

Nordic, Scandinavian states face labour shortage

AFP, Paris

Nordic and Scandinavian countries have run into labour shortages arising from strong growth, the OECD said on Thursday.

Overall, the Organisation for Economic Cooperation and Development found in its twice-yearly review of member countries, that these economies were strong and resilient, although it had warnings of recession for Denmark.

The Danish economy is now likely to lag eurozone growth and has reached a turning point, with wage pressure raising the spectre of "prolonged recession".

The OECD forecast growth this year of 2.0 percent after 3.5 percent in 2006, a slowdown to 1.7 percent next year and 0.8 percent in 2009.

There were evident shortages of capacity and labour in the economy, and the supply of labour should be improved, it said.

While cross-border workers and immigrants seemed to have increased labour supply more than in previous cycles, employment had grown faster than output and unit labour costs had risen much

more than in other countries, reducing the competitive position of Danish exports.

Public-sector wage pressures also could hit private-sector competitiveness.

The Swedish economy is cooling from "very strong" growth of 4.5 percent last year to 3.4 percent this year, 3.2 percent in 2008 and 2.6 percent in 2009.

Unemployment had fallen "markedly" since 2006 and consequent "very strong income growth" would support consumption next year but increased interest rates would crimp expansion in 2009.

At the same time, reforms to improve the labour market and ease wage pressures could increase the potential for the economy to grow without generating inflation.

The Finnish economy is expanding strongly on exports and robust domestic consumption, and is on track for growth of 4.2 percent this year after 4.9 percent in 2006.

But shortages of capacity and of labour, and a switching of some production abroad, will hit exports

and overall growth will ease to 2.9 percent next year and 2.6 percent in 2009.

The OECD warned that "significant" imbalances were appearing in the labour market and the government should introduce measures to match the unemployed to a growing number of vacancies.

"Wage increases during the current wage round could amount to over 10 percent during the next three years, significantly higher than in the 2005-2007 round."

"Russia's plan to impose a tariff on raw timber exports could have a significant negative effect on the paper and pulp sector," the report added.

The Norwegian economy is set for growth of 3.4 percent this year after 2.8 percent in 2006, and then 3.6 percent next year, slowing to 2.4 percent in 2009.

The economy was experiencing the fourth year running of "exceptional growth" and the central bank was expected to continue tightening interest rates to curb overheating.

Global financial turmoil and a

cooling housing market could weigh on the economy.

Inflation and production costs had been contained by the effects of globalisation and the rise of the currency and if inflation eased as forecast, the central bank could ease rates in 2009.

Norway is a leading oil exporter and the OECD said shipments would increase strongly from 2008 but then the trend of a long-term decline would make itself felt.

Forecasting a slump in growth to 1.2 percent this year from 4.2 percent in 2006, the OECD warned that steps to stimulate the economy had "rekindled demand and inflation pressures" even though there were "substantial" imbalances in the country.

Iceland was vulnerable to "fragile" global markets and there was an increased "risk of a harder landing" for the economy which it forecast would grow 1.0 percent next year and 1.6 percent in 2009.

The monetary authorities should not hesitate to tighten interest rates further to contain inflation and minimise the effects of a "possible" fall of the currency.

Global financial turmoil and a

IMF eyes major job cuts

AFP, Washington

The new head of the International Monetary Fund plans to slash as much as 15 percent of the organisation's staff in its first significant job cuts, The Wall Street Journal reported Friday.

Dominique Strauss-Kahn's plans are aimed at reducing deficits and maintaining the relevance of the group "at a time when developing nations are growing rapidly, often have fat reserves and have little need for IMF aid," the report said.

The cutbacks also are "part of his strategy to win US and European backing for a plan to sell part of the IMF's gold hoard and invest in income-producing assets, to put the IMF on a sounder financial footing," the report said.

"All this is possible only if I have the commitment of different

governments" to boost IMF income, Strauss-Kahn told the Journal in his first extensive interview since taking office on November 1.

The straight-talking Strauss-Kahn, 58, said: "This institution works well, with dedicated people and very high-level staff, but it is a factory to produce paper."

He said the fund faced an annual deficit of 400 million dollars around 2010, assuming loan demand does not surge. He said he planned to reduce the deficit by one-fourth, by cutting the IMF staff of 2,634 by 300 to 400 positions.

Early departure deals would not likely be sufficient, he said, so layoffs would be needed. IMF job cuts historically have been tiny: 20 job cuts in 1980 and then 86 in 1986, the Journal said.

Donors pledge record \$5.4b to Vietnam

AFP, Hanoi

International donors on Friday pledged a record 5.4 billion dollars in official development assistance (ODA) to communist Vietnam for 2008, almost 20 percent more than this year.

World Bank country chief Ajay Chhibber said the grants and soft loans from nations, international development agencies and non-governmental organisations would help reduce poverty and protect the environment.

More than half of the funds will go to infrastructure such as highways, ports and energy facilities in the developing country that is experiencing more than eight percent economic growth and aims to reach middle income status by 2010.

Multilateral agencies made over 2.5 billion dollars in pledges - with 1.3 billion dollars from the Asian Development Bank, 1.1 billion dollars from the World Bank and 90 million from United Nations agencies.

Japan topped the list among bilateral lenders, pledging 1.1 billion dollars, followed by a European Union total of 962 mil-

lion dollars, South Korea with 290 million dollars and the United States with 114 million dollars.

