

Toyota Corolla costs more in Bangladesh: Carmudi

STAR BUSINESS REPORT
The average price of a used Toyota Corolla in Bangladesh is Tk 13.76 lakh, making it the third most expensive Carmudi country after Vietnam and Sri Lanka. Carmudi, Bangladesh's number one online vehicle marketplace, found the information in a newly-launched Toyota Corolla Index that is based on data from 20 emerging markets in Africa, Asia, Middle East and Latin America. Based on the Economist's light-hearted Big Mac Index, the Carmudi Corolla Index serves as an

at-a-glance tool to understand the wildly ranging price differences in emerging markets. Surprisingly, the car prices in the index had absolutely no correlation with the country's wealth. For instance, a used Toyota Corolla costs three times higher in Vietnam, which has a GDP per capita of \$1,910, than that of the wealthier United Arab Emirates where the GDP per capita is \$43,049. A used Toyota Corolla costs 16,112 euros (over Tk 13.76 lakh) in Bangladesh, which is the highest in Vietnam at 26,673 euros, followed by 21,529 euros in Sri Lanka.

On the other hand, the car costs the lowest -- 5,134 euros -- in Congo, followed by 6,592 euros in Tanzania and 6,804 euros in Ghana. Carmudi analysed the data over the last six months, which included over 17,000 Toyota Corolla listings. The most frequently listed used Corolla worldwide was from 2010; however several countries where Carmudi operates have older cars; for instance, Tanzania's newest Corolla model was from 2008. In fact, the mean year of production was 2005, which makes sense as

Carmudi is known for its used cars. To compare prices across borders, Carmudi examined the average prices of select used Corollas for each country. The criteria for selection picked out cars built between 2005 and 2011 with between 45,000 and 110,000 kilometres on the odometer. A Toyota Corolla car is sold in the world every 40 seconds, and that trend has been continuing for the last 40 years, making it the most popular car worldwide, Carmudi said. It is popular in Bangladesh as well.



Leaders of Bangladesh Garment Manufacturers and Exporters Association, Bangladesh Knitwear Manufacturers and Exporters Association, and Bangladesh Textile Mills Association jointly accorded a reception to the newly elected mayor of Dhaka North City Corporation Annisul Huq and mayor of Dhaka South City Corporation Sayeed Khokon at the Raowa Club in Dhaka yesterday.



Khater Massaad, chairman of Star Ceramics, speaks at the launch of the company in Bangladesh at a ceremony held at Radisson hotel in Dhaka on Friday.



Zunaid Ahmed Palak, state minister for ICT, Supun Weerasinghe, chief executive officer of Robi, and Mahtab Uddin Ahmed, chief operating officer, attend a press conference to announce a partnership with Internet.org at the Westin hotel in Dhaka yesterday. Story on B1

Global power balance shifts amid China's strength: ICCB

STAR BUSINESS DESK
China's strategy of competing with the US in global finance and investment, an idea which seems both prudent and shrewd, stands to create strategic and economic asymmetry in the US-China relationship, the International Chamber of Commerce Bangladesh said yesterday. In a news bulletin, the ICCB said asymmetry will also manifest in all global trades and economies, including those in the Asia-Pacific region. The balance of economic power is shifting as China has become the world's largest economy in terms of purchasing power parity (PPP). China's GDP stands at \$17.6 trillion compared to US's \$17.4 trillion, indicating

that China's economy will soon be 20 percent larger than the US. The latest manifestation of China's impact on regional economy appeared in the form of the \$20 billion and \$46 billion energy and infrastructure deals announced for Bangladesh and Pakistan respectively, the ICCB said. Over the last two years, China has also set up the \$50 billion Shanghai-based New Development Bank (NDB), \$40-billion New Silk Road Fund and a \$100 billion liquidity reserve. Apart from stronger economic impact, China has also received political support from a board of Western governments that wanted to become founding members of China's proposed Asian Infrastructure Investment Bank or AIIB despite objections from the USA.

