

## Asian finance ministers to seek deeper financial ties

AFP, Kyoto

Asian finance ministers meet here today to try to bolster their defences against another economic crisis but one of their loftiest goals -- a common currency -- still seems decades away at least.

Ten years after the East Asian tigers were rocked by financial turmoil following the collapse of the Thai baht, the region is trying to deepen its ties yet further to guard against a repeat of the traumatic crisis.

Finance ministers from the Association of Southeast Asian Nations (Asean) as well as China, Japan and South Korea will discuss a multi-nation scheme of currency swaps to improve the existing bilateral system introduced in 2000.

"This week's meeting will see some progress on this issue but no tangible agreement is expected," said a Japanese finance ministry official.

The finance ministers of Japan, China and South Korea met Friday and pledged to step up financial cooperation to prevent regional currency turmoil.

They agreed to work on a multi-national currency swap arrangement together with Southeast Asian nations that could swing into

action more quickly in the event of a currency crisis and to foster Asian bond markets.

In the wake of the 1997 Asian financial crisis, the 10 Asean nations plus Japan, China and South Korea agreed to set up a bilateral currency swap scheme known as the Chiang Mai Initiative in a bid to prevent a repeat of the turmoil.

Under the accord, an Asian country in financial trouble can borrow foreign currency -- usually US dollars -- from another country to bolster its international reserves until the crisis passes.

But some economists say the real challenge facing Asia is not how to improve defences against another financial crisis or speculative currency attacks, but how to make better use of the region's huge foreign exchange reserves.

"The situation today is completely different (to 1997). The challenge facing Asia is in fact too much reserves and the long-term negative effects of this," said Ifzal Ali, the chief economist of the Asian Development Bank (ADB).

"While it is not as dramatic as a crisis, over time it does eat away at opportunities for higher rates of growth, higher investments," he told AFP in an interview ahead of the ADB's annual meeting here.

Asia holds the bulk of the world's foreign reserves at some 2.7 trillion dollars, led by China alone with more than one trillion dollars.

The ADB's governors also meet this weekend to assess the health of the Asian economies a decade after the regional crisis, as well as prospects for further financial integration and the development bank's own future.

Last year, the 10 Asean nations along with China, Japan and South Korea agreed to study the creation of a single Asian currency akin to the euro, although little progress is expected any time soon on the issue.

"It is something that is maybe -- over the very long-term -- a goal towards which Asia will move but I don't see that happening in the near term," Ali said of the idea of a common Asian currency.

Asean ministers are also expected to discuss efforts to develop better Asian bond markets as well as the recent appreciation of regional currencies against the dollar amid concern over the slowing US economy.

Asean groups Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

## Unilever to support school for poor children

Unilever Bangladesh Limited (UBL) and Shathi Shamaj Kalyan Samity (SSKS) signed an agreement on Thursday to continue Unilever's support to the operation of a school for underprivileged children, says a press release.

Rakesh Mohan, chairman and managing director of Unilever Bangladesh Ltd, and Sultana Chaudhury, chairperson of SSKS, signed the agreement on behalf of their sides.

The school is meant for underprivileged children living in slum areas of Banani. The UBL has supported the school and its activities since 2005. Unilever managers have also personally helped by teaching students of the school.

Unilever Bangladesh carries out voluntary activities in the areas of health, education and women's empowerment across the country.

As part of nurturing talent, the company has supported nationwide talent search contests such as Closeup 1, which have provided the platform for recognizing deserving talent across the country.

## Canada unveils million-dollar coin

AFP, Ottawa

The Royal Canadian Mint unveiled the world's first 100-kilogram (220.5-pound) pure gold bullion coin Thursday, worth one million Canadian dollars (850,000 US), breaking a record for value.

But the loonie, a sobriquet given to Canadian one-dollar coins, will not go into circulation, mint spokeswoman Alex Reeves told AFP. "It's a new denomination for us and required an amendment to the Canadian currency act," he said, adding that three of the coins were produced only after interested buyers came forward.

It is 21 inches (53 centimeters) in diameter and 1.2 inches (three centimeters) thick.

Like all Canadian coins, it features on one side a likeness of Britain's Queen Elizabeth II, also Canada's head of state, by celebrated Canadian portrait artist Susanna Blunt.

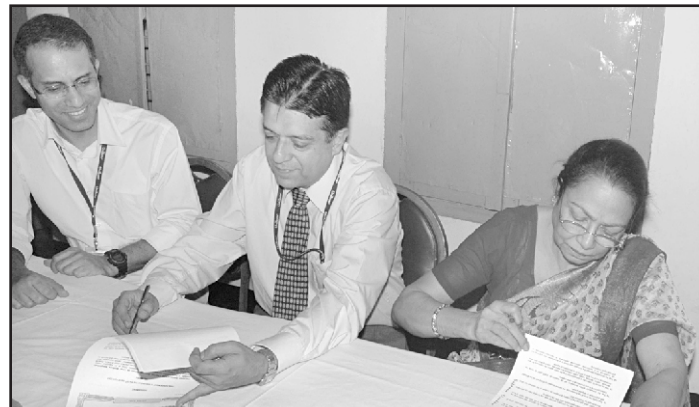


PHOTO: UNILEVER

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PHOTO: PRIME BANK

Prime Bank Ltd donated TK 17 lakh to the Institute of Personnel Management (IPM) for the latter's classroom expansion. Chairman of the bank Imam Anwar Hossain formally handed over the cheque to the president of IPM Anwarul Azim. Prime Bank Managing Director M Shahjahan Bhuiyan was also present.

