

Muhith: No cut in interest rate

UNB, Dhaka

The government has no plan to lower the interest rate now, Finance Minister AMA Muhith said yesterday.

"We're not in a position to assure you of lowering the interest rate," Muhith said while replying to business leaders at a meeting at the secretariat.

Presidents of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the Federation of Bangladesh Chambers of Commerce and Industry (FCCI) and Bangladesh Knitwear Manufacturers and

Exporters Association (BKMEA) Abdus Salam Murshedy, AK Azad and Selim Osman met the finance minister to place their set of demands including implementation of the stimulus package.

Bangladesh Bank (BB) Governor Atiur Rahman, Finance Secretary

Muhammad Tareq and BB Deputy Governor Ziaul Hasan Siddiqi were also present.

BGMEA President Murshedy said they are yet to get the benefits of the government-announced stimulus package and demanded quick release of the fund.

"There was an announcement in the stimulus package that the renewal fees for captive generators will be waived but it remained unimplemented," he said.

Murshedy also sought the minister's initiative to reduce the interest rates against loans sanctioned from the export development fund (EDF).

In reply, Muhith said the interest rate would be 1 percent for up to \$1 million, and above it the rate would rise to 2.5 percent.

Talking about the issue, BB Deputy Governor Ziaul Hasan Siddiqi said

the interest rate of the EDF is fixed by the LIBOR (London inter-bank offered rate).

FCCI President AK Azad sought government support to resolve the problems of the readymade garment sector.

BKMEA President Selim Osman said they did not get any benefits of the stimulus package and demanded quick implementation of the announcement.

He called upon the government to ensure uninterrupted supply of gas and power to help grow the industrial sector.

The business leaders demanded supply of diesel and furnace oil to the manufacturing units with the same price Bangladesh Petroleum Corporation spends for import. They said they do not want subsidy on diesel and furnace oil.



GLAMOUR WORLD

Models are seen at an Eid fashion show at Bangabandhu International Conference Centre in Dhaka recently. Glamour World organised the event where Jute Minister Abdul Latif Siddique was the chief guest. Glamour World Chief Executive Officer Sharen J Haque presided over the programme.

Axiata Group CEO in town



STAR BUSINESS DESK

Jamaludin Ibrahim, president and group chief executive officer of Axiata Group Berhad, arrived in Dhaka yesterday for a two-day visit, said a statement.

During his stay, Ibrahim will hold a series of meetings with stakeholders and employees of Axiata Bangladesh Ltd that owns mobile phone operator Robi.

He will also attend an Iftar with many officials of government, financial institutions, academia and media.

Axiata Group owns 70 percent of Axiata Bangladesh. Kuala Lumpur-based Axiata Berhad operates in Malaysia, Indonesia, Sri Lanka, Cambodia, Thailand, Singapore, India, Pakistan and Iran.

Katalyst, BJRI promote alternative retting techniques

STAR BUSINESS DESK

Katalyst has introduced ribbon retting along with low-cost retting in five districts of Bangladesh as part of its move to ensure better jute quality.

With the aid of Bangladesh Jute Research Institute (BJRI), Katalyst has provided trainings, organised field days in the month to August 12 in Gopalganj, Jessore, Kushtia, Rangpur, and Lalmonirhat to popularise the alternative retting technologies among jute growers.

The last of its farmer's field day was held in Lalmonirhat on Thursday, which ended the month-long field level activities. Over 200 farmers attended the field day, along with the local Department of Agricultural Extension (DAE) officials and BJRI field officers.

Jute is the second most important natural fiber in Bangladesh after cotton and contributes 4 percent to the national gross domestic product.

About three million farmers are engaged in jute cultivation in the country and the sector is the third largest export earner with more than \$450 million in annual overseas sales.

Katalyst has taken up the initiative to introduce alternative retting technology, especially in areas where there is a lack of sufficient water for retting.

According to Katalyst, the scarcity of water for retting is threatening jute cultivation in parts of the country. The ribbon-

retting technology uses less water while maintaining exemplary jute quality, while in areas where water is no problem, the low-cost retting method is also being promoted.

