

World financial markets on tenterhooks as war begins

AFP, Undated

Stocks rose in Asia and gyrated in Europe, while oil prices and the dollar fell as nervous investors around the globe watched war unfold in Iraq.

Markets wobbled after US officials said missiles had been fired on the Iraqi capital, signalling the start of a long awaited war, the prospect of which has cast a pall over world stock markets for months.

After slipping into loss soon after opening, major markets later edged into positive territory.

The British FTSE 100 index of leading shares inched up 0.03 per cent to 3,766.6 points, the German DAX 30 index rose 0.60 per cent to 2,631.0 points and the French CAC 40 index gained 0.17 per cent to 2,842.4 points.

"Volume is extremely thin, most people are watching television pictures to see how events unfold," said NatWest Stockbrokers head of

research Jeremy Batstone.

Stocks forged higher in Asia on hopes the war would quickly and decisively lead to the removal of Iraqi President Saddam Hussein.

The Nikkei-225 average of the Tokyo Stock Exchange rose 1.8 per cent to close at 8,195.05 ahead of a three-day weekend in Japan. Hong Kong's Hang Seng index closed 0.4 per cent higher at 9,194.56 points.

World stock markets recovered strongly in the days leading up to the start of the conflict, helped by falling oil prices, as dealers pinned their hopes on a swift conflict with little damage to the global economy.

But comments from US President George W. Bush in a hurriedly announced four-minute speech late Wednesday, warning against assumptions of an easy triumph, tempered recent optimism among stock market investors.

"That's really the overriding issue because stock markets had

anticipated or factored in a quick conflict," said Batstone.

Oil prices fell heavily in the immediate aftermath of the first strike on Baghdad as traders expected a short conflict without major supply shortages.

But prices later recouped much of their early losses in European trading as markets remained extremely nervous about the possibility of damage to oil facilities in Iraq and neighbouring oil producers.

The price of benchmark Brent North Sea crude oil for May delivery was down 29 cents per barrel at 26.46 dollars in choppy early trading on the London exchange.

"I think that most people have priced in a perfect war, it's going to be very quick and there's going to be very low problems," said Ed and F Man trader Graham Flint.

"Should anything start to go wrong, you could see quite a sharp rally from here," he added.

The dollar slipped against major currencies, ceding initial gains at the start of a US-led war on Iraq with dealers spooked by Bush's warning that the conflict might be more difficult than predicted.

The euro edged up to 1.0610 dollars from 1.0557 late on Wednesday in New York.

The dollar slipped to 120.03 yen from 120.54 yen.

On the London Bullion Market, the price of an ounce of gold eased back to 334.55 dollars from 335.80 dollars late on Wednesday.

"As the uncertainty built up to this head of frothy speculation, everyone and their grandmother was buying gold," said HSBC analyst Merlin Marr-Johnson.

But he said that investors had long been assuming a short war and were mindful that prices dropped swiftly around the time of 1991 Gulf War.

No plans now to raise output: OPEC chief

REUTERS, Doha

OPEC President Abdullah al-Attiaah said on Thursday the producer group has no plans now to raise output to cover a break in Iraqi oil sales as war erupts on the world's seventh biggest petroleum exporter.

"No. We are not thinking of any increase in production," Attiaah, also oil minister of Qatar, told the news agency. "Oil prices are heading downwards. This shows there is more oil in the market than the market can absorb."

London's Brent crude oil crashed overnight to \$25.50 per barrel, the lowest level since December, after President Bush began a long-expected war with dawn air strikes on Baghdad.

"Prices are dropping. What does that signal? My feeling is that the market is fully satisfied with the volume and does not need any more oil at this stage."

Attiaah said the producer group was keeping in close contact with non-OPEC producers and the Paris-based International Energy Agency which oversees consumer stocks in 26 industrialised nations.

"We are watching the situation very closely and the market is not giving any signal of a shortage," he said.

"We are in close consultation with the IEA and non-OPEC members...we (OPEC) are prepared to take steps to stabilise the price as well as supply and demand in the market."

Airline operations, revenues take flak from Iraq war

AFP, Singapore

International airlines on Thursday announced the re-routing or suspension of flights amid security concerns and slackening demand after the United States launched an attack on Iraq.

Among the most affected, Singapore Airlines (SIA) said a total of 65 outgoing flights per week would be suspended from late March, including services to Europe, Asia and Africa, due to softening demand "attributed to concern about the situation in the Middle East."

