

International Business News

Zimbabwe, China ink \$8b investment deal

AFP, Harare

Zimbabwe's government and a Chinese investment company have signed an eight billion dollars investment deal, the biggest since the unity government was set up, state media reported on Thursday.

The signing of five agreements with China Sonangol, a private joint venture with Angola's state oil firm, will target gold and platinum refining, oil and gas exploration, fuel purchase and distribution, and housing, the Herald newspaper said.

"The signing... bears testimony to the relevance and efficacy of the Look East policy" adopted by the government four years ago, said Mische Sibanda, chief secretary in President Robert Mugabe's office.

"It is hoped that the co-operation will continue to grow from strength to strength and through such efforts it is only a matter of time before Zimbabwe becomes the jewel of Africa."

Reserve Bank governor Gideon Gono hailed China for supporting Zimbabwe, with China Sonangol chairman Manuel Vincente describing Zimbabwe as a land "of opportunity with great potential."

Indian billionaires bounce back: Forbes

AFP, New Delhi

The number of billionaires in India almost doubled in the past 12 months to 52, mainly thanks to a recovery in global stock markets, a rich-list from US magazine Forbes showed Thursday.

"Happy days are definitely back again for India's richest," said Naazneen Karmali, India editor for Forbes Asia, in a statement accompanying the India Richlist survey.

"This year's list shows yet again that when conditions in the financial markets and the economy are right, India has the scale and resources to produce billionaires faster than most of the countries on Earth."

A rebound in the Mumbai stock exchange, which is up 76 percent since the start of the year, and continuing economic growth helped enrich the mostly male list of company owners, whose accumulated net worth is equivalent to a quarter of India's gross domestic product.



AFP

Lights decorate a shopping mall in Jakarta yesterday. Indonesia's economy grew at an accelerated rate of 4.2 percent year on year in the third quarter, officials said. The spurt put Southeast Asia's biggest economy on course to achieve the government's forecasts of 4.3 percent growth this year, third only to China and India.

G7 finance chiefs to meet in Canadian Arctic

AFP, Ottawa

Finance ministers and central bankers from the world's seven richest countries will meet in the Canadian Arctic in February, ahead of the full G20 summits later in 2010, officials announced Wednesday.

The February 5-6 meeting in Iqaluit, the capital of Nunavut territory, "will return to the G7's roots with a more frank and focused dialogue," said Canadian Minister Jim Flaherty in announcing the meeting on the remote Arctic tundra.

"At such an important and challenging time, I could think of no better location for an international meeting focused on collaboration to resolve shared challenges," added Health Minister Leona Aglukkaq.

Tiny Iqaluit, with a population of just over 6,000 people, is located on the south coast of Baffin Island, and is much closer to northern Greenland than to Ottawa, which is some 1300 miles (2092 kilometres) away.

Malaysia's Maxis debuts at 9.2pc above IPO

AP, Kuala Lumpur, Malaysia

Shares of Malaysia's top mobile phone company Maxis Berhad jumped 9.2 percent on their return to the bourse Thursday following the biggest share sale ever in Southeast Asia.

Maxis, owned by Malaysian billionaire Ananda Krishnan, opened with a 46 sen (14 cents) gain above its initial public offering price of 5 ringgit (\$1.48).

It marked the trading return of Maxis two years after it was taken private by tycoon Ananda -- the world's 62nd richest individual, according to Forbes. Its relisting followed a request by Prime Minister Najib Razak, who is seeking to bolster Malaysia's capital markets.

ECONOMY

Singapore recession over

AFP, Singapore

Singapore on Thursday declared a severe recession over after two straight quarters of growth and predicted the economy would expand by up to 5.0 percent in 2010.

Data from the Ministry of Trade and Industry showed gross domestic product (GDP) rose 14.2 percent in the July-September period on a quarter-on-quarter annualised basis after a 21.7 percent surge in the previous three-month period.

"Effectively, the recession in Singapore is over," said Ravi Menon, the permanent secretary of the Ministry of Trade and Industry (MTI).

"Economies around the world are now turning the corner," he told a news conference. "Singapore has benefited from these global and regional trends."

Private-sector economists said Singapore sprang out of recession faster than many had predicted, but cautioned the road ahead remained bumpy.

"Logically, if it's been accelerating so fast for two quarters, don't be surprised to see a deceleration in the fourth quarter," said Alvin Liew, an economist with Standard Chartered Bank.

Year-on-year, Singapore's GDP grew 0.6 percent in the third quarter compared with a 3.3 percent contraction in the April-June period, the MTI said in its third-quarter economic survey.

A recession is technically deemed over after two successive periods of quarter-on-quarter growth.

The 0.6 percent annual growth in the July-September period was the economy's first positive showing since the third quarter of 2008, when the city-state slid into a recession.

Growth in the third quarter



AFP

This file photo taken on March 2, 2009 shows workers at a health care distributor facility in Singapore. The city-state declared yesterday a severe recession over as data showed its economy grew for the second straight quarter in the three months to September.

was powered by the manufacturing sector, which posted expansion of 26.6 percent on a quarterly basis following a 58.5 percent surge in the April-June period, the ministry said.

Other sectors also turned in a positive performance including services, which grew 10.8 percent after a 7.9 percent increase in the second quarter, it said. The services sector, which includes wholesale and retail, makes up two-thirds of the economy.

In its outlook for 2010, the ministry forecast economic growth of 3.0-5.0 percent, which would be a sharp turnaround from the existing projection of a contraction of 2.0-2.5 percent this year.

"Global economic developments suggest that the recession has ended in most countries," the ministry said in a

statement accompanying the quarterly survey.