Traditional retting practices -- although still popular as most farmers are unaware of better practices -- not only reduces jute quality but also contaminates the environment, the organisation said.

Katalyst's intervention in the five districts includes field days and demonstrations where the respective knowledge of such alternative retting techniques will be disseminated to more than 2,000 farmers and concerned extension officers directly.

Under the joint initiative, the firm would organise regional workshops specifically for agricultural officers and extension officers in those districts.

After securing a sound response from the field level programmes, Katalyst will work towards dispersing findings on retting technologies throughout Bangladesh with the assistance of DAE.

Katalyst said better retting technologies yields higher quality jute fiber and increases income for farmers. It will increase the price and quality of Bangladeshi jute and also improve the lives of the jute farmers and market players associated with the jute sector.

Katalyst is implemented under the commerce ministry in association with Swisscontact and GTZ International Services.

Wal-Mart posts drop in sales

REUTERS, Chicago

Wal-Mart Stores Inc posted its fifth-consecutive quarterly drop in US same-store sales and said it would focus on curbing expenses to help boost profits this year as consumer sentiment remains soft.

The world's largest retailer posted a higher-than-expected quarterly profit and raised its full-year forecast on Tuesday, helped by cost cuts and international growth.

But analysts questioned how much longer the company could count on cost cuts to fuel profits while US sales struggled.

"Even though they raised guidance for the full year, how much more operat-

ing expenses can they cut?" Wall Street Strategies analyst Brian Sozzi said.

Wal-Mart said its strategy of offering short-term steep discounts on thousands of products in its US stores failed to lift sales as much as expected. In July, it shifted back to a focus on what it calls "everyday low prices" to lure shoppers instead.

"The slow economic recovery will continue to affect our customers, and we expect they will remain cautious about spending," Wal-Mart Chief Executive Mike Duke said in a statement.

The weak economic recovery was underscored by US Commerce Department data showing weaker-than-expected housing starts. Permits for future home construction fell to their lowest level in more than a year.

Wal-Mart said it will take time to see improvements in US same-store sales and forecast a decline of 2 percent to an increase of 1 percent in that measure in the third quarter.

Shares in Wal-Mart rose 1 percent shortly after the opening bell.

REVENUEWEAK

Chief Financial Officer Tom Schoewe said Wal-Mart raised its full-year profit forecast based on its strong operating performance in the first half of the year, adding that it would continue to curb expenses going forward.

Wal-Mart's profit was \$3.60 billion, or 97 cents a share, in the second quarter ended July 31. Analysts on average forecast 96 cents, according to Thomson Reuters I/B/E/S.

Japan to mull new stimulus

REUTERS, Tokyo

Japan's government will mull fresh stimulus steps ahead of an expected meeting between Prime Minister Naoto Kan and Bank of Japan Governor Masaaki Shirakawa, as persistent gains in the yen threaten a faltering recovery.

But any stimulus is expected to be relatively minor and is likely to involve re-allocating funds rather than new spending.

The Nikkei newspaper said the government's stimulus steps may include extending the year-end deadline on subsidies for household purchases of energy-efficient consumer electronics.

The government will start to debate stimulus steps to shore up the economy on Friday, Economics Minister Satoshi Arai was quoted by saying by Jiji news agency on Tuesday.

The discussion will likely precede a meeting between Kan and Shirakawa, which a government source said, is

expected next Monday.

But the meeting may be brought forward to later this week, depending on market developments, said the source, who declined to be identified due to the sensitivity of the matter.

Kan and Shirakawa, who government sources had earlier said may meet later this week, are expected to discuss the yen's strength and possible responses, although likely options are seen as limited.

"As the government looks poised to come up with additional economic stimulus, the BOJ is likely to back this up by saying that it will persistently keep an easy policy and support growth areas with its new loan scheme," said Junko Nishioka, chief economist at RBS Securities.

"Even if the BOJ does not take new initiatives, the Kan-Shirakawa meeting will effectively be a form of verbal intervention to halt the yen's rise, as with last week's remarks from the finance

minister and Shirakawa."