John Casey, a regional transport analyst with DBS Vickers Securities, said the re-routing would mean extra fuel costs for the carriers and some might have to make extra stopovers, resulting in extra landing and parking fees.

"At this stage, it's hard to predict what long-term impact the war will have on revenues, but you would

expect that fewer passengers will be flying these routes in the next few days and we have already seen a decline in bookings to confirm that," Casey told AFP.

Some airlines waived charges for cancelled or deferred flights.

The International Air Transport Association (IATA) said in a statement that the war will only worsen the global aviation industry's losses, which have totalled 30 billion dollars since the September 11, 2001 terrorist attacks in the US.

IATA said the re-routings were in accordance with contingency plans developed and agreed by IATA, the International Civil Aviation Organisation and national governments ahead of the war.

"In these difficult circumstances, we call on governments and industry partners ... to share with the airlines the burden of this new crisis and to endeavour to reduce their charges," said IATA director general Giovanni

Bisignani.

As well as suspending flights, SIA, one of the region's most profitable carriers, said it was re-routing services to the Middle East and Europe, and had imposed a war surcharge on cargo.

"Several alternative flight paths that avoid the areas of conflict are available, some of which are only marginally longer than the normal flight paths," it said.

Its subsidiary SIA Cargo said it will levy a war surcharge of 25 US cents a kilogram for shipments to affected areas and is also implementing "a range of heightened security procedures."

"Most carriers will probably impose that. It is more common to impose surcharges on cargo than on passengers," said Casey.

Germany's Lufthansa cancelled flights to Tel Aviv and several other Middle East destinations after the start of US-led strikes against Iraq.

Hong Kong flag carrier Cathay Pacific Airways, citing safety reasons, said all of its flights between Hong Kong and Europe were now flying routes over China and Russia.

Cathay has also recently temporarily changed its twice-weekly Riyadh flight to stop over in Dubai instead of Bahrain due to the expected downturn in business and will adjust its schedules according to new developments.

Garuda Indonesia said it has changed the route of its flights between Jakarta and Amsterdam for security reasons.

Spokesman Pujobroto said the flight will now go through Singapore, stop in Bangkok and pass over Cairo. The previous route took the service to Singapore and then over Afghanistan to Amsterdam, passing over the Middle East.

CURRENCY

The following is yesterday's forex trading statement by Standard Chartered Bank

Selling		Currency	Buying		
TT/OD	BC		TT Clean	OD Sight/Doc	OD Transfer
58.8500	58.9000	USD	57.9000	57.7299	57.6608
62.6988	62.7521	EUR	60.4997	60.3220	60.2498
92.6888	92.7675	GBP	89.7624	89.4987	89.3916
35.3159	35.3459	AUD	33.5588	33.4603	33.4202
0.4943	0.4947	JPY	0.4784	0.4770	0.4764
42.4971	42.5332	CHF	41.2305	41.1094	41.0602
6.7722	6.7779	SEK	6.6445	6.6250	6.6170
39.8740	39.9079	CAD	38.7187	38.6050	38.5588
7.5536	7.5600	HKD	7.4167	7.3949	7.3861
33.3560	33.3843	SGD	32.5409	32.4453	32.4065
16.1529	16.1667	AED	15.6364	15.5905	15.5718
15.8182	15.8316	SAR	15.3175	15.2725	15.2542

Exchange rates of some currencies against US dollar

Indian Rupee	Pak Rupee	Lankan Rupee	Thai Baht	Norwegian Kroner	NZ Dollar	Malaysian Ringgit
47.7	57.79	96.92	43.050	7.4658	0.5489	3.80

Local Interbank FX Trading:

The local interbank foreign exchange market was active on Thursday. Dollar remained steady against the dollar on low demand for the US currency as importers watched developments after the US began its war against Iraq.

Local Money Market:

Demand for call money was moderate yesterday. Call money rates continued to ease as the market was enough liquid due to sluggish economic activities. At the close call rates ranged between 6.50-7.50 per cent compared with the same previously.

