

Star BUSINESS

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Oil prices fall below \$71

AP, London

Oil prices were down for a second day Friday, slipping below \$71 a barrel amid concerns over the U.S. economy.

Light, sweet crude for September delivery lost 61 cents to \$70.98 a barrel in trading on the New York Mercantile Exchange. The contract fell 56 cents to settle at \$71.59 a barrel Thursday.

Reports Thursday suggesting a sluggish economy and news of spreading problems in the U.S. subprime mortgage sector contributed to the decline. The U.S. Labor Department reported the number of people signing up for jobless benefits grew last week, while many retailers reported disappointing July sales.

Also, French bank BNP Paribas froze three securities funds, saying they no longer know what they are worth because of problems in the U.S. subprime market. Moves by the European Central Bank and Federal Reserve to provide more cash to money markets were taken by investors as further evidence of credit market troubles.

"There are all these concerns about the credit market caused by the U.S. subprime mortgage market and the drop in particular was caused by BNP suspending operations of a few funds," said Victor Shum, an energy analyst with Purvin & Gertz in Singapore.

BoP surplus reaches \$1,027m in 11 months

Trade imbalance up 20pc

STAR BUSINESS REPORT

Boosted by a surge in remittances, the balance of payments (BoP) surplus reached US\$1,027 million in the first 11 months of the last fiscal (2006-07), despite a fall in foreign direct investment (FDI) and foreign aid.

The overall balance was only \$121 million surplus during the same period of FY '06.

BoP is the difference between the amount paid by a government to other countries and the amount it receives from them.

The trade imbalance, however, has increased around 20 percent to reach \$3,304 million compared with the same period of the 2005-06 fiscal as imports surpassed exports.

Imports rose by 17.66 percent in 11 months compared with the same period of FY 2005-06.

Meanwhile, exports marked

increase over the corresponding period of the 2005-06 fiscal year. The export growth in the July-May period in FY '07 marked almost 17 percent rise to reach \$10,883 million against \$9,308 million in FY 2005-06.

The current account balance went down to \$468 million in the 11-month period of last fiscal year from \$477 million during the same period of FY 2005-06 for increase in trade imbalance.

In the 11 months up to May 31, remittances rose by almost 25 percent compared to the same period a year earlier, to reach \$5,462 million.

The surge was mainly due to the increased use of official channels by Bangladeshis abroad to send their money home.

Along with the central bank, the private commercial banks have taken initiatives to increase their

earnings from remittance services.

The measures include better links of the Bangladeshi banks with foreign exchange houses and fixation of annual minimum limit of remitting of exchange houses in the UK, US and Canada to increase remittance inflow through banking channels.

Foreign direct investment fell to \$495 million in the July-May period, down 27 percent from \$679 million in the previous fiscal year.

However, portfolio investment increased 271 percent to \$78 million, compared to \$21 million during the same period a year earlier.

In July-May period, foreign aid declined by 4.35 percent to stand at \$1,120 million compared to \$1,171 million during the same period of the previous fiscal.

Global market plunge won't trigger meltdown

Say analysts

AFP, London

While world stock markets dived for a second straight day Friday on fears of a widening economic crisis, analysts downplayed the risk of a full-blown meltdown.

As the European Central Bank intervened again to boost flagging liquidity and European and Asian traders dumped shares on fears of a global credit crunch, economists stressed that the health of the world economy remained good.

"The underlying picture still looks reasonably good in terms of economic growth, in terms of corporate profitability, in terms of the balance sheets of companies," said Henk Potts of Barclays Stockbrokers.

Investors have been alarmed by signs that losses in the US subprime mortgage market -- high-risk property loans to which many US banks and investment funds are exposed -- could spread to other regions.

BNP Paribas, France's biggest bank, spooked the market on Thursday when it said it had suspended three investment funds exposed to the US housing market because it was unable to value its assets.

Philippe Waechter of Natixis Asset Management, who has downplayed the risk of a generalised economic meltdown amid the recent turmoil, told AFP Friday that the BNP decision nevertheless gave cause for concern.

"With BNP Paribas, a major player in the international banking system has been affected, outside the United States. So we can't rule out other major players also being affected, in Asia, central Europe or elsewhere," he said.

"If that happens, the growth on which everyone has been depending, saying 'it will get better, the crisis is only temporary' could be called into question, forcing central banks to adopt much more flexible monetary policies, and not simply providing liquidity to the market."

Asian stocks hammered by global rout

AFP, Hong Kong

Asian stocks were hammered Friday by a global rout after heavy losses on US and European markets as investors fled for shelter from the US housing woes.

Dealers said investors were alarmed by signs that the fallout from the US subprime mortgage problems was spreading to other regions.

If there is one thing investors hate it is uncertainty, and with the risk of more skeletons in the closet, few people were in the mood to buy.

News that the US, Eurozone, Japanese and other central banks had pumped massive amounts of cash into the financial system only appeared to add to the sense of nervousness on global markets about the US mortgage market troubles.