International non-governmental organisations pledged 250 million dollars.

Foreign and Vietnamese officials said the pace of implementation would need to be stepped up after less than two billion dollars were actually disbursed this year, in many cases due to delays caused by red tape.

However, Chhibber, speaking at the end of the two-day donors' meeting in Hanoi, said "Vietnam is making effective use of ODA. The rate of satisfactory outcomes of projects in Vietnam is higher than anywhere else in the world."

He said that many of the delays were due, in part, to the large proportion of infrastructure projects, saying: "When you commit for infrastructure projects, they take two to five years, sometimes longer."

Donors at the meeting complimented Vietnam on its rapid economic growth and poverty reduction but also urged it to speedily implement all its commitments after joining the World Trade Organisation this year.



Cape Verde to become 152nd WTO member

AFP, Geneva

Cape Verde, one of the poorest nations on earth, is to become the 152nd member of the World Trade Organisation, a source close to the global trade monitoring body said Thursday.

A working group that has been negotiating with Cape Verde since 1999 has approved procedures for the African nation, which became independent from Portugal in 1975, to join the WTO.

A draft document spells out measures undertaken by Cape Verde to adapt its trading practices to WTO regulations and to open its markets to imported goods and services, the source said.

Chairman of Trust Bank Ltd and Chief of Army Staff Gen Moen U Ahmed (2-R) visits the corporate head office of the bank in Dhaka on Wednesday. Managing Director of the bank Iqbal U Ahmed (2-L) and Deputy Managing Director Ishtiaque Ahmed Chowdhury were also present.

Weekly Currency Roundup

December 02-December 06, 2007

Local FX Market

The US dollar/BDT market was soft throughout the week, with the USD/BDT rate being range bound. However there was ample demand in the market.

Money Market

Overnight money market was stable throughout the week. The call rates eased this week and most deals ranged between 6.50 and 6.60 percent.

In the Treasury bill auction held on Sunday, bid for BDT 8,000.00 was accepted compared to BDT 8,000.00 last week. Weighted average yield rose for remained unchanged for categories T-bills auctioned on the day.

International Markets:

US dollar

The US dollar recovered against its major rivals this week and hit a one month high against a basket of currencies. Investors are anticipating a rate cut by the Bank of England and also expect the ECB to take a similar stance. The dollar also recovered as investors took profit and squared their short positions after a rise in the world stock markets, litters over the credit market turmoil were soothed a little by a newspaper report the British government may nationalise troubled mortgage lender Northern Rock if it fails to strike a deal with private buyers.

Eurozone

The euro and the sterling fell back this week against the dollar. Analysts believe the BoE will be inclined to cut rates after a spate of weak housing and service sector data in Britain this week. The euro dipped to a three-week low against the dollar, with the ECB seen under pressure to strike a more balanced stance on policy tone as other major central banks cut rates to deal with the US slowdown and this year's credit crunch.

Yen

The yen was very much changed against the dollar also it gained against the dollar and higher yielding currencies on Tuesday. This was on the back of concerns about credit turmoil and escalating tensions in the money market prompted investors to cut back risky positions.

Standard Chartered Bank



Dutch-Bangla Bank Ltd opened its 44th branch at Mirzapur in Tangail recently. Md. Yeasir Ali, managing director of the bank, inaugurated the branch, while senior officials, among others, were present.



Jamuna Bank Ltd opened its 30th branch on Kamal Attatur Avenue at Banani in Dhaka on Tuesday. Chairman of the bank Nur Mohammed inaugurated the branch, while senior officials were present.

STOCK

TRADED ISSUES of the WEEK December 02 - 06, 2007

Company	FV/ML (Tk/No.)	Price	Turnover	Price	Turnover	Last AGM	EPS	CDPS	Company	FV/ML (Tk/No.)	Price	Turnover	Price	Turnover	Last AGM	EPS	CDPS
		Closing	Chg.(%) Pre.Wk. Share		Closing	Chg.(%) Pre.Wk. Share					Closing	Chg.(%) Pre.Wk. Share		Closing	Chg.(%) Pre.Wk. Share		
BANK																	
AB Bank	100/5	2596.00	-1.34	2111.00	2596.00	-4.64	2222.75	1000/5	06/09/07	21.14	37.50	14.7	41.75	590	51.25	Not	Traded
City Bank	100/5	2596.00	-1.34	2111.00	2596.00	-4.64	2222.75	1000/5	06/09/07	21.14	37.50	14.7	41.75	590	51.25	Not	Traded
First Bank	100/5	2596.00	-1.34	2111.00	2596.00	-4.64	2222.75	1000/5	06/09/07	21.14	37.50	14.7	41.75	590	51.25	Not	Traded
Prime Bank	100/5	2596.00	-1.34	2111.00	2596.00	-4.64	2222.75	1000/5	06/09/07	21.14	37.50	14.7	41.75	590	51.25	Not	Traded
Trust Bank	100/5	2596.00	-1.34	2111.00	2596.00	-4.64	2222.75	1000/5	06/09/07	21.14	37.50	14.7	41.75	590	51.25	Not	Traded
INVESTMENT																	
ICF Bank	100/5	2596.00	-1.34	2111.00	2596.00	-4.64	2222.75	1000/5	06/09/07	21.14	37.50	14.7	41.75	590	51.25	Not	Traded
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