International Market:

Trading was thin in the international market as

people were sidelined due to war. The dollar fell around one per cent on the euro and the Swiss franc, retreating from earlier two-month highs in nervous trade following news on Thursday that US-led forces had started a war on Iraq. The dollar initially neared the previous session's one-month high on the yen after the news of the military strikes, but turned half a per cent lower on the day. No interest rate cut is expected as at this moment in the ECB's meeting in Thursday. At 15:50 hours on Thursday, euro was at 1.0612/14, GBP at 1.5642/48 and yen at 120.04/07 against the dollar.

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SHIPPING

Chittagong port

Berthing position and performance of vessels as on 20/3/2003

Berth No	Name of vessels	Cargo	L Port call	Local agent	Date of arrival	Leaving	Import disch
J/1	Banglar Maya	Wheat	K Dia	Litmond	R/A	21/3	
J/3	Galina-III	M.Seed	Mumb	USL	11/3	21/3	
J/4	Maritime Master	R.Seed	Adel	SSL	14/3	24/3	
J/5	Al Muztuba	Rice/WT	Viza	Clia	17/3	25/3	
J/6	Assels Victory	Rice/WT(P)	Visa	Uniship	9/3	20/3	
J/7	Kranj	Gl	Sing	Prog	12/3	22/3	
J/9	Bosowa Delapan	Sugar(P)	Tuti	Mutual	13/3	30/3	
J/10	Banga Bodor	Cont	PKel	Bdship	16/3	21/3	
J/13	Kola Cahaya	Cont	Sing	PI(BD)	18/3	22/3	
CCT/1	QC Honour	Cont	PKel	QC SL	19/3	22/3	
CCT/2	Haneburg	Cont	Sing	PI (BD)	15/3	20/3	
CCT/3	Asimont	Cont	PKel	RSL	18/3	22/3	
RM/14	Banglar Mamata	Repair	--	BSC	R/A	21/3	
RM/15	Banglar Moni	Repair	Sing	BSC	27/2	25/3	
TSP	Banglar Kakoli	Repair	Sing	BSC	21/1	25/3	

Vessels due at outer anchorage

Date: 20/3/2003

Name of vessels	Date of arrival	L Port call	Local agent	Cargo	Loading port
Ana	20/3	PKel	PSSL	Cont	Sing
Myeik	20/3	--	Total	Rice	
Sailor-I	20/3	Kant	Litmond	Clink	
Myeik	20/3	Yang	Total	Rice	
C.Hamony	21/3	Tong	Uniship	Clink	
Banga Bijoy	20/3	Col	Baridhi	Cont	Col
Ever Gain	21/3	Yang	CONL	GI	
Banga Borak	21/3	PKel	Bdship	Cont	Sing
Kota Singa	21/3	Sing	PI(BD)	Cont	Mong
Mardios	21/3	PKel	RSL	Cont	Sing
Xpress Resolve	21/3	Col	Everbest	Cont	Col
Eastern Star	21/3	Xing	Total	R.Phos	
Banglar Shikha	21/3	Sing	BSC	Cont	Sing
Nand Srishti	27/3	Jaka	RSA	GI	
Capriocom Ace	23/3	Sing	Everett	Vehi	--
Feng Shun Shan	23/3	--	Bdship	GI	--
Eagle Strength	22/3	Sin	Nol	Cont	Sing

Tanker due

Gaz Master	23/3	Kaki	MBL	Ammonia	
Al Badiyah	23/3	Kuwa	MSTPL	HSD/JP-(RM)	

Outside Port Limit:

Barge: S-657	P Cargo	Kol	Sakhi	21/2
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Vessels at outer anchorage Vessels ready:

Banglar Jyoti	C Oil	K Dia	BSC	R/A
Morning Star	GI	Osaka	Prog	20/3

Vessels awaiting employment/instruction:

Banglar Gourab	Repair	--	BSC	R/A
Banglar Doot	Repair	--	BSC	R/A

Movement of vessels for 21/3/2003 and 22/3/2003

	Outgoing	Incoming	Shifting
21/3/2003			
J/1	B.Maya	J/12 B. Bijoy	
J/3	Galina		
J/10	B.Bodor		
22/3/2003			
J/7	Kranj	CCT/1 Xp.Resolve	DD: B.Borat
J/13	K.Cahaya	CCT/3 K. Singa	
CCT/1	QC Teal	J/11 B. Shirina	
CCT/3	Asimont	J/13 Mardios	
		J/10 B.Borak	
		J/1 E. Gain	
		RM/3 Ori Sun Beam	
		DOJ: B.Jyoti	

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

STOCK