

Dollar losing ground in global forex reserves: IMF

APP, Washington

The dollar is losing ground as the currency of choice in the world's foreign exchange reserves, the International Monetary Fund said Friday.

The dollar's share of forex reserves was 63.8 percent in the third quarter, compared with 65.0 percent in the second quarter and 66.5 percent in the 2006 July-September period, the IMF said on its website.

By contrast, the 13-nation eurozone currency made up 26.4 percent of global forex reserves in the third quarter, compared with 25.5 percent in the second quarter and 24.4 percent a year ago.

The trend is a fairly recent development. In the third quarter of 2005, the dollar's share was 66.4 percent and that of the euro was 24.3 percent, similar to the 2006 third-quarter levels.

In recent months, several emerging-market countries, whose foreign currency reserves have ballooned as a result of such factors as high commodity prices and strong exports, have signaled their intention to further diversify their foreign exchange reserves to offset the US cur-

rency's depreciation.

That was particularly the case with China, which has the world's largest reserves, at 1,430 billion dollars in September. Observers estimate the dollar comprises 70 percent of Chinese reserves, mainly in the form of US Treasury bonds.

Euro crosses \$1.47

Another report from New York adds: The euro crossed 1.47 dollars Friday amid persistent speculation that poor US economic data could force the Federal Reserve to cut interest rates in 2008, dealers said.

The greenback was also under pressure as traders reacted nervously to the assassination

Thursday of Pakistani opposition leader Benazir Bhutto, while activity was muted with many investors away for year-end holidays, dealers said.

The European single currency also hit new record highs against the pound, following a recent string of weak economic data in Britain.

The euro was at 1.4724 dollars around 2200 GMT, up from 1.4622 late Thursday. Earlier it had climbed as high as 1.4727 dollars.

The dollar fell to 112.32 yen

from 113.67 late Thursday.

The murder of Bhutto on Thursday led to a sharp increase in risk aversion, boosting the Swiss franc and the yen.

"The events in Pakistan are clearly a significant crisis and have led to a substantial reassessment of risk in the market," said Simon Derrick at the Bank of New York Mellon.

Add to the mix Friday's weak US data on new home sales and Thursday's disappointing durable goods orders figures and it makes sense that the dollar has suffered as a result, Derrick said.

But he stressed that thin trading conditions ahead of the New Year's holiday Tuesday were causing increased volatility and exaggerated price movements.

US government data released Friday showed a nine-percent fall in sales of new homes in the US, during November as a result of a lack of mortgage availability and consumer pessimism.

It was the slowest sales rate in more than 12 years and sharply exceeded market forecasts.

"The nine percent month-on-month drop in US new home sales in November ... is a clear illustration that the housing

market is still in full retreat and a long way from bottoming out," said Paul Ashworth at Capital Economics.

Concerns about the persistent US housing market crisis and its impact on the world's largest economy are expected to keep the dollar under pressure.

"Investors are looking for the US housing market to bottom out before they can conclude that the worst is over for the US economy and the Federal Reserve will be able to stop cutting interest rates," said Derrick at the Bank of New York Mellon.

Meanwhile, the pound was squeezed after Nationwide bank reported a 0.5 percent fall in house prices during December.

It marked the second consecutive monthly fall and added to the raft of evidence that the British housing market is slowing significantly, underscoring the likelihood of a Bank of England rate cut in early 2008.

In late New York trade, the dollar was at 1.1263 Swiss francs, down from 1.1392 late Thursday.

The pound was at 1.9960 dollars, up from 1.9954.

The euro was at 0.7375 pounds, up from 0.7326.

Kohinoor Chemical approves 18pc dividend

Kohinoor Chemical Company (BD) Ltd has approved an 18 percent dividend for its shareholders for the year 2006-07.

The approval came at the 20th annual general meeting (AGM) of the company held on Friday in Dhaka, says a press release.

Director of the company Md Ebadul Karim presided over the AGM.



The 20th annual general meeting (AGM) of Kohinoor Chemical Company (BD) Ltd was held on Friday in Dhaka. Director of the company Md Ebadul Karim presided over the AGM.

US new home sales decline, business activity increases

REUTERS, Washington

The US Federal Reserve has lowered its benchmark interest rate three times since mid-September in an effort to insulate the economy from the housing and credit market turmoil. Economists widely expect further cuts in early 2008.

Friday's housing report suggested the new home market may have more room to fall as the inventory of houses for sale rose to 9.3 months' supply from 8.8 months in October. The median sales price of new houses sold in November dipped to \$239,100 from \$240,100 a year earlier.

