

Invest in undeveloped areas to remove regional disparity

BB governor asks state banks

STAR BUSINESS REPORT

Bangladesh Bank (BB) Governor Salehuddin Ahmed yesterday called upon the state owned banks (SoBs) to invest in the undeveloped areas to remove regional disparity.

He was speaking at a function to inaugurate the annual conference 2009 of Sonali Bank in Dhaka.

The central bank governor said private banks are giving more loans to the attractive areas. But Sonali Bank should provide more meaningful service to the social sector, he added.

The BB governor said most of the banks are more interested to invest in trade financing for making quick profit. But common people will be more benefited if the loans can be given to industrial sector, he said.

Finance Secretary Mohammad Tareq said the business share of the SoBs is shrinking gradually compared to private banks. He said initiative has to be taken to grab more market share and increase it further through competition.

The finance secretary said Sonali Bank's performance improved in 2008 over 2007 and this proves that the bank is progressing.

Sonali Bank Chairman Ali Imam Majumder said the bank has taken

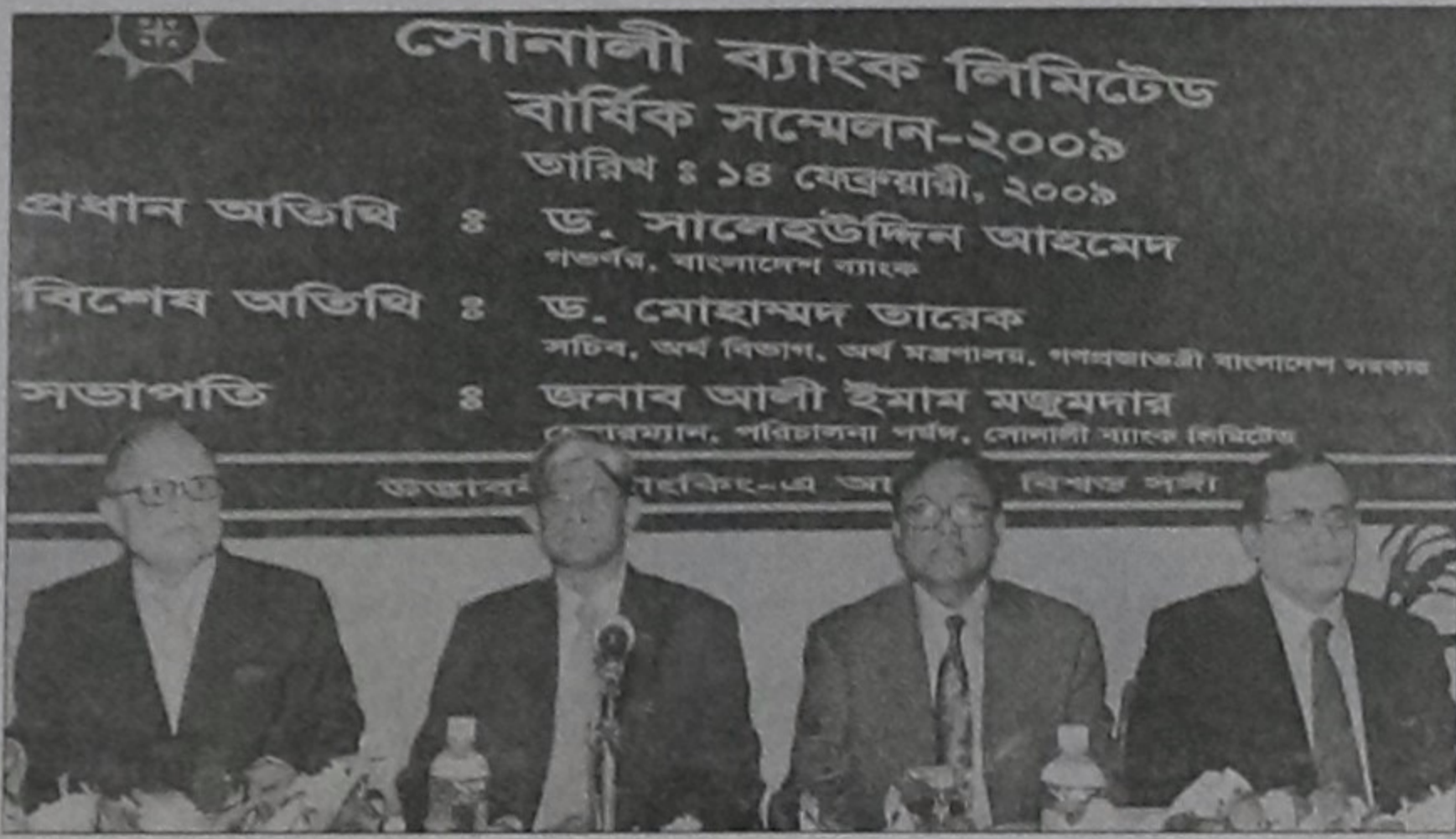
different types of initiative to improve its performance. He said employees who will perform well will be given performance bonus at the end of the year.

