

G7 to focus on economic fallout from Iraq war

Finance ministers meet in Paris Friday

AFP, Frankfurt

When the finance ministers and central bank chiefs of the G7/G8 countries convene in Paris at the weekend, they will meet against the background of a deep political rift between Europe and the United States over Iraq and policy differences over the economic downturn.

The ministers from the world's major economic regions come from very different directions when it comes to tackling the current global slump and the potential economic fallout from a possible military conflict in the Middle East.

In the US, politicians and monetary officials are uniting to pull out all the stops to zap some life back into their economy.

But the ailing health of the eurozone economy looks set to suffer still further from political in-fighting over Europe's budget rules and endless dithering on the part of the European Central Bank about the

appropriate level of interest rates.

The contrast could not be greater: US President George W. Bush recently unveiled a huge sum of 674 billion dollars (630 billion euros) in tax cuts over the next 10 years aimed at boosting the stalled US economy.

At the same time, the US Federal Reserve has kept its key interest rates at their lowest levels for 41 years in order to boost activity. The federal funds target rate is 1.25 per cent.

So, once again, it looks as if it will be up to US to pull the world economy out of its current slump.

In the euro area, an upturn looks to remain nothing but a chimera for now, as governments see their hands tied by the European Stability and Growth Pact, that strict corset of budgetary rigour imposed on them as a condition of membership in the single currency.

And the ECB, after timidly paring back its key rates late last year,

refuses to do so again, at least until the war clouds have lifted in the Middle East and it has a better view of the economic lay of the land. The ECB's refinancing rate is 2.75 per cent.

Nonetheless, further monetary easing could be the only option to get Europe's economic motor running again, said an economist at CDC Ixis Capital Markets, Florence Beranger.

"While the euro zone is being constrained by the stability pact, the ECB still has room for manoeuvre in the area of monetary policy to help boost growth," Beranger said.

And the recent strong rise in the value of the euro against the dollar -- which is a direct result of the current geopolitical tensions -- makes the case for further rate cuts all the more pressing.

The euro has risen by around eight per cent against the dollar in recent weeks, putting the squeeze on European exporters and negat-

ing any beneficial economic effects from the ECB's last half-point rate cut in December.

"The tightening of monetary conditions (brought about by the rise in the euro) is increasing the pressure on the ECB to cut interest rates again soon, given the absence of any other motor for economic activity in the euro zone and in Germany in particular," said Goldman Sachs economist Ines Calado Lopes.

The health of entire 12-country euro zone certainly depends on the German economy, the biggest in the single currency area, but which appears to be terminally ill.

The Bundesbank said in its February monthly report on Monday that it German gross domestic product (GDP) could well have contracted in the fourth quarter of last year.

Gold price slides on abating war fears

AFP, London

Gold prices tumbled on Monday, extending losses to about 10 per cent in just over two weeks on a slight easing of war fears, a dollar rebound and selling by investment funds, analysts said.

On the London Bullion Market, the price of an ounce of gold rose slumped to an afternoon fixing of 347.0 dollars from 354.25 late on Friday.

The price of the precious metal has lost over 40 dollars from a six-and-a-half-year peak of almost 390 dollars set earlier this month.

Gold prices fell in the wake of a crucial report by chief UN arms inspectors on Friday which dealt a setback to US plans to wage war in Iraq.

"Gold remains very volatile in an ongoing period of political uncertainty," said Barclays Capital analyst Ingrid Stemby.

"The price of gold sank sharply... as the threat of war with Iraq receded at least in the near term," she added.

But experts noted that other factors were also at play besides war concerns, notably an unwinding of big positions in gold built up by investment funds in recent weeks and a modest recovery in the value of the dollar.

"I'm sure every article is going to mention sentiment to Iraq, but that's only one component in a complex and three-dimensional dynamic puzzle," said HSBC analyst Merlin Marr-Johnson.

"You've got the dollar movement in there, you've got the equity movement, you've got the euro movement, you've got the war sentiment, you've got the funds sentiment, you've got the play between soft assets and hard assets," he said.