## Asian stocks rally back into the record books

AFP, Hong Kong

Asian stocks rallied sharply higher Friday with investors following Wall Street's lead and pushing many regional benchmarks further into record territory.

Hong Kong, Sydney, Seoul, Singapore, Kuala Lumpur and Jakarta all closed at their highest levels ever after Wall Street surged to fresh highs on generally upbeat economic news and a bout of merger and takeover deals.

Regional sentiment was also bolstered by solid corporate results alongside domestic issues, with

easing inflation helping Jakarta to a 0.38 percent gain, Sydney to a 0.95 percent rise and Manila was up 0.20 percent.

Firmer oil prices lifted Bangkok by 0.92 percent while Singapore was up 1.01 percent, Seoul rose 0.51 percent, Hong Kong gained 0.77 percent, and Kuala Lumpur advanced 1.53 percent.

Improved profit outlooks pushed Taipei up 1.76 percent, however, a stronger currency resulted in Mumbai falling 1.02 percent while Wellington closed little changed. Tokyo and Shanghai were closed for public holidays.

## Asean, EU agree to launch FTA

AFP, Singapore

Southeast Asian states and the European Union agreed Friday to launch free trade negotiations, setting aside differences over alleged human rights violations in army-ruled Myanmar, officials said.

EU Trade Commissioner Peter Mandelson reached the agreement with Association of Southeast Asian Nations (Asean) economic ministers during a meeting in Brunei, Asean Secretary General Ong Keng Yong told AFP.

"Yes, we agreed to launch the Asean-EU free trade negotiations," Ong said from the Brunei capital Bandar Seri Begawan.

"We will set up a joint working committee to follow through this announcement ... The under-

standing is that we are talking to the EU as a group of 10 member countries and Myanmar is a member of Asean. No one will be excluded from the negotiating process."

An Asean-EU free trade zone will cover nearly one billion people and is potentially one of the largest in the world. Two-way trade totalled 137 billion US dollars in 2005.

Renate Nikolay, a member of Mandelson's cabinet said the agreement marked an important step in Asean-EU ties, which have been strained by European concerns over political repression and human rights violations in Asean member Myanmar.

The EU last month extended its sanctions against the military regime there for another year.

## Weekly Currency Roundup

April 29-May 03, 2007

### Local FX Market

The demand for US dollar was high throughout the week. Higher demand caused the USD to rise against the Bangladeshi taka in this week.

### Money Market

Overnight money market was flat throughout the week. The call money rate was range bound throughout the week and most of the deals ranged between 6.75 and 7.25 percent.

### International Market

The euro retreated from last week's record highs versus the dollar and yen during the beginning of the week, as investors took profits ahead of euro zone data which are still likely to confirm expectations of more interest rate hikes. The yen strengthened broadly in thin trading, with Japanese financial markets closed for the first of a string of Golden Week holidays on Monday. Many markets in Asia and much of Europe will be shut for holidays on Tuesday. Expectations of at least one more rate hike by the European Central Bank, boosted by a run of robust data, have helped the euro rally at a time when US rates are expected to be cut and Japanese ones are forecast to remain ultra low for some time. The yen also got a bit of a boost on news that China's central bank on Sunday boosted the amount of reserves banks are required to set aside, the seventh such increase since June.

While at the end of the week, the euro hit a record high versus the yen on Thursday on a view that euro zone finance ministers are unlikely to complain about the currency's strength, while the dollar dipped before a US service sector survey. Trading was thin with Tokyo markets shut for a holiday, leaving investors to wait for US data that could give more clues about whether the Federal Reserve would cut interest rates later this year as markets expect. Sources close to the Eurogroup commented on Wednesday that euro zone finance ministers are likely to stay calm on the Euro's strength when they discuss the issue at a Brussels meeting on next Monday. The remarks follow recent upbeat data from the euro zone which reinforced expectations for a June interest rate hike from the current 3.75 percent and perhaps more later this year. US dollar hit a 2-month high on Wednesday against yen before steadying against the Japanese currency.

-Standard Chartered Bank



PHOTO: GREY WORLDWIDE

(From left) John Huang, general manager of world's leading retailer Wal-Mart Stores Inc (China operation), Andy Barron, senior vice president of Wal-Mart, A Ferdous Chowdhury, chairman of BSA Group of Companies, a Bangladeshi firm, Nafid Nabi, director of BSA Group, Jeff Baker, vice president and divisional merchandise manager of Wal-Mart, and Ram Venkatesh, managing director (Softlines) of Wal-Mart, pose for photographs after BSA Group of Companies received 'Supplier of the Year 2006' (Department-23) award from Wal-Mart at the retailer's Supplier Summit 2007 held recently China.

## STOCK