"Demand for new homes continues to fall in an environment of price uncertainty," said Joseph Brusuelas, chief US economist at IIDEA Global in New York.

Sales in the US Midwest were particularly weak, tumbling 27.6 percent to the slowest pace since July 1991.

The new home sales report has a margin of error of plus or minus 13.9 percent, which makes it vulnerable to large revisions from month to month. Like October, the figures for August and September were also revised lower.

Outside of housing, the economy looked somewhat brighter as business activity expanded in

the US Midwest and in New York City in December, separate reports showed.

The National Association of Purchasing Management-Chicago's business barometer rose to 56.6, its strongest since June, from 52.9 in November. Economists had forecast a reading of 51.8. Anything above 50 indicates expansion.

The National Association of Purchasing Management-New York's index rose to 449.1 in December from 445.0 in November, rising for a third straight month.

The report on Midwest business activity, in particular, helped ease concerns raised by a report on Thursday that showed weak orders for US-made durable goods in November. Analysis said it suggested the heartland's many export-related businesses are getting a boost from the weak US dollar, even as domestic demand weakens.

"You can say that the manufacturing sector is not falling off the cliff, and although we are seeing a slowdown (in the overall economy) at least the industrial side is going to keep supporting the economy," said Kurt Brunner, portfolio manager at Swarthmore Group in Philadelphia.

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CURRENCY

YEARLY ROUNDUP-2007

Global markets

Local foreign exchange market

While the world currency market is still recuperating from the shock of US subprime crisis, soaring oil prices and geo-political turmoil, 2007 was rather a low key year for the local foreign exchange market. There was no major gyration in the local forex market with rates being range bound for most of the year. The USD hovered mostly between BDT 69.00 and 69.50, while reaching the peak of BDT 70.93 in January.

USD/BDT started the year with a bang -- marching momentarily upward to subside from February onwards. Price of dollar showed a modicum of movement in first half of 2007, supported by a marked increase in wage earners' remittance. Fall in commodity imports (foodgrain, edible oil) in H1 07 also abetted the stable USD/BDT.

Stability of USD-BDT was challenged in the second half of 2007 when the economy had to battle with two major floods. In October the demand for dollar was fuelled by higher import of foodgrain and petroleum, which reached a record peak of \$99.29 a barrel in the international market. The Central Bank facilitated the market liquidity with injection of ample funds. Since then, dollar has been extremely steady with the year end inflows of foreign aid on account of cyclone Sidr.

A positive balance of payment coupled with record wage-earners remittances also helped keep the USD/BDT market stable. While both import and export registered a growth of around 15-16%, remittance registered a record growth of 25% to \$ 6 Bt. The remittance flow helped to increase the FX reserve above USD 5 Bt for the first time.

The steady dollar taka throughout 2007 could not fully insulate importers of capital machinery as dollar plunged against most major currencies in the international market. Dollar hit record lows against euro and multi-year lows against other currencies -- driven by overall slowdown in US economy coupled with weakness in the housing sector that turned into what is now known as the US Subprime crisis. Rate cut by US Federal Reserve has hurt the dollar further as investors shifted to higher yielding currencies. Euro had climbed steadily this year, gaining more than Taka 10 in just 3 months mostly on back of euro-dollar appreciation. Overall euro had appreciated around 16% against BDT through the course of the year. Rising euro has had telling effect on businesses involved in capital expenditures, as most of the machineries are imported from Europe.

Steady rate of USD has also meant very little activity in the forward market. Importers were content with steady rates and ample supply of dollar. On the cross currency front some importers showed interest in hedging their cross-currency exposures. Derivative products i.e. cross currency options gained popularity as FX risk-hedging solutions amongst the importers. Besides FX risks, corporate bodies also showed increased awareness to hedge their commodity price risk through commodity derivatives.

Money market

The money market experienced unique calmness throughout 2007. Unlike previous years, the call money market was quite stable and apart from a few intermittent spikes, rates hovered around 6.50%.

The gaining of momentum in secondary bond trading was a major development in 2007. Activation of the Primary Dealership process by Bangladesh Bank was a significant step in facilitating secondary bond trading. The commercial banks also actively participated to increase the depth and sophistication of the local market.

Other major developments in 2007 include a more transparent monetary policy from Bangladesh Bank, introduction of two new long term bonds of 15 and 20 year tenors, participation of an increasing number of commercial banks in the secondary bond market and increased depth in Repo/Reverse Repo transactions in the money market.