CURRENCY

Following is yesterday's forex trading statement by Standard Chartered Bank

Selling		Buying					
TT/OD	Currency	TT Clean	OD Sight	OD Transfer			
59.0000	59.0500	USD	58.0200	57.8496			
63.8970	63.9512	EUR	61.8899	61.7081			
95.2496	95.3303	GBP	92.2460	91.9750			
35.5490	35.4891	AUD	33.6806	33.5817			
0.4993	0.4997	JPY	0.4829	0.4815			
43.4751	43.5119	CHF	42.1473	42.0235			
6.9699	6.9758	SEK	6.8363	6.8163			
39.0444	39.0775	CAD	37.9191	37.8077			
7.5721	7.5785	HKD	7.4313	7.4095			
33.8051	33.8337	SGD	32.9603	32.8635			
16.1946	16.2083	AED	15.6688	15.6228			
15.8585	15.8719	SAR	15.3488	15.3037			
Indonesia		Pak rupee	Lanka rupee	Thair baht	Norwegian kroner	NZ dollar	Malaysia ringgit
47.765	58.0125	96.845	43.105	7.905	0.5508	3.80	

Local Interbank FX Trading: The local interbank foreign exchange market was active on Tuesday. US dollar continued to weaken against taka because of increased supply of the US currency in the market.

Local Money Market: Demand for call money eased slightly. Call rates fell as market liquidity improved following the auction of one-day Repo. At the close call money rate remained between 18 and 22 per cent compared with 22-25 per cent previously.

International Market: The yen rose against most of the currencies on Tuesday, helped by the seasonal demand from Japanese investors bringing offshore money back home. The yen rose to a two week high on the dollar and a three week peak against the euro. But the market was careful about buying the Japanese currency too strongly because of the fear of intervention by Bank of Japan. US dollar fell to as low as 119.14 yen, down from 120.13 in late New York trade. Euro also fell to 127.86/04 yen, near the day's low and down from 128.94 in late US trade. Euro remained range-bound against the US dollar. At 1530 hours on Tuesday, euro was at 1.0721/23, GBP at 1.5985/93 and Yen at 119.22/28 against the dollar.

This memorandum is issued by Standard Chartered Bank and is based on or derived from information generally available to the public from sources believed to be reliable. While all reasonable care has been taken in its preparation no responsibility or liability is accepted for errors of fact or any opinion expressed.



Malaysian 2002 manufacturing sales down

AFP, Kuala Lumpur

Malaysia's manufacturing sales in 2002 eased 0.4 per cent from the year before, official figures showed Tuesday.

Sales in manufacturing, the key driver of the Malaysian economy, dipped to 307.8 billion ringgit (8.1 billion dollars), down from 308.9 billion ringgit in 2001, the Statistics Department said.

But total salaries and wages paid last year rose marginally to 18.08 billion ringgit, up from 17.98 billion in 2001, it said in a statement.

In December, manufacturing sales rose 11.7 per cent from a year earlier to 25.8 billion ringgit but dropped 1.9 per cent from November. The sector employed 971,558 people as at end-December.

Officials and participants pose for photograph at the end a workshop on 'money laundering and its prevention' organised by BASIC Bank at its head office in Dhaka on Monday.