He said around 15 percent of the employees will be brought under the performance bonus scheme. He also mentioned different types of incentive the bank is now offering. He said the bank has increased the duration of maternity leave for women staff to 4

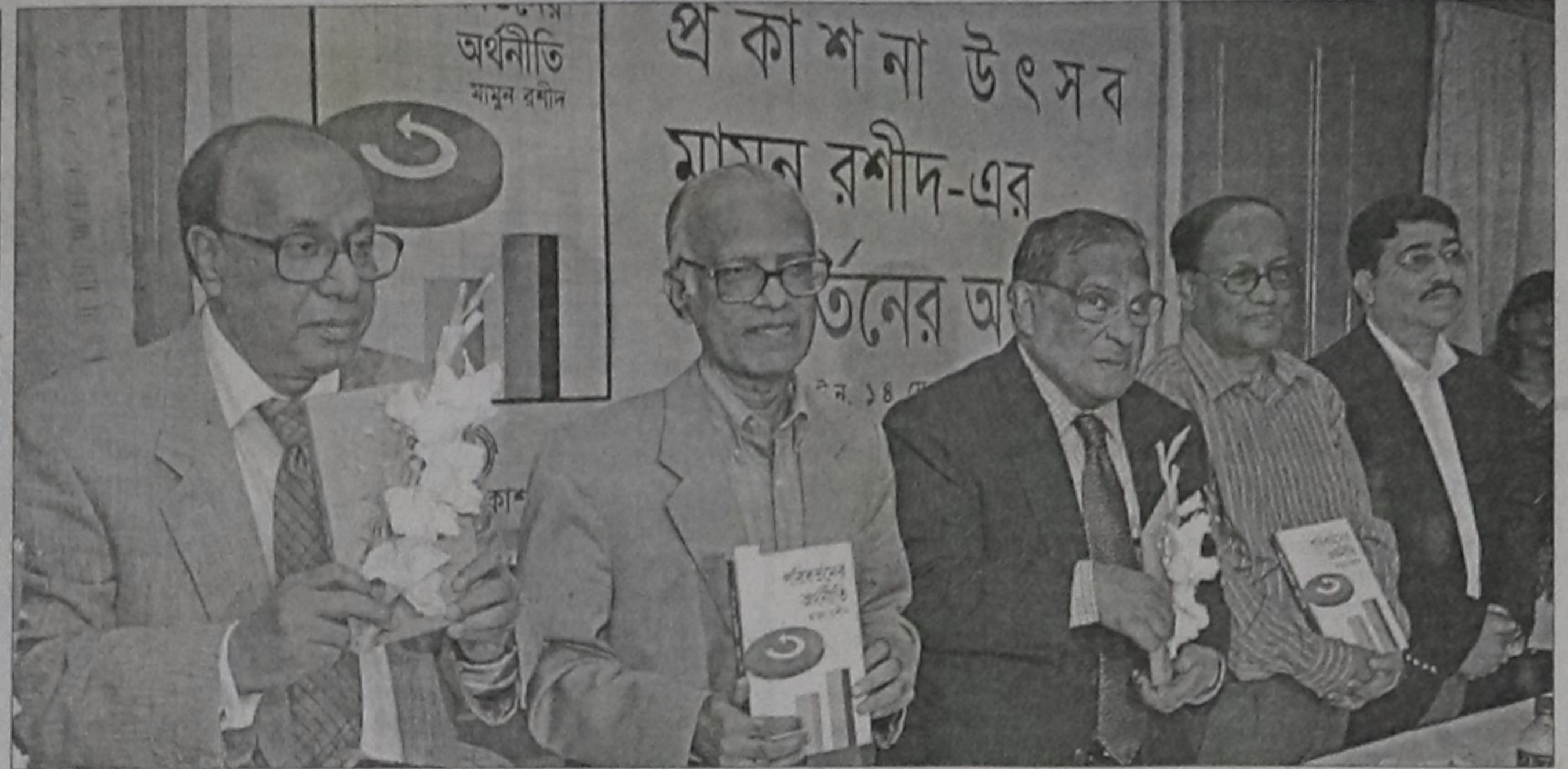
months from 3 months.