If the central banks actions aimed to reassure investors then they took it the other way and took the view the problem could be bigger than initially thought because the central banks had to intervene.

Investors fear that the US housing woes might eventually affect global economic growth if funds for business dry up, although analysts said that so far the fallout appeared to be limited.

Tokyo slumped by 2.37 percent, Seoul ended down 4.2 percent, Sydney slumped 3.7 percent, Hong Kong slid 2.88 percent, Mumbai was down 1.54 percent, Singapore gave up 1.6 percent and Taipei lost 2.74 percent.

Eisewhere, Kuala Lumpur fell 1.96 percent, Jakarta was off 1.5 percent, Wellington was down 1.2 percent, Bangkok shed 0.86 percent, Manila tumbled 3.0 percent and Shanghai was down a mild 0.10 percent.

TOKYO: Japanese share prices closed down 2.37 percent at a near five-month low, mirroring sharp losses on other global bourses amid growing concern about problems in credit markets.

HONG KONG: Share prices



A pedestrian gazes at a share prices board in Tokyo yesterday. Japanese share prices fell 406.51 points to close at 16,764.09 points at the Tokyo Stock Exchange at a near five-month low, mirroring sharp losses on other global bourses amid growing concern about problems in credit markets.

closed sharply lower, down 2.88 percent, as fears of a global credit crisis sparked by US subprime mortgage problems dominated trading throughout the day.

SHANGHAI: Chinese share prices edged 0.10 percent lower as investors locked in profits amid jitters over heavy losses on global markets and ahead of the release of key domestic inflation data.

MUMBAI: Indian share prices fell 1.54 percent in volatile trade with investors spooked by a credit crunch linked to the troubled US mortgage sector.

TAIPEI: Taiwan share prices closed sharply lower, down 2.74 percent after a sell-off on Wall Street and European markets on growing concerns about the fallout from problems in the US home loan sector.

SEOUL: South Korean share prices closed 4.2 percent lower, with the KOSPI index hitting its worst level in over a month as fears of an emerging global credit crunch sent investors scrambling to the exits.

SYDNEY: Australian share prices closed sharply lower, tum-

bling 3.7 percent as the market followed heavy losses in the US and European markets on fears about the growing fallout from problems in the US home loans sector.

SINGAPORE: Share prices closed 1.6 percent lower as investors rushed for the exit amid fears the US subprime mortgage crisis is spreading.

KUALA LUMPUR: Malaysian shares closed sharply lower in line with an Asian selldown over fears the US subprime woes could develop into a global credit crisis.

BANGKOK: Thai share prices closed 0.86 percent lower in line with heavy losses across the region amid fears that US subprime mortgage problems could trigger a global credit crisis.

JAKARTA: Indonesian share prices closed 1.5 percent lower on worries over the US subprime credit crisis although the main index came off its lows.

Japan to sign FTA with Indonesia this month

AFP, Tokyo

Japan will sign a free trade agreement with Indonesia when Prime Minister Shinzo Abe visits the country later this month, the government said Friday.

Japan, seeking to secure access to raw materials and markets for its exports, has been negotiating with Indonesia since July 2005, working towards the signing of a comprehensive Economic Partnership Agreement.

The agreement includes trade in goods and services, investment, movement of people and competition policies.

Abe, who plans to visit Jakarta on August 20 on an Asian tour, will formally sign the pact and a joint declaration with Indonesia's President Susilo Bambang Yudhoyono, the Japanese foreign ministry said.



Former chairman of Prime Bank Ltd Imam Anwar Hossain inaugurates the 54th branch of the bank in Comilla on Wednesday. Directors Saheda Pervin and Mohammad Delwar Hossain and Managing Director M Shahjahan Bhuiyan, among others, were present at the inauguration.

India to ease imports from Pakistan

ANN/ THE STATESMAN

India has agreed to remove barriers on import of 20 items from Pakistan without insisting on Most Favoured Nation status and transit facility for Afghanistan, a senior official said.

Expressing satisfaction over the progress made at the last week's Indo-Pak trade talks, commerce secretary, Asif Ali Shah said: "I hope that Pakistan's exports to India will increase to a reasonable level".

The two-day talks was held in New Delhi on Wednesday.

The commerce ministry would consult all stakeholders before communicating the list of 20 items of Pakistan's preference. Shah was quoted as saying by local daily.

The list, to be prepared in consultations with the business and industry, should comprise items which Pakistan can export easily, without affecting domestic needs, he said.

Shah said India also showed readiness to import Pakistani cement and for this purpose, six cement factories have been selected. Indian officials said New Delhi decided to facilitate trade on 20 items of interest to Pakistan, while seeking addition of 484 items in the 1,075-item list on which Islamabad allows trade with New Delhi. The bilateral trade between India and Pakistan currently stands at \$1.67 billion with balance of trade

heavily in favour of India.

Shah said in the first phase, to be completed in the current month, three Pakistani companies would start exporting cement to India via land routes.