Spinners demand warehouse facility for cotton trade

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"However, such cotton lacks quality, contains high moisture and is often contaminated. The cotton shippers in India and Pakistan only export residual substandard cotton as the top crop is always picked and consumed by their respective local spinners," Hoque said. He also said the warehouses would allow spinners to ensure quality. "A spinner would be able to draw full sample prior to purchase from the warehouse and that would deter merchants from selling lower quality cotton." Under the current system, the importers have the leeway to purchase cotton from anywhere in the world and they cannot check the quality and fix the price beforehand. Furthermore, it would lower the financial burden on spinners, who are forced to operate with huge working capital limits, as they must procure cotton well in advance. Hoque said Malaysia and Sri Lanka have already opened warehousing facility for cotton trade at their ports targeting the Asian consumers, especially Bangladesh,

the second largest cotton importer after China. On the warehouse facility for cotton trade, Jahangir Alamin, a former president of Bangladesh Textile Mills Association (BTMA), said warehousing is a good option if the system is operated well. "During the tenure of my presidency in the BTMA, the system was considered several times but it never materialised," Alamin said. Manoj Kumar Roy, additional secretary to the commerce ministry, said the government will go for the warehousing route if the move is business-friendly. Thanks to higher garment exports, cotton imports registered an 8 percent year-on-year growth to 5.6 million bales [480 pounds make a bale] in fiscal 2013-14. Bangladesh imports cotton worth nearly \$3 billion a year from the US, India, African countries and Uzbekistan. In fiscal 2004-05, the country imported three million bales of cotton, but within a span of ten years the country's consumption doubled, according to BTMA.

China central bank cuts interest rate

AFP, Beijing
China's central bank announced Sunday it would cut interest rates by 25 basis points as authorities seek to boost the flagging economy following a raft of data indicating a slowdown. The benchmark one-year lending rate would be reduced to 5.1 percent and the deposit rate to 2.25 percent from Monday, the People's Bank of China (PBoC) said on its website. The move was widely predicted following subdued consumer inflation data and a fall in exports, according to analysts. The PBoC had already cut interest rates twice since November and this year has twice reduced the amount of cash banks must keep in reserve, as well as using other measures to inject liquidity into the market. The bank said the latest cut was to reduce the cost of borrowing "to continue to support the sustained and healthy development of the economy". The economy was facing "downward pressure" while domestic prices remained low, providing space to cut rates, it said. The bank has ruled out quantitative easing for an economic boost, saying Friday it would use monetary policy to fine-tune the economy, the official Xinhua news agency reported. Gross domestic product (GDP) expanded 7.4 percent in 2014, the lowest rate in 24 years. Concerns about the risk of deflation have also resurfaced with the release of data Saturday showing consumer inflation rose to 1.5 percent in April, below market forecasts. The figures come after January's slump in consumer inflation to 0.8 percent, the lowest since November 2009. Analysts had said they expected a 25 basis point cut in rates this quarter after the subdued inflation data which followed an unexpected fall in exports. Exports dropped 6.4 percent year-on-year in April to \$176.3 billion, the customs authority said Friday -- well below the median forecast of a 0.9 percent rise in a Bloomberg News poll of economists. The fall was accompanied by a 16.2 percent drop in imports to \$142.2 billion, the sixth monthly decline in a row, suggesting sustained weakness in domestic demand. The export and import figures for April showed a trade surplus of \$34.1 billion compared with \$18.5 billion a year earlier.



Ahmed Kamal Khan Chowdhury, managing director of Prime Bank, and Khater Massaad, chairman of Star Industrial Holding of Lebanon, pose during a business meeting to discuss bilateral relations at a city hotel recently.

