

US trade gap falls first time in 6 years, China gap hits record

AFP, Washington

The US trade deficit narrowed in 2007 for the first time in six years, as rising exports supported by a weak dollar helped offset a record gap with China, data showed Thursday.

gap to 5.1 percent of gross domestic product (GDP) in 2007 from 5.7 percent in 2006.

Exports of US goods and services shot up 12.2 percent from 2006 to 1.62 trillion dollars, while imports climbed a more modest 5.9 percent to 2.33 trillion dollars.

"The rise in exports indicates that foreign demand for US goods remains robust, while import weakness reflects soft US domestic demand and the lower value of the US dollar," said Peter Kretzmer, senior economist at Bank of America.

Economists expect that sluggishness in the US economy, mired in the worst housing slump in several decades and a credit crunch, will drag down global growth, thus reducing demand for US exports despite the dollar's weakness.

"US domestic demand is weakening further but activity was boosted by global demand. How long that will last for is the question," said Andrew Busch, an analyst at BMO Capital Markets.

Relief on the trade front allayed some recession fears. The government has taken a series of monetary and fiscal steps since the subprime, or high-risk, mortgage crisis flared in August, to boost GDP growth that slowed to a 0.6 percent crawl in the fourth quarter.

The Federal Reserve has slashed interest rates and on Wednesday President George W. Bush signed a 168 billion-dollar stimulus package to ward off recession.

"The narrowing of the US trade deficit is providing a valuable offset to the US's slower rate of domestic spending, thereby helps to keep the US out of a recession," John Lonski, chief economist at Moody's Investors Service, told AFP.

But critics pointed to the ballooning trade deficit with China, which jumped 10.2 percent last year to a record 256.3 billion dollars as Americans snatched up cheap Chinese-made goods. They claim China is keeping its yuan currency undervalued to maintain an illegal trade advantage.

Fareast Finance declares 20pc dividend

Fareast Finance & Investment Ltd, a leasing and finance company, has declared a 20 percent dividend in the form of bonus share for the year 2007.

The declaration came at the seventh annual general meeting (AGM) of the company held recently in Dhaka.

Chairman of the company MA Khaleque presided over the AGM, while senior officials were present.

SIDR REHABILITATION Janata Bank to offer Tk50cr to Brac

Janata Bank Ltd will provide Tk 50 crore to Brac, a leading non-government organisation, for conducting agri-rehabilitation works in the cyclone Sidr-affected areas in the country.

An agreement to this effect was signed between the bank and the NGO on Tuesday in Dhaka, says a press release.

CEO and Managing Director of the bank SM Aminur Rahman and Executive Director of Brac Mahbub Hossain, among other senior officials from both the sides, were present at the agreement signing ceremony.



Grameenphone Ltd and Bishsho Shahitto Kendro (BSK) have entered into a strategic partnership agreement under which the mobile phone operator's youth brand djuice will donate Tk 36 lakh for two programmes of BSK -- book reading programme and Know Bangladesh programme. Abdullah Abu Sayeed, BSK chairman, and Anders Jensen, CEO of Grameenphone, among others, were present at the signing ceremony on Wednesday.



Tofazzal Hossain, chairman of NCC Bank Ltd, addresses as chief guest at the Grand Finale of Bijooy Utsab of UAE Exchange in Dubai recently. The event was presided over by General Manager of UAE Exchange Sudhir Kumar Shetty. Vice Consul of Bangladesh in Dubai Rais Hassan Sarower and Managing Director of Uttara Bank Ltd Shamsuddin Ahmed, among others, were present.



A M Khan, chairman of A Positive Advertising Limited, and Anita Nayyar, chief executive officer of MPG India, exchange documents after signing a contract between their organisations in Dhaka recently. Under the deal, A Positive will look after all the advertising and media activities of MPG in Bangladesh. Mazharul Haque Chowdhury, managing director, and Gautam Ghosh, CEO and director of A Positive, were also present.

Emerging nations give mixed reaction to WTO proposals

AFP, Geneva

Developing countries on Friday welcomed WTO proposals to reduce barriers to farm trade but voiced reservations on those calling for a further opening of their own markets for industrial goods.

The draft agreement on agriculture presented by the World Trade Organisation a week ago "is a good basis for further work," said Brazilian ambassador Clodoaldo Huguency, speaking for the Group of 20 emerging market nations.

"These positions offer the best prospects for a balanced and reasonable outcome for the Doha Development Agenda."

The Doha round of multilateral trade liberalisation talks was launched in the Qatari capital

Doha in November 2001 but has foundered ever since in disputes between developing and industrialised nations.

Developing countries have been pressing for greater access to agricultural markets in the industrialised world. Developed nations are in return seeking a better deal for their manufactured products on developing country markets.

Huguency hailed the WTO's inclusion in its proposal of an average minimum reduction of 54 percent in customs duties levied on developing country agricultural exports by industrialised nations.

The G20, which besides Brazil includes such emerging market powerhouses as China and India, had put forward the same proposal.

Weekly Currency Roundup

February 10-February 14, 2008
Local FX Market
Local inter-bank FX market liquidity improved slightly during the week, however the BDT remained almost unchanged against the USD.

Overnight money market was tight at the beginning of the week, but eased a little as the week wore on. Range moved from 7.00-8.50 9.00-10.00. The market was mostly steady near the end of the week.

In the Treasury bill auction held on Sunday, bid for BDT 9,000.00 was accepted compared to BDT 9,000.00 last week. Weighted average yield remained rose slightly for the 28D category T-Bills but was almost unchanged for all other categories auctioned on the day.

International Markets
The week began with the dollar holding steady as comments on currencies were almost unchanged during the Group of Seven meeting in the weekend.

Advertisement for BEST AIR featuring a Boeing 737 and a flight schedule table between Dhaka and Chittagong.



Senior officials of Janata Bank Ltd and Brac sign an agreement in Dhaka on Tuesday. Under the deal, the bank will provide Tk 50 crore to the non-government organisation for conducting agri-rehabilitation works in the cyclone Sidr-affected areas in the country. CEO and Managing Director of the bank SM Aminur Rahman and Executive Director of Brac Mahbub Hossain, among others, were present.

STOCK

Large table containing stock market data, including 'TRADED ISSUES OF THE WEEK', 'Market Highlights', and various financial indicators.