Up to the first half of December 07, yield on 28 days Treasury Bills experienced a slight decline, while that on 91, 182 and 364 days Treasury Bills increased marginally. Yield on Treasury Bills of 28 days decreased by 1 bp while that on 91, 182 and 364 days increased by 4 bps, 6 bps, and 2 bps respectively. Treasury Bonds, on the other hand, experienced a general decline in yields. 5, 10, 15 and 20 years bonds declined by 23 bps, 76 bps, 111 bps, and 246 bps respectively up to the first half of December 07. The changes in the long and short-term yields resulted in flattening of the yield curve in 2007.

Statutory Liquidity Ratio (SLR) of 13% and Cash Reserve Ratio (CRR) of 5% were kept unchanged by Bangladesh Bank. The bank rate was maintained at 5% while the Central Bank's Reverse Repo rate (rate at which banks can invest their surplus liquidity with the central bank) remained unchanged at 6.50% in the year.

Steps taken by Central bank in 2006 regarding introduction of bond calendar and marking to market (MTM) of securities held for trading (HFT) started to yield benefits in 2007. We see a great potential for a vibrant secondary bond market in 2008.

Indonesia may limit licence for cellular operators

XINHUA, Jakarta



CEO and Managing Director of IDLC Finance Ltd Anis A Khan receives on behalf of the company the 2nd prize in the financial institution category of the Best National Corporate Award 2007 from Finance Adviser AB Mirza Azizul Islam at a function recently. The Institute of Cost and Management Accountants of Bangladesh (ICMAB) gave away the award.



Premier Bank Ltd has recently opened its 27th branch at Jinjira in Keraniganj. Vice Chairman of the bank BH Haroon inaugurated the branch, while Managing Director Khondker Fazle Rashid was present among others.



National Bank Ltd (NBL) Chairperson Parveen Haque Sikder inaugurates the 101st branch of the bank at Anderkilla in Chittagong recently. General Manager (Chittagong) of Bangladesh Bank SK Sur Chowdhury and NBL Managing Director Abdur Rahman Sarker were present among others.



ICB Asset Management Company Ltd.				
8, DIT Avenue, BSB Building (15 th Floor), Dhaka- 1000.				
CAREER OPPORTUNITY				
Applications are invited from male/female citizens of Bangladesh for preparation of panel for the following posts:				
Sl. No.	Name of the Post	Qualification/Experience	Maximum Age Limit (As on 31-10-2007)	Pay Scale
01.	Executive Officer	Minimum master degree with two first division/class/equivalent GPA (no 3 rd division/class) in Finance, Banking, Marketing, Accounting, Management, Statistics, Economics & Business Administration and at least 8 years experience in investment banking, merchant banking, stock broking, fund management and in any reputed organization.	44	15000-600x5-18000
02.	Assistant Executive Officer	Minimum master degree with two first division/class/equivalent GPA (no 3 rd division/class) in Finance, Banking, Marketing, Accounting, Management, Statistics, Economics & Business Administration and at least 6 years experience in investment banking, merchant banking, stock broking, fund management and in any reputed organization.	40	12000-500x5-14500
03.	Officer	Minimum master degree with two first division/class/equivalent GPA (no 3 rd division/class) in Finance, Banking, Marketing, Accounting, Management, Statistics, Economics & Business Administration.	35	8500-500x5-11000
04.	Front Desk Officer	Minimum master degree with two second division/class/equivalent GPA in any discipline.	32	5200-300x5-6700-350x5-8450
05.	Data Entry Control Operator	Minimum bachelor degree with two second division/class/equivalent GPA in any discipline having typing speed minimum 20 words in Bangla and 28 words in English per minute. The candidate must qualify standard aptitude test.	30	4500-300x5-6000-350x5-7750
06.	Cashier	Minimum bachelor degree with two second division/class/equivalent GPA in any discipline.	30	4500-300x5-6000-350x5-7750

a) Application in plain paper giving full particulars of Bio-data/resume with present and permanent address and attested copies of certificates, testimonials, two references, three copies of recent passport size photograph duly attested by a Gazetted Officer with a cross postal order of Tk. 100.00 (Non-Refundable) drawn in favour of ICB Asset Management Company Limited, 8, DIT Avenue, Head Office, Dhaka by post or by courier on or before January 15, 2008. No application will be received by

b) Applicants serving in Govt./Semi Govt./Autonomous Bodies should apply through proper channel.

c) No TA/DA will be given for appearing in interview.