubic meters).

The country is in urgent need of developing its gas fields both to cover domestic consumption and fulfill its ambitious gas export plans for Europe and eastern Asia.

For the second year in a row, Iran has run short of domestic gas supply in parts of the country and temporarily cut off its gas exports to Turkey in early days of 2007 due to a severe snap of cold weather.

They also said the market will be affected during the 72-hour blockade.

"The ongoing political impasse is the only reason for the downturn on the DSE and it is a natural phenomenon that the market will witness a bearish trend during a political turmoil," said

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Losers overwhelmed gainers as the bear dominated the market. Of the total 163 issues traded on the Dhaka Stock Exchange (DSE), 115 declined, 28 advanced and 20

## Stocks slide as blockade begins

### STAR BUSINESS REPORT

Price indices on the country's bourses dropped yesterday, the first day of the 3-day blockade programme enforced by the Awami League-led grand alliance.

DSE All Share Price Index decreased by 12.85 points or 0.98 percent to close at 1289.02 points yesterday while the DSE General Index declined by 14.44 points or 0.9 percent to close at 1574.97 points.

DSE-20 Index, which comprises blue chips, also dipped by 14.67 points or 1.05 percent to close at 1379.65 points.

Market analysts said the ongoing political impasse is discouraging both the institutional and general investors to put their money in the market.

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Salahuddin Ahmed Khan, chief executive officer of DSE.

Losers overwhelmed gainers as the bear dominated the market. Of the total 163 issues traded on the Dhaka Stock Exchange (DSE), 115 declined, 28 advanced and 20

remained unchanged. A total of 84,56,785 shares worth Tk 23.31 crore changed hands.

Power Grid Company of Bangladesh, AB Bank, City Bank, AIMS First Mutual Fund, EXIM Bank, Dhaka Electric Supply Company, Uttara Bank, Pubali Bank, IPDC and Prime Bank were the top ten turnover leaders in terms of value.

The stock market showed a bullish trend with a 78 percent rise in the daily average turnover in the last week of 2006, as there was a possibility that all major political parties would join the parliamentary elections.

But, last the decision to boycott the January 22 elections by the grand alliance halted the turnover rally.

UNB adds: Trading on the Chittagong Stock Exchange (CSE) closed lower yesterday with the losers dominating the gainers.

The CSE All Share Price Index decreased by 0.39 percent to close at 3638.89 points.

The CSE-30 Index also shed 0.14 percent to close at 3284.76 points.

A total of 80 issues were traded.

Of them, 12 gained, 57 declined and 11 remained unchanged. Some 2,460,508 shares and debentures worth Tk 30.78 crore changed hands.

## Hutchison-Essar lures suitors eager for India mobile market entry

AFP, New Delhi

India's mobile phone market is red-hot, adding nearly seven million customers a month according to latest figures, and stirring global interest in the auction of the country's fourth-largest wireless operator.

Already four players, including Vodafone, the world's top mobile phone company, are jostling for position in the multi-billion-dollar race for India's Hutchison-Essar, controlled by Hong Kong-based Hutchison Whampoa.

The Indian mobile market has "great potential", said Britain's Vodafone.

India added 6.8 million new mobile subscribers in November, the latest month for which figures are available.

"India's mobile subscriber base is increasing phenomenally every year -- one customer is added every second," Communications Minister Dayanidhi Maran said.

India now has more than 183 million telephone subscribers, of which over 140 million are mobile customers.

"By 2010, India will have more than 500 million mobile subscribers from the current base," Maran told a conference of top telecommunications executives in New Delhi last month.

The contest for Hutchison-Essar got going in earnest in December, when Hutchison Whampoa, controlled by Hong Kong's billionaire tycoon Li Ka-Shing, made it clear it wanted to sell out its 67 percent stake in the Indian mobile company, which has 22 million subscribers.

As new bidders jump into the fray, the valuations for Hutchison-Essar have zoomed to over 20 billion dollars.

However, this hasn't deterred the potential suitors, which include a clutch of Indian companies such as Reliance Communications, India's second-largest mobile phone company, and the Hinduja group, with interests from oil to banking.

Indian steel-to-shipping group Essar, which holds the minority 33 percent stake in the company, is another possible bidder, while other companies such as Maxis Communications of Malaysia and Egypt's Orascom have also been mentioned.

India has come a long way from a decade ago, when tele-density -- the number of phones per 100 people -- was around three in the country of 1.1 billion people.

## Malaysia to choose foreign partner for Proton

AFP, Kuala Lumpur

Malaysia will set aside bids by local auto firms to acquire stakes in ailing national carmaker Proton, instead first choosing German Volkswagen AG or French PSA Peugeot Citroen as a partner, a report said.

The Edge financial weekly, citing unnamed sources, said the government had reaffirmed its commitment to the European companies despite attempts by Malaysian auto firms to acquire stakes in Proton.

"The assurance came as VW and PSA are confused by the lobbying efforts of the local automotive groups, whether through government channels or the media, and have asked for clarification from the government," a source was quoted as saying at the weekend.