SHIPPING

Chittagong port

Berthing position and performance of vessels as on 18/2/2003

Berth No	Name of vessels	Cargo	L Port call	Local agent	Date of arrival	Leaving	Import disc
J/1	A A Venture	Gl (Log)	Yang	Clia	11/2	22/2	1561
J/2	Banglar Doot	Wheat	K Dia	Litmond	R/A	25/2	X
J/4	Prospects	Sugar	Kol	Mutual	7/2	25/2	445
J/6	Gul Jiang	Wheat	Kaki	Mutual	3/2	20/2	2070
J/7	Ocean Pride	Gl	Yang	PSAL	11/2	26/2	843
J/9	Jon Jin	Sugar	Tuti	Litmond	5/2	27/2	1043
J/10	Haneburg	Cont	Sing	Pii (BD)	16/2	20/2	230/27
J/11	Orient Freedom	cont	P Kel	PSSL	15/2	19/2	192/X
J/12	Jaami	Cont	Col	Everbest	14/2	18/2	
J/13	Banga Borti	Cont	P Kel	BD Ship	16/2	19/2	293/12
CCT/2	X Press Manaslu	Cont	P Kel	RSL	15/2	19/2	320/66
CCT/3	QC Teal	Cont	P Kel	QC SL	16/2	20/2	238/16
CCJ	Handy Jade	C Clink	Sing	RSL	10/2	18/2	
TSP	Multi Trader	R Sulp	B ABB	PSL	6/2	18/2	
RM/4	Sceptre	CDSO	DURB	AMBL	16/2	20/2	
DOJ	Asia Lion	Gas Oil	Dubai	Atlantic	13/2	19/2	
DDJ	Banglar Kakoli	Repair	Sing	BSC	21/1	20/2	
RM/10	Banglar Jyoti	Repair	Sing	BSC	R/A	18/2	
SM/10	Dredger Gemini	Repair	Chand	Kama	-	25/2	

Vessels due at outer anchorage

Name of vessels	Date of arrival	L Port call	Local agent	Cargo	Loading port
Banga Barta	19/2	Mong	Baridhi	Cont	Col
ANA	19/2	P Kel	PSSL	Cont	Sing
Alethini	18/2	Yanc	Litmond	Canadian Peas	-
Barge: S-657	21/2	Kol	Sakhi	-	-
RuangChaainavee	19/2	-	Transglobal	-	-
S.Tanaporn	19/2	-	Transglobal	-	-
QC Honour	20/2	P Kel	QC SL	Cont	Sing
Peng Shun Shan	25/2	-	BD Ship	Gl	-
Mardios	20/2	P Kel	RSL	Cont	Sing
Banglar Shikha	20/2	Sing	BSC	Cont	Sing
Banga Bijoy	21/2	CNN	Baridhi	Cont	Col
AL Muztuba	21/2	Purb	CLA	Gl	-
Kota Berajaya	21/2	Sing	Pii (BD)	Cont	MGL
Banga Borat	21/2	Sing	BD Ship	Cont	Sing
Xpress Resolve	21/2	-	Everbest	cont	Col
New Sea Star	22/2	P Kel	QC SL	Cont	Sing
Ximachi	22/2	Indo	OTBL	For Demolition	-
Dredger HD-5	22/2	Sing	OTBL	For Demolition	-
Tug Britoil-8	22/2	Sing	OTBL	Towing	-
May	22/2	Indo	OTBL	For Demolition	-
Achiever	23/2	Sing	RSL	Cont	Sing
Eagle Strength	23/2	-	NOL	Cont	Sing
Banga Bodor	23/2	Sing	BD Ship	Cont	Sing
Banga Biraj	23/2	P Kel	BD Ship	Cont	Sing
Bal.Lit Leader	24/2	-	JF	VEHI	-
QC Dignity	25/2	P Kel	QC SL	Cont	Sing
ST Irene	26/2	Sing	Pii (BD)	Cont	Sing
Kota Singa	27/2	Sing	Pii (BD)	Cont	Sing

Tanker due

Name of vessels	Date of arrival	L Port call	Local agent	Cargo
Gax Master	18/2	Viza	MBL	Ammonia
Hellas Serenity	19/2	Sing	MSTPL	HSD/MMS
AL Sabyah	21/2	Kuwa	MSTPL	HSD/JP-1

Vessels at Kutubdia

Name of vessels	Cargo call	Last Port	Local agent	Date of arrival
Miclyn Moon	--	--	Sakhi	R/A
Smit Boreno	--	Sing	Sakhi	2/2
Smit Luzon	--	Sing	Sakhi	2/2

The above are shipping position and performance of vessels at Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.

STOCK