Indians were concerned over lack of infrastructure at border, which was necessary to facilitate bilateral trade, he added. However, both sides agreed that Pakistan and India would complete the infrastructure on their sides to facilitate transportation of goods by road.

Shahid Bashir, joint secretary, Foreign Trade, who was part of the delegation which took part in the talks, said Pakistan's exports to India could fetch \$200 million to \$300 million during the current financial year.

He said during the talks India did not take up the issue of transit facility for Afghanistan, which was its long-standing demand. "This time, they (Indians) neither raised the issue of MFN status nor of SAFTA," the newspaper quoted him as saying.

INDIAN SUGAR INFLUX
Indian sugar is all set to hit the local market in a big way as two consignments of 12,000 tons are reaching Pakistan in the next two to three days.

The first consignment of 6,000 tons is due in Lahore via Wagah border tomorrow and the second of equal quantity in Karachi before the end of the current week.

Indian sugar influx into Pakistan seems increasing, Pakistan's Business Recorder newspaper quoted officials as saying. Pakistani sugar importers are in a race to secure their deals with Indian sugar exporters, it said.

The total volume of the orders booked from India for sugar import can be judged from the first few consignments, which are going to add roughly 50,000 tons in the local market by 31 August.

Uninterrupted sugar import from India indicates that 25 per cent duty is not enough to discourage influx of subsidised Indian sugar. The land route via Wagah makes Pakistan's market an attraction to the Indian exporters, the newspaper said.

India has around one million tons surplus sugar.

Pakistani importers are buying sugar from India at \$285 per ton and its cost at Karachi and Lahore is roughly between Rs 25.50 and Rs 26 against Rs 28 per kg local market rates.

A difference of Rs 2 per kg is enough to bait the Pakistani importers. They rushed to Indian businessmen as soon as the sugar prices in the local market crossed a break-even level, the report said.

Malaysia keen to be global hub for car parts trading

XINHUA, Kuala Lumpur

Malaysia is keen to become a global automotive-parts trading hub to woo foreign firms who can, in turn, share their industry expertise with local players, local media reported Friday.

This, essentially, means having more trade fairs in Malaysia, a move intended to spur not only car-related sectors at home, but the tourism fraternity as well.

Government incentives aside, the success of Malaysia's car-component industry also depends on local traders' willingness to help home manufacturers sell their products abroad.

Likewise, these traders can also navigate foreign offerings into the Malaysian and overseas markets, said Datin Paduka Dr Tan Yee Kew, parliamentary secretary of International Trade and Industry Ministry.

"The government encourages international trade fairs to be held in Malaysia to generate business in the automotive and hospitality sectors.

Organisers of global trade fairs in Malaysia, involving 500 foreign trade visitors, are eligible for tax exemption on income earned from the events.

India's Jet Airways eyes new routes

ANN/ THE STATESMAN

Admitting that it would be facing a tough competition from the newly merged national carrier, Air India, Jet Airways said that it is now planning more overseas destinations.

Jet Airways on Thursday said it planned to start daily flights from Delhi to New York's JFK Airport as well as to South Africa by this winter. By the end of October or early November daily flights from Delhi to JFK Airport will start," Jet Airways executive director, Mr Saroj Datta, said here.

"We also intend to start flights to the east coast of US from Chennai or Bangalore," he said, adding the carrier would also start flights to Johannesburg by winter.

Nepal's trade deficit widening

XINHUA, Kathmandu

Nepal's trade deficit continues to widen, as it crossed 117.41 billion Nepali rupees (some 1.8 billion US dollars) during the first 11 months of the fiscal year 2006-07 ended in mid-July.

However, the pace of trade deficit slowed down from 25.6 percent during the same period in 2005-06 to 16.6 percent. The total trade deficit had crossed 100.67 billion rupees (1.5 billion dollars) in 2005-06 fiscal year.

According to the current macro-economic report released here Friday by Nepal Rastra Bank, central bank of the country, total exports rose by a mere 0.8 percent during the period, while imports registered a growth of 11 percent.

Total exports in the corresponding period of the previous fiscal year had risen by 2.9 percent while imports rose by 16.6 percent.

According to the report, Nepal exported various goods worth over 55.45 billion rupees (853 million dollars) during the period, whereas total imports stood at 172.86 billion rupees (2.6 billion dollars).

Nokia launches 8 handsets in Barisal

OUR CORRESPONDENT, Barisal

Mobile handset giant Nokia has introduced 8 new model sets including 5 affordable, two classic and one premium phones in Barisal.

Company officials formally launched the new sets at a function at Barisal Club on Thursday.

Speaking at the function, Prem Chand, general manager of Nokia Emerging Asia, said Nokia works to understand the needs and aspirations of consumers.

Chand also highlighted the special features of the phones.

The models of the affordable sets are Nokia 1200, Nokia 1208, Nokia 1650, Nokia 2630 Nokia 2760.

The classic sets are Nokia 6500 and 6500 slide, while the premium set is Nokia 8600 Luna.



Models show off Nokia handsets at a launching function in Barisal on Thursday.

PHOTO: STAR