Managing Director of the bank SA Chowdhury highlighted the bank's performance in 2008. He said the bank made an operating profit of Tk 641 crore in 2008 which was Tk 560 crore in 2007.

The default loan of Sonali Bank was brought down to Tk 7,217 crore or 33 percent of the outstanding loan in 2008. The default loan was Tk 9,192 crore or 47 percent a year ago.



Bangladesh Bank Governor Salehuddin Ahmed speaks at the annual conference 2009 of Sonali Bank Ltd in the capital yesterday.



(From left) Former caretaker government advisers AB Mirza Azizul Islam, Wahiduddin Mahmud and Akbar Ali Khan, Securities and Exchange Commission Chairman Faruq Ahmad Siddiqi and Citi Country Officer Mamun Rashid pose for photographs at the launch of a book in Dhaka yesterday. Mamun Rashid is the author of the book, Paribartaner Arthaneti [Economy for Change].

Huawei, Intel develop WiMax lab

STAR BUSINESS DESK

Huawei Technologies (Huawei) and Intel Corporation have announced the launch of a new WiMax Interoperability Testing (IOT) laboratory in Beijing, says a press statement.

"Huawei is delighted to play an active role in the development of WiMax with Intel through its partnership. This state-of-the-art test laboratory in Beijing that will further advance WiMax technology," said Zhao Ming, president of Huawei CDMA and WiMax Product Line.

"The systematic and rigorous testing in our new Beijing test lab will accelerate the development of WiMax market segments for worldwide operators," Ming added.

"Intel is dedicated to providing market-ready, fully-tested and interoperable WiMax-enabled devices," said Sriram Viswanathan, vice president of Intel Capital and the general manager of Intel's WiMax program office.

The lab, built and designed jointly, becomes a key point in the ongoing effort to enhance the speed of interoperability and the delivery of commercial-ready WiMax devices throughout the global WiMax industry, according to the statement.

Correction

In a Friday news item headlined "Bank Asia gets new VP", it was mistakenly mentioned that Nurul Islam Anu was elected vice president of the bank.

Actually, he was elected vice chairman.

Govt to set up watch cells for coordination with businessmen

UNB, Chittagong

Food Minister Abdur Razzak said Saturday the government would set up monitoring cells soon both at the centre and regional levels for coordination with importers, wholesalers and retailers of the essential commodities.

"The monitoring cell will be set up with representatives from importers, wholesalers, retailers, consumers and government officials," he told a review meeting with local business

leaders and food department officials at the Circuit House.

The minister said the government would do everything possible to reduce food prices for which the people have voted them.

Criticising private banks for their high interest rate, he said as service providers they should concentrate more on providing services, not only on making profits.

To ensure food security, Abdur Razzak said the government would take over

government food silos from BEPZA.

The food storages will be reconstructed with \$30 million assistance from Japan.

Addressing the meeting, city mayor ABM Mohiuddin Chowdhury said the licences of bakery owners would be cancelled if they do not reduce the prices of their products by Tuesday.

The Divisional Commissioner and high officials of food department, among others, spoke at the meeting.

BTI announces Tk 100cr project

STAR BUSINESS REPORT

Building Technology and Ideas Ltd (BTI) yesterday announced its biggest building project, at a cost of Tk 100 crore, which will encompass 117 apartments.

The under-construction project consists of five towers with both residential and commercial spaces, over a land of 68-kathas in Dhaka.

Off Pragati Sharani in Dhaka, the complex, named Premier Plaza, will have the Suvastu Nagar Valley and Jamuna Future Park as neighbours, Arshi Haider, managing director of BTI, said at a press conference in Dhaka.

"It's proximity to Baridhara and Gulshan adds to its importance," he said.

"Not long ago, this area was viewed as a back-street. But BTI saw the future importance and significance that this road will have and we acquired this particular piece of land in 2003," he said.

BTI started construction in July 2007. With work going in full swing, BTI has so far invested Tk 25 crore in the

project, according to details released at the press conference.

Each building will be 14-storey high.

BTI also launched a daylong fair at its office and offered diamond rings for the first-day clients.

The project will have three parking levels. The first three floors will be reserved for commercial projects,

and there will be a grand reception lobby on the fourth floor.

All tower rooftops will be connected by walkway, which would allow residents to walk about in open and free space, BTI officials said.

There will be a Zen Garden on the rooftop for quiet relaxation and meditation, according to the project. A helipad will be built

on the rooftop for emergency purposes.

