

War freezes US economy as manufacturing activity dips

AFP, Washington

The Iraq war has frozen much of the US economy, throwing a four-month manufacturing expansion into reverse, trapping consumers at home and unnerving employers, surveys showed Tuesday.

The buildup to the combat, combined with a harsh winter, sapped demand for manufactured goods, and left businesses unsure whether to hire or fire staff, the reports showed.

When the first missiles were launched, people stayed home to watch the television coverage, further

stalling activity.

US manufacturing activity, measured by the Institute for Supply Management (ISM) purchasing managers' index, slumped to 46.2 points in March from 50.5 in February.

A reading below 50 points indicates an industry contraction.

The shrinkage in the manufacturing sector broke four consecutive months of growth.

"Today's ISM report dashes the hope that the industrial sector of the economy is pulling out of downturn that began last fall," said Manufacturers Alliance chief econo-

mist Daniel Meckstroth.

"War jitters undoubtedly hurt the economy but unseasonably severe weather and the decline in payrolls play an important role," he said.

"Declining production activity in manufacturing means that the overall economy cannot hope to achieve anything better than tread water in the months ahead."

Meanwhile, US employers announced 85,396 job cuts in March, down 38 per cent from February and the lowest level of cuts in six months, said a report by outplacement firm Challenger, Gray and Christmas Inc.

"March marked the culmination of the war build-up, and it clearly caused American businesses to put major decisions and actions on hold. One result: job cuts fell to their lowest level since September, 2002," said the firm's chief executive, John Challenger.

"Corporate America is stuck in limbo. The one thing we do not expect is significant job creation," he said.

The number of job cuts in March was down 17 per cent when compared with March 2002.



Jalluddin Abu Hassan, chief finance officer of cell phone company Sheba Telecom Ltd, addresses the launching of the company's service in Sylhet at a press conference in Dhaka on Tuesday. Abu Sadat M Sayem, head of marketing, Zainal Abiddin Isma Yatim, chief technical officer, and Shawkot Osman, senior general manager of the company, were also present.

PHOTO: SHEBA TELECOM

World banking titans press G7 to stir growth amid war

AFP, Washington

World banking and investment titans Tuesday pressed the Group of Seven powers to stir growth in the war-shaken global economy and to calm nervous financial markets.

G7 finance ministers and central bankers must beware of underestimating the scale of the threat, Institute of International Finance (IIF) managing director Charles Dallara said.

"Concerns about the economic outlook reflect not only the Iraq situation but also the underlying fragility that

is a consequence of the lingering imbalances and excesses accumulated during the bubble years," Dallara wrote in a letter to the G7 finance ministers and central bankers, set to meet here April 11.

"These problems should not be underestimated as you gauge the need for clear measures."

The IIF, representing more than 300 of the most powerful private sector banks and investment houses around the world, said intensified policy coordination among the G7 members was

essential.

If the war in Iraq was quick and contained, the economies of the G7 -- Britain, Canada, France, Germany, Italy, Japan and the United States -- would likely grow 1.9 per cent in 2003 and 2.8 per cent next year, the IIF said.

The US economy would grow 2.4 per cent this year and 3.4 per cent next year, the euro zone economy would expand 0.9 per cent this year and 2.0 per cent next year, and Japan would creep up 0.7 per cent this year and 1.0 per cent next year, it forecast.

Lenders meet to revive Enron's India project

AFP, Bombay

Lenders to the 2.9 billion-dollar power plant built by collapsed US giant Enron in the western Indian state of Maharashtra started a meeting Tuesday to work out a proposal to revive the project, officials said.

Pubali Bank, Holcim sign credit deal

Pubali Bank Limited has signed a loan agreement with Holcim (Bangladesh) Limited for credit facilities of Tk 500 million, says a press release.

Mirza Ali Insaif, general manager of Pubali Bank Limited, and Ramit Budhraj, managing director of Holcim (Bangladesh) Limited, inked the deal on behalf of their organisations at a simple ceremony held at the bank's head office in Dhaka on Tuesday.

Khondkar Ibrahim Khaled, managing director, A H Ziauddin Ahmed, deputy managing director, Helal Ahmed Chowdhury, general manager of Credit Division, A Aziz, deputy general manager of Pubali Bank Limited, and Peter R. Thomas, corporate finance director, Tilak Ratnayake, general manager of Holcim, also attended the ceremony.



PHOTO: PUBALI BANK

Mirza Ali Insaif, general manager of Pubali Bank Limited, and Ramit Budhraj, managing director of Holcim (Bangladesh) Ltd, exchange documents after signing an agreement on behalf of their organisations in Dhaka on Tuesday. Under the deal, Pubali Bank will offer Tk 500 million loan to Holcim.

CURRENCY

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

Table with columns: Selling, Currency, Buying. Rows include TT/OD, BC, USD, EUR, GBP, AUD, JPY, CHF, SEK, CAD, HKD, SGD, AED, SAR.

Exchange rates of some currencies against US dollar

Table with columns: Indian Rupee, Pak Rupee, Lankan Rupee, Thai Baht, Norwegian Kroner, NZ Dollar, Malaysian Ringgit.

Local Interbank FX Trading:

The local interbank foreign exchange market was active Wednesday. Dollar ended slightly stronger against taka due to a rise in import-related needs of greenback.

Local Money Market:

Demand for call money was moderate today. Call money rates remained almost unchanged as liquidity condition of the market remained steady. At the close call rates ranged between 8.00 and 8.25 per cent compared with 7.75-8.25 per cent yesterday.

International Market:

The dollar soared nearly a cent against the euro and one per cent against the Swiss franc on Wednesday, as news that US troops were advancing on Baghdad re-ignited market

hopes for a short war. The greenback executed a rapid about-turn from two-week lows on the yen and euro hit early in Asian trade on concerns that the US-British campaign to oust Iraqi President Saddam Hussein would drag on and damage domestic growth prospects. The dollar also rose against Swiss franc while the franc hit a one-year low against the euro after the Swiss National bank set its repo rate two basis points lower. The Swiss authorities have cut interest rates and threatened intervention in recent weeks in an attempt to curb the strength of the Swiss currency, which has risen as a result of safe haven flow.

At 1540 hours on Wednesday, euro was at 1.0827/33, GBP at 1.5723/27 and yen at 118.77/79 against the dollar.

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SHIPPING

Chittagong port

Berthing position and performance of vessels as on 2/4/2003

Table with columns: Berth No, Name of vessels, Cargo, L Port call, Local agent, Date of arrival, Leaving, Import disch.

Vessels due at outer anchorage

Table with columns: Name of vessels, Date of arrival, L Port call, Local agent, Cargo, Loading port.

Tanker due

Table with columns: Vessel name, Date, Agent, Destination.

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

STOCK