"Singapore's economic outlook for 2010 will be closely linked to global conditions."

It was the first time that the ministry has put out a growth forecast for 2010.

Former prime minister Lee Kuan Yew, now a senior cabinet adviser, had said earlier this month the economy was likely to expand 3.0 percent next year.

The city-state's trade-reliant economy was the first in Asia to sink into a recession last year as the global downturn hit demand for its exports, especially from the United States.

Its worst recession since gaining independence in 1965 took place in 2001 when GDP shrank 2.4 percent.

The US economy's recovery from its recession will be key to

Singapore's growth prospects, the ministry said.

"The key economy to watch is the US. We see the recovery there continuing into 2010 but at a sluggish pace," said Menon.

"We do not expect a collapse in US private demand, however... but private demand will nonetheless be sluggish," he said.

The US economy, a major market for Asia's export-led economies including Singapore, has emerged from a prolonged recession that started in late 2007 as its GDP grew 3.5 percent in the July-September period.

It was the world's largest economy's first economic expansion since the second quarter of 2008 but analysts have cautioned the recovery remains fragile.

China, India poised to grow faster: OECD

AFP, Paris

Emerging market economies China and India are poised to accelerate due to strong stimulus measures while Japan's recession has "bottomed out" and its economy will pick up, the OECD projected Thursday.

The forecasts come as many developed nations, which are only slowly emerging from recession, are looking to China and India to act as engines of global growth.

South Korea, meanwhile, is enjoying one of the strongest recoveries from the global slump in the 30-nation OECD area, led by exports, the organisation said.

"Vigorous growth has resumed in China" thanks to sizeable monetary and fiscal stimulus, said the Organisation for Economic Cooperation and Development in its twice-yearly Economic Outlook.

The Paris-based group hiked its growth forecast for China to 8.3 percent in 2009 and 10.2 percent in 2010. In March, it projected China's growth at six to seven percent in 2009.

China's government-backed spending spree will support rapid growth in the near future, but the pace will slacken when the sweeping stimulus measures are withdrawn and growth will slow to 9.3 percent in 2011, it said.

"Highly stimulatory economic policy will continue to support growth over the near term," said the OECD, which counts Japan and South Korea as members but not China or India.

For India, the OECD boosted its growth forecast to 6.1 percent in 2009 and 7.3 percent in 2010, rising to 7.6 percent the following year. The OECD, in March, projected 4.3 percent expansion for India in 2009.

"The Indian economy has weathered the global downturn relatively well," the OECD remarked.

India's recovery appeared to be only "modestly hampered" by the driest monsoon in nearly four decades and economic data suggested the growth "momentum is strengthening," the OECD said.

But a resurgence of inflationary pressures pose a "key challenge" to Indian policymakers in deciding when to withdraw fiscal and monetary stimulus in order to tackle the large public deficit, it said.

HOUSING

US home building sees surprise drop

AFP, Washington

US home construction unexpectedly slumped in October, government data showed Wednesday, dampening hopes for a sustained recovery in the ailing real estate sector.

The Commerce Department said that housing starts -- the number of units on which construction has been started -- tumbled 10.6 percent from September to an annualized pace of 529,000.

It was the lowest level in six months and much fewer than the 600,000 expected by most economists.

It was also well below the revised September estimate of 592,000.

Permits to build new homes, a leading indicator of the sector, also fell -- by 4.0 percent to an annual rate of 552,000 in October from a revised rate of 575,000 a month earlier.

Most economists had expected 580,000 permits for September.

"Overall, the slow healing in homebuilding appears to have plateaued in recent months," noted Celia Chen, senior research director of Moody's Economy.com.

She said total housing starts had been stuck in the 500,000 to 600,000 range all year but this month "they have moved down from the higher end of that range."

"The outlook still calls for an improvement in starts, albeit a modest one, over the next several quarters (and) hinges heavily on the job losses abating and a good number of foreclosure modifications working," Chen said.

The US unemployment rate shot up to 10.2 percent in October from 9.8 percent the previous month, the highest since 1983, prompting renewed talk of additional government stimulus for the world's largest economy struggling



AFP

A home is seen as it is under construction on Wednesday in Miami, Florida. The US Commerce Department released numbers on home construction that showed housing starts fell 10.6 percent in October to a seasonally adjusted annual rate of \$529,000.

ging to emerge from recession since December 2007.

The rising jobless rate can lead to more home foreclosures and dampen consumer spending, a major catalyst for growth.

But analysts said the disappointing October residential construction report could have been due to what had been a planned expiration of a popular homebuyer tax credit of 8,000 dollars for first-time home buyers.

President Barack Obama earlier

this month signed into law legislation extending the tax credit and creating a new, 6,500 dollar credit for existing homeowners who buy a new home -- moves builders say are already boosting sales expectations.

"These numbers were always going to be a wild card because it was impossible to know how far builders would cut back production ahead of the then-scheduled expiration of homebuyer tax credit," said Ian Shepherdson, chief US econo-

mist for High Frequency Economics.

"We expect both starts and permits to rebound, probably quite strongly, over the next few months," he said.

"The tax credit is bad economics in the macro sense but it will lift housing transactions, and we bet it won't expire before the (congressional) elections in November 2010," he said.

Housing starts remain above their record low hit earlier this year but not by much. Compared with a

year ago, starts were down by 31 percent.

According to the Commerce Department data, both single-family and multifamily starts declined in October, but the drop in multifamily units was particularly severe at a rapid rate of 33.3 percent.

Single-family starts, which account for 75 percent of the industry, fell 6.8 percent to 476,000 in October from the revised September figure of 511,000, the data showed.