The apartments will range from 1,000-2,300 square feet in size to fit the budgets of different socio-economic groups.

BTI, a major real estate company, has completed over 200 projects since its start.

Rumana Malik, an architect for BTI, also spoke.



Arshi Haider, managing director of Building Technology and Ideas, speaks at a press conference in Dhaka yesterday.

Oil price slumps, gold shines

AFP, London

New York crude oil prices sank this week as data revealed a large jump in US energy stockpiles and top industry bodies forecast falling demand because of the global economic slowdown.

However, prices recovered somewhat on Friday heading into a three-day holiday weekend with US financial markets closed for Presidents Day on Monday.

Meanwhile, the US Congress on Friday was expected to pass an unprecedented 789-billion-dollar package to rescue the recession-hit American economy.

"The worsening economic outlook continues to provide a reality check for markets and policy makers," said Calyon analyst Mitul Kotecha.

OIL: Crude prices tumbled in New York, again nearing the five-year low of 32.20 dollars reached on December 18, as ample US energy reserves weighed on the market.

The price differential between New York crude and London Brent oil meanwhile hit a record, exceeding 11 dollars on Friday, which analysts also attributed to soaring US stockpiles.

The New York price "has been distorted by the building of inventories, particularly in Cushing," said David Moore, commodity strategist with the Commonwealth Bank of Australia.

Cushing, Oklahoma is the delivery point for crude traded on the

New York Mercantile Exchange (Nymex).

The worst global economic crisis since the Great Depression of the 1930s has hurt energy demand and pulled prices down from record highs of above 147 dollars for Brent and New York crude reached last July.

"The current calamity is as real as real gets," said Mike Fitzpatrick of MF Global. "In some quarters it is even being characterised as a depression."

Against the current economic backdrop, "30-dollar oil now seems realistic," he said.

It will take at least two years for crude prices to recover to 70-75 dollars a barrel, Fahal al-Amiri, who heads Iraq's oil marketing body, said Thursday.

Crude futures have fallen this week as government data showed surging crude stockpiles, reflecting weaker demand in the United States -- the biggest energy-consuming nation.

The US Department of Energy said in a report on Wednesday that American crude stockpiles had soared by 4.7 million barrels in the week ending February 6. That beat market expectations of a 3.0-million-barrel gain.

The International Energy Agency (IEA) on Wednesday again cut its forecast for global oil demand this year, but warned about a future supply crunch because of current low investment levels.

The energy watchdog for indus-

trialized nations forecast that global oil demand would measure 84.7 million barrels per day (bpd) on average in 2009 -- 570,000 bpd less than its last forecast made in January.

At this level, demand would be 1.1 percent or 1.0 million bpd less than in 2008, when demand also fell compared with the year earlier.

The IEA, echoing warnings from industry insiders and members of Organization of Petroleum Exporting Countries, also said that one of the effects of low prices would be a delay in investment in future capacity that will be needed once global growth picks up again.

PRECIOUS METALS: Gold breached 930 dollars per ounce, drawing strength from its status as a safe-haven in uncertain times.

"The financial and economic crisis ... is prompting investors to rush to gold at the moment," said Dresdner Kleinwort analyst Eugen Weinberg.

By Friday on the London Bullion Market on Friday, gold advanced to 933.50 dollars an ounce at the late fixing from 909.59 dollars a week earlier.

Silver rose to 13.37 dollars an ounce from 12.89 dollars.

BASE METALS: Base metals prices mostly fell as investor sentiment turned sour.

"Negative sentiment on the global equity markets and disappointing economic data weighed on industrial metals," said VTB Capital analyst Andrey Kryuchenkov.

"The US Senate finally approved the economic stimulus deal proposed by the Obama administration, but market participants remained unimpressed with the 789-billion-dollar deal in government spending and tax reductions."

By Friday, copper for delivery in three months eased to 3,449 dollars a tonne on the London Metal Exchange from 3,485 dollars the previous week.

GRAINS AND SOYA: Maize and soya prices sank in line with most commodity markets.

By Friday on the Chicago Board of Trade, maize for delivery in March fell to 3.66 dollars a bushel from 3.77 dollars the previous week.

March-dated soyabean meal -- used in animal feed -- eased to 9.70 dollars from 10.01 dollars.

Wheat for March dropped to 5.42 dollars a bushel from 5.57 dollars.

SUGAR: Sugar prices steadied in muted trading conditions.

By Friday on LIFFE, the price of a tonne of white sugar for delivery in May climbed to 391 pounds from 381.90 pounds a week earlier.

