

Star BUSINESS

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Dollar falls as economic worries grow

AFP, New York

The US dollar fell sharply Friday after an inflation snapshot triggered renewed concerns about the US economy, traders said.

The single European currency was changing hands at 1.3307 dollars at 2000 GMT compared with 1.3236 late Thursday in New York. The euro at one point climbed to 1.3340 dollars, its highest point against the dollar since December 8.

The dollar meanwhile dropped to 116.72 yen compared with 117.48 on Thursday.

"The currency market was laden with a number of concerns for the US economy and its currency. Over the past days, weak retail sales, inflation and factory activity gauges have left the greenback little fuel for big moves," said John Kicklighter, a currency analyst at Forex Capital Markets.

Economists said the latest US inflation reading would likely cement a decision next week by the Fed to keep US

interest rates on hold at 5.25 percent. The Fed, which has cited inflation as one of its key concerns, meets Tuesday and Wednesday in Washington to mull US rates.

The Labor Department said earlier Friday that US consumer prices rose 0.4 percent in February, stronger than the 0.3 percent rise widely expected by Wall Street.

The core inflation reading, which strips out volatile food and energy costs, rose 0.2 percent and was in line with forecasts.

The rise in inflation comes amid a wider slowing of the world's largest economy, although a separate economic indicator Friday was more upbeat.

A Fed report showed US industrial production rebounded by a much bigger-than-anticipated 1.0 percent in February after falling in the prior month.

Most economists had been expecting the central bank's monthly snapshot of the nation's industrial sector, measuring the output of US facto-

ries, mines and utilities, to show a rise of just 0.3 percent.

The jump in industrial output across the United States marked the strongest gain since November 2005, but was largely attributed to a ratcheting up of gas and electricity output from the nation's utilities amid cold winter temperatures.

"Dollar weakness since the big equity market sell-off began at the end of February has largely been confined to lower-yielding currencies as carry trades have come under pressure, but over the past two days the dollar has come under broader pressure," said Daniel Katzev at UBS.

Investors are worried about an overall US economic slowdown, concerns that have been driven by the difficulties facing sub-prime housing lenders, who lend money to borrowers with patchy credit histories.

In late New York trade, the dollar stood at 1.2071 Swiss francs from 1.2171 Thursday.

The pound was being traded at 1.9414 dollars after 1.9360.

African cotton states see US farm bill increasing subsidies

AFP, Geneva

The US Farm Bill is "counterproductive" in its current form and could lead to increased subsidies to US cotton formers of up to 65 percent, African cotton producing nations said here on Friday.

"If the new American law is approved as it stands, it will be counterproductive," Benin's trade minister Moudjaidou Issifou Soumanou told reporters following a meeting with World Trade Organisation Director General Pascal Lamy.

"The proposed reforms will increase cotton subsidies by 60 to 65 percent."

African cotton producers have lost 30 percent of their revenues in recent years, due to subsidies in the West, and a decline in the market price of the commodity, Soumanou added.

The African ministers were in Geneva for a two-day meeting with WTO officials and other delegations on the vexed issue of cotton subsidies.

"All countries and all groups

unanimously reaffirmed the need to deal with the cotton dossier ambitiously, expeditiously and specifically," Soumanou said.

Lamy agreed that cotton was an issue of "systemic importance for the multilateral trading system."

"It's a reality that African countries producing cotton are increasing their exports, but it's also a reality that the revenues of cotton producers are declining," he told reporters.

This is due to declining world price trends and also trade distortions, such as subsidies and market protection, Lamy added.

"It's clearer than ever that the single most important contribution we can make to solving this cotton problem is to finish the Doha round as soon as possible," he told reporters.

The Doha round of global trade liberalisation negotiations was launched in the Qatari capital in November 2001 but has foundered ever since, largely in disputes over tariffs on agricultural products and other forms of official farm support.

Indonesia monorail project back on track soon

AFP, Jakarta

The Indonesian government has guaranteed a monorail project in the capital Jakarta, allowing plans to issue a 650 million dollar Islamic bond in the Middle East to go ahead, reports said Saturday.

"We finally receive news (from the ministry of finance) that a guarantee letter has been signed by the minister," Jakarta governor Sutiyoso said, quoted by Media Indonesia daily.

Sutiyoso said he hoped PT Jakarta Monorail and the Dubai Islamic Bank could start funding continuing construction work this year.

The 27 kilometre (17 mile) monorail project was started in June 2004 by then-president Megawati Sukarnoputri, but work has since been hampered by a lack of money and wranglings over what technology to use.

Two lines will serve Jakarta's business districts and outer areas.

Unlike most other major Asian cities, traffic-clogged Jakarta has no subway or light railway system.



PHOTO: NCC BANK

The Deputy Managers' Annual Conference-2007 of NCC Bank Ltd was held yesterday in Dhaka. Chairman of the bank Mahbubul Alam Tara, Director Manzurul Hassan Talukder and Managing Director Md Nurul Amin, among others, were present at the meeting.

Annual Sales Conference 2007

Venue: BPATC Auditorium, Savar, Dhaka
Date: March 14, 2007



The Annual Sales Conference 2007 of Square Consumer Products Ltd was held on Wednesday in Savar, Dhaka. Director of the company SK Das, Managing Director Anjan Chowdhury and other senior officials were present at the conference.

\$15b FDI outflow from India likely in 2007

PTI, New Delhi

With a bulk of Foreign Direct Investment (FDI) going out of the country, specially from manufacturing companies, the calendar year 2007 is expected to witness outward FDI to the tune of USD 15 billion surpassing inflows, an Assocham survey said.

The eco-pulse study on FDI outflow and role of manufacturing in mergers and acquisitions (M&A) revealed that 2007 promises to be a year of deals varying in size dominated by the manufacturing sector. Apparently the balance of power in manufacturing has started to shift to India more recently, apart from China and Brazil.

"Riding on strong balance sheets, good credit ratings and confidence shown by global business community, Indian manufacturing is leading India Inc's global quest," Assocham President Venugopal Dhot said.

Owing to the restructuring taking place in Europe, Indian companies are targeting European entities offering cost competitiveness. The US and Africa are other destinations of invasion of Corporate India.

The boost will be provided by pharmaceuticals and automobiles particularly in terms of value, though IT is still likely to dominate as far as the number of deals is concerned, the study revealed.



PHOTO: TRUST BANK

Trust Bank Ltd signed a memorandum of understanding (MoU) with Credit Rating Information and Services Ltd (CRISL) on Thursday. Under the MoU, CRISL will perform credit rating of the bank. Muzaffar Ahmed, president and CEO of the credit rating agency, and Ishtiaque Ahmed Chowdhury, deputy managing director of the bank, signed the MoU while other senior officials from both the sides were present.