The weekly said a decision would be made by the end of March on a foreign partner for Proton, with bids by Malaysian companies to be considered after that.

The government, through various agencies, owns 59 percent of Proton shares, including a 43 percent stake held by its investment arm, Khazanah Nasional.

Three Malaysian automotive companies -- DRB-HICOM, the Naza group and the Mofaz group -- have expressed interest in acquiring all or part of the government's stake.

The Edge said discussions with Volkswagen and Peugeot were "fruitful", but that proposals for collaboration differed.

Volkswagen intended to acquire a controlling stake in Proton's manufacturing division, which the weekly said could see Proton turn into a manufacturing hub for the German firm, while improving capability.



PHOTO: BANK ASIA

Syed Anisul Huq, president and managing director of Bank Asia Ltd, and Mahbubur Rashid, managing director of Bay Leasing & Investment Ltd, pose for photographs at a term loan agreement signing ceremony. As per the deal, the loan amount provided by the bank will be utilised for lease financing of Bay Leasing. Erfanuddin Ahmed, deputy managing director of the bank, among other senior officials from both the sides, was present.

## Foreign trade in China's Guangdong up \$100b

AFP, Beijing

Foreign trade in southern China's industrial powerhouse Guangdong province topped 500 billion dollars in 2006, up 100 billion dollars over the previous year, state press said Sunday.

Exports of high and new technologies led the boom, making up 34.5 percent of the province's total exports during the first 11 months of the year, Xinhua news agency reported, citing the provincial trade bureau.

Private export-oriented businesses also helped boost foreign trade as they increased their exports by 58 percent during the first 11 months of 2006 over the

previous year, exporting 42 billion dollars worth of goods, it said.

According to the Ministry of Commerce, China's total foreign trade is expected to top 1.75 trillion dollars in 2006, up about 24 percent over 2005.

In the first 10 months of 2006, Guangdong, known as the shop floor of China's booming export-driven economy, exported 241 billion dollars worth of goods, up 28 percent over the same period in 2005.

The province imported 183 billion dollars of products during the first 10 months of 2006, up 19.8 percent over the same period in 2005, ministry statistics showed.

According to Xinhua, foreign

enterprises brought some 14 billion dollars in contracted investment into Guangdong during the first 11 months of 2006.

Guangdong's GDP is expected to reach 2.58 trillion yuan (330.7 billion US) this year, up 14 percent from last year, according to provincial government predictions, the report said.

Per capita gross domestic product in Guangdong's provincial capital, Guangzhou city, was likely to surpass 10,000 dollars in 2006, the first major Chinese city to break that mark, state media reported on Thursday last week.

Gross domestic product for the city of seven million in China's manufacturing hub should reach 623.6 billion yuan (about 80 billion dollars) for 2006, up 14.4 percent from 2005, according to a city government report.

The 10,000-dollar figure is a widely recognized threshold between developing and developed countries.

"The breakthrough in GDP per capita indicates that Guangzhou has become China's first developed city by World Bank standards," state press quoted Peng Peng, a researcher with the Guangzhou Academy of Social Sciences, as saying.

Iran resumes gas exports to Turkey

AFP, Ankara

Iran has resumed gas exports to Turkey after a five-day cut due to a supply crunch at home brought on by cold weather.

Iran pumped nearly 3.5 million cubic metres by noon and was expected to gradually increase the gas flow, the Anatolia news agency reported Sunday.

The cut in Iranian gas exports since Wednesday had forced Turkey to increase gas supplies it purchases from Russia. Turkey has been buying gas from Iran via a pipeline from the northwestern Iranian city of Tabriz to Ankara since December 2001 under a deal that raised eyebrows in the United States, Turkey's long-standing ally and Iran's arch-foe.

"The world should build vehicles with the same frugal mentality of the Chinese and the Indians -- it's a matter of survival," Ghosn was quoted as saying in the Brazilian weekly magazine Veja.

The interview was published on the eve of the centennial edition of the blockbuster US auto show in Detroit, Michigan, the 2007 North American International Auto Show.

The Brazilian-born Frenchman pointed to the Indian automaker Tata's recent launch of the world's cheapest car, a four-door with a retail price of 2,000 dollars.

China and India have unleashed

a true "revolution" and Western automakers must adapt if they want to stay in business, he said.

"Five years ago, for example, there was neither the Chinese market, nor the Indian, nor the Russian."

"Now these are markets where vehicle sales are rising the fastest and where it is necessary to invest in innovation and distribution models," he said.

"It's the new challenge," he emphasized, recognizing the difficulty of certain automakers to change "rigid and implanted structures" in their mentalities.

Some firms will disappear, he said, warning that "there's no room for complacency."

The giant US automakers General Motors Corp. and Ford Motor Co. are battling financial crises and are trying to restructure.

Ghosn is known in the auto industry as the turnaround special



PHOTO: MITA TEXTILES