On NYBOT, the price of unrefined sugar for March firmed to 13.22 US cents per pound from 13.17 cents.

RUBBER: The price of rubber fell due to lack of fresh demand, dealers said.

On Friday, the Malaysian Rubber Board's benchmark SMR20 eased to 138.35 US cents per kilogram, compared with 139.40 cents a last week.

Darling defends British handling of banking crisis

AFP, London

British finance minister Alistair Darling defended the government's bailout of crippled banks after one of the institutions involved said it expected to make huge losses.

Lloyds Banking Group warned Friday that its HBOS division would suffer a 2008 pre-tax loss of ten billion pounds (11.2 billion euros, 14.5 billion dollars) because of the credit crunch.

LBG's share price slumped by more than 40 percent in reaction to the surprise warning from the partly-nationalised bank.

The group, which was created earlier this year from the merger of Lloyds TSB and the crisis-hit HBOS, is 43-percent owned by the British taxpayer after a major recapitalisation.

Darling said the government had had "no alternative" but to act swiftly last year to prevent the bank's collapse.

"The problem we had last October was we had a banking system which was about to collapse," Darling told BBC television.

"We had to intervene. We had to do it very quickly. We didn't have months or weeks to do it."

"Now what we have asked the new management to do is go through the books, so we can deal with the assets that have gone bad and the other problems that have emerged."

Darling, who was attending a G7 finance ministers' meeting in Rome, added: "If we had not intervened, then we would have been having a very different conversation today, because the banking system would have gone down, taking with it millions of families and millions of businesses."

Britain's bailout of banks has been hailed by Prime Minister Gordon Brown as a blueprint for other countries' plans.

LBG said the massive losses were caused by the tumbling value of HBOS assets and a 7.0-billion-pound writedown on its corporate division.

An analyst, Martin Slaney, head of derivatives at GFT, said: "This merger is turning out to be the merger from hell for Lloyds."

"The figure for the expected losses is a good five or six times worse than the market was expecting and dispels any view that the worst of the writedowns are over," he added.

However, LBG added that its former Lloyds TSB division would make an annual pre-tax profit of about 2.4 billion pounds for 2008.

"Lloyds TSB traded profitably and satisfactorily in 2008 and expects to report a profit before tax from its continuing businesses... of some 2.4 billion pounds," it said.

But in afternoon trade, LBG's share price plunged 41.36 percent to 53.30 pence

before pulling back to close at 61.40 pence, down 32.45 percent from Thursday.

London's FTSE 100 index finished 0.30 percent lower at 4,189.59 points.

"HBOS's 2008 results have been adversely affected by the impact of market dislocation, which accelerated significantly in the last quarter of 2008, and the additional impairments required on the HBOS corporate lending portfolios," said LBG Chief Executive Eric Daniels.

"These impairments primarily reflect the application of a more conservative recognition of risk and the further deterioration in the economic environment."

The news comes days after HBOS's former bosses apologised this week to British lawmakers for failing to foresee the global financial crisis that led to their institutions being bailed out.

Former HBOS chairman Dennis Stevenson told parliament's Treasury Select Committee, which is investigating the crisis, that he and former chief executive Andy Hornby were "profoundly sorry."

Friday's trading update came ahead of LBG's annual results statement which is due on February 27.

Royal Bank of Scotland, which is almost 70-percent owned by the British government, warned this month of a 2008 loss of up to 28 billion pounds.

Merkel slams bonuses at bailed-out banks

AFP, Berlin

German Chancellor Angela Merkel hit out at banks that have doled out bonuses to executives despite having received government aid to weather the global financial crisis.

"It's incomprehensible that, in several cases, banks that have benefited from the support of the state distribute huge bonuses at the same time," Merkel told Der Spiegel magazine in an interview to be published Monday.

Bank bonuses will be on

the agenda at the meeting of the Group of 20 advanced and developing nations in London in April.

"In general, the bonus system, at the international level, must be more clearly linked to the durable performance of the banks," the conservative Christian Democrat said in the interview released Saturday.

Walter Steinmeier, a Social Democrat who will challenge Merkel in the elections in September, also criticised bank bonuses.

"I am shocked every time

with the cynicism of some executives, who lose the sense of reality," Steinmeier, who is also the foreign minister, told De Spiegel.

Josef Ackermann, the Swiss chief of Germany's biggest bank, Deutsche Bank, said in October he would forgo his annual bonus of several million euros (dollars) to show solidarity with staff in this time of financial crisis.

The economy minister at the time, Michael Glos, urged heads of other financial institutions to follow Ackermann's example.