Policymakers have tried hard to talk down the yen after it surged to a 15-year high against the dollar last week, adding to their headaches as they grapple with deflation and slowing growth in major export destinations such as the United States and China.

Arai said on Tuesday the yen's rise may not be stopped just by verbal intervention, Kyodo news agency reported, just as the yen remained within sight of its 15-year high against the dollar.

Kan has said the yen's sudden rise against the dollar had become a concern and he would continue to watch it carefully, but has given few clues on whether and when he will meet Shirakawa.

The BOJ is worried about the impact the strong yen could have on business sentiment but is likely to stand pat, unless the dollar falls at a pace of 2 to 3 yen in a single day and heads towards its all-time low below 80 yen. The dollar is now hovering around 85.30 yen.

China Southern first-half profit takes off

AFP, Shanghai

China Southern, Asia's largest carrier by passenger numbers, said first-half net profit soared more than 50-fold from a year earlier due to surging demand and the sale of its maintenance unit.

The Guangzhou-based carrier said its net profit for the six months ended June 30 was 2.07 billion yuan (\$304.24 million), up from a net profit of 38 million yuan a year earlier.

The airline booked a one-time 1.08 billion yuan gain in the first half after selling its interest in MTU Maintenance Zhuhai Co, it said in a statement late Monday to the Shanghai Stock Exchange.

German investor sentiment falls

AFP, Berlin

German investor confidence has fallen sharply this month on concerns that the strong recovery seen recently in Europe's biggest economy will not last, the closely watched ZEW survey showed Tuesday.

"The decrease ... indicates that the enormous growth observed in the second quarter is unlikely to continue," the ZEW institute said, with weakening conditions abroad likely to hit exports, Germany's main growth driver.

The ZEW's monthly sentiment indicator, based on a survey of 284 analysts and institutional investors, fell 7.2 points to 14.0 points, below the indicator's historical average of 27.3 points and a much sharper drop than feared.

Last week, data showed that German gross domestic product (GDP) surged in the second quarter at its fastest rate since reunification 20 years ago, with output soaring 2.2 percent compared to the previous three-month period.

This followed figures showing that exports, the backbone of the German econ-

omy, rocketed 28.5 percent year-on-year in June to reach 86.5 billion euros (111.7 billion dollars), close to pre-crisis levels.

But Germany appears to be in a league of its own amid increasing signs elsewhere, not least the United States and China, that the rebound seen in recent months may be running out of steam.

The US Federal Reserve warned last week that the recovery in the United States, the world's biggest economy, would be "more modest" than expected, sending financial markets tumbling worldwide.

"Given that economic growth worldwide is losing momentum, the euphoria about the growth rates in some industries is making financial market experts feel uneasy," ZEW chief Wolfgang Franz said in a statement.

Jennifer McKeown, European expert at Capital Economics, said the fall in the index would "dent hopes that the strong recovery seen in the second quarter could continue."

"(As) global demand growth slows further and consumers remain reluctant to spend, the recovery is likely to be fairly short-lived," she said.



Green trade fair starts tomorrow

STAR BUSINESS REPORT

A three-day fair with a focus on green trade, environment and eco-tourism starts tomorrow.

The fair to be held at Bangabandhu International Conference Centre will pull in 70 organisations from nine countries, including Australia, Sweden and Denmark.

MA Hakim, chairman of the fair organising committee, said the purpose of organising the fair was to promote ecologically sustainable products.

Save the Earth International and Dream Exhibition are jointly organising the fair for the first time in Bangladesh.

A series of seminars will be held on the sidelines of the fair. Commerce Minister Faruk Khan will inaugurate the fair, which is open to visitors from 9am to 8pm without an entry fee.



AKHTAR FURNISHERS

Akhtaruzzaman, chairman of Akhtar Group, inaugurates the Eid sales campaign of Akhtar Furnishers at its corporate office at Baridhara in Dhaka recently.

M Mohibur Rahman, chairman of Green Deita Insurance Company Ltd, attends the insurer's 25th half-yearly business conference - 2010, at Spectra Convention Centre in Dhaka recently. Nasir A Chowdhury, managing director, presided over the programme.