Stocks soar on hopes for rate cuts for savings instruments

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United Power Generation and Distribution Company topped the turnover leaders' chart with a transaction of 24.36 lakh shares worth Tk 50.96 crore, followed by ACI Formulations, MJL Bangladesh, Saif Powertec and Ifad Autos. Gainers outnumbered losers 289 to 17, with three securities unchanged on the DSE. Among the major sectors, IT gained 9.8 percent in market capitalisation, followed by general insurance with 9 percent, non-banking financial institutions 6.5 percent, mutual fund 5.8 percent and fuel and power 4.86 percent. No sector declined in

market capitalisation. Islami Insurance was the day's best performer, advancing 18.98 percent, while 3rd ICB Mutual Fund was the worst loser, slumping 5.7 percent. Chittagong stocks also soared yesterday with the bourse's benchmark index, CSCX, increasing 293.54 points to stand at 8,010.88. Gainers outperformed losers as 236 scrips advanced and seven declined while three closed unchanged on the Chittagong Stock Exchange. The port city bourse traded 1.29 crore shares and mutual fund units, generating a turnover of Tk 43.18 crore.

Economy, markets test patience of Fed chief

AFP, Washington
Janet Yellen could be losing patience. And that could mean a lot for global markets. When the chair of the Federal Reserve said Wednesday that stocks were overvalued and bond yields too low, it was a signal that investors should not expect to indulge on the Fed's cheap dollars forever. But after a knee-jerk reaction to the warning, two days later Wall Street was back near record highs and bond yields even lower than before Yellen spoke. The reason? Friday's April jobs report that suggested the economy still has some ways to go to meet the Fed's criteria for beginning to raise interest rates. And that means more easy money for investors. When Yellen became Fed chair 15 months ago the path ahead seemed clear: end the huge quantitative easing stimulus program of her predecessor, Ben Bernanke, in October 2014, and then after around six months begin raising interest rates. That was the path toward "normalization," easing out of the crisis-era monetary policy that had the Fed pumping trillions of

dollars into the economy even with its benchmark interest rate stuck at zero for six years. It was nearing the time to normalize. As 2014 progressed, the United States generated more than 3 million new jobs and the unemployment rate sank toward the Fed's target. Inflation, which the Fed wants to bring to 2.0 percent, did not pick up, but there were reasons for that, like the oil price crash. Meanwhile, the easy money policy was fueling stock and property speculators while its impact on overall growth was starting to diminish. The Fed repeatedly implied that a rate rise could come around mid-year 2015. In March, it sent a major signal for the coming hike, by dropping from its policy statement a pledge to remain "patient" for the economic data to improve. But since then, patient is what the Fed has had to be. US economic growth stalled in the first quarter, and markets read that as meaning a longer wait for a rate rise, even though the Fed stressed that the slowdown was mainly for "transitory" reasons, like the severe winter weather.



Shamsul Huda Khan, managing director of National Bank, and Md Shafiqul Haque Choudhury, president of ASA, pose during a celebration held to appreciate ASA's outstanding performance in delivering Western Union services in association with the bank, at the Westin hotel in Dhaka on Wednesday.



Iqbal Ahmed, chairman of NRB Bank, opens a branch of the bank at Dilkusha in Dhaka recently. Muklesur Rahman, managing director, was also present.

Robi users get free internet access to 23 websites

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Users can access popular sites like Facebook, Wikipedia, ESPN Cricinfo, some local newspapers, and e-commerce and educational sites. Mahtab Uddin Ahmed, Robi's chief operating officer, said internet speed will not come down for this free service. Robi, the third largest operator in terms of active subscribers, hopes that the number of its internet users will increase by around 15 percent because of the service. As of March, Robi had 1.2 crore internet users out of the 4.43 crore internet users in the country, according to Bangladesh Telecommunication Regulatory Commission. Internet.org was founded on August 21, 2013, to ensure easy access to internet globally. Internet.org was earlier launched in Colombia, Ghana, Tanzania, Kenya, India, Zambia, Indonesia, Guatemala and the Philippines. Robi's Chief Executive Officer Supun Weerasinghe and ICT Division Secretary Ahyam Sundar Sikder also spoke.