

# US manufacturing activity slides to 18-month low

AFP, Washington

US manufacturing fell deeper into a slump in April, with activity slowing to an 18-month low even as Iraq war worries evaporated, a closely watched survey showed Thursday.

The worse-than-anticipated survey, combined with data showing still-lengthy queues of new job seekers, cast a shadow over expectations of a postwar US economic rebound.

The Institute for Supply Management (ISM) purchasing managers' index, based on a survey of supply executives, slid to 45.4 points in April -- the lowest since October 2001 -- from 46.2 points in March.

Any reading below 50 points indicates an industry contraction.

"That was really disturbing," said Naroff Economic Advisors president Joel Naroff.

"Obviously we were not expecting to see a manufacturing turnaround as we did in consumer confidence, it is going to be quite a while before we see that," Naroff said.

"But the further deterioration was not a good sign. It tells me the manufacturing sector is still hurting quite a bit."

US consumer confidence took the biggest leap in 12 years in April as US forces seized Iraq and vanquished lingering war fears, a survey by the Conference Board showed this week.

But Federal Reserve chairman Alan Greenspan warned only on Wednesday that nervous businesses may still obstruct a rebound in the economy, which grew at a tepid 1.6 per cent pace in the first quarter.

Greenspan and other policymakers meet May 6 to ponder whether to change interest rates, which already lie at a four-decade low.

"The ISM report today shows that the manufacturing sector continues to suffer a double-dip recession amid a general economy that is barely growing," said Manufacturers Alliance chief economist Daniel Meckstroth.

"War-related uncertainty has clouded the interpretation of

business trends, but now that the outcome has been determined, the focus must return to the fundamentals -- the lack of robust demand growth."

US shares fell. The Dow Jones industrial average of 30 top shares dropped 25.84 points or 0.30 per cent to 8,454.25.

"People have shifted their focus onto the state of the economy, and this data is weaker than expected," said Art Hogan, Jefferies and Co chief market strategist.

A separate government report showed the number of people making new applications for jobless benefits remained well above 400,000 last week, easing just 13,000 to 448,000 people.



PHOTO: SIDDIQUI GROUP

Steve Feniger (L), chief executive officer of Canada-based garments buying company Linmark Int'l Ltd, Carlos M Coene (3rd-L), operation director, Bruce Causton (2nd-R), director of the company, and Enayetullah Siddiqui (2nd L), managing director of Siddiqui Group of Companies, pose for a photograph during their meeting at Gulshan in Dhaka on Wednesday.

## SARS double-edged sword for Asian insurers

REUTERS, Hong Kong

Insurance salesman Thomas Young isn't complaining about the SARS outbreak.

Sales of medical insurance policies in Hong Kong, Singapore, China and Taiwan have shot up as fears of the deadly Severe Acute Respiratory Syndrome (SARS) virus worry consumers.

"People are afraid of SARS and they need some of kind of cover, especially if they don't have medical or even life cover," said Young, who works at a European insurance firm in Hong Kong.

Demand for medical insurance in the region has traditionally been low compared with Europe and the United States as Asians prefer savings-related insurance products. So, even though many existing health policies cover SARS, there's a big market. And many insurers have yet to see any SARS-related claims.

The flipside is that SARS has hurt sales of annuities and other investment insurance policies in the region, as shown by a recent American International Group warning that SARS would have a dampening effect on sales in the region.

These policies are typically sold face-to-face because salesmen establish better rapport with customers that way. Consumers also

are more likely to listen to the sales pitch, whereas they can simply hang up on sales pitches by phone.

SARS, believed to be transmitted through airborne water droplets, has hurt these sales as many people avoid going out and seeing insurance agents in person.

"As always, there are two sides to a coin. Whereas investment type business is more difficult to sell, one sees more people buying risk-type policies for protection against unforeseeable events such as SARS," said Hans-Peter Naef, chief operating officer for Asia at Swiss insurer Winterthur Life in Hong Kong.

SARS makes for new marketing strategies and products.

Young, for one, wears a surgical face mask when meeting prospective clients and sometimes sees them at a park to make them feel at ease.

ING Life Insurance Co has set up a telephone hotline to sell policies to potential customers in Hong Kong. About 50 policies have been sold through the two-week-old hotline, half of them medical.

AIA, the AIG affiliate that is the top player in the region, has launched new policies for protection and benefits to policyholders infected with SARS in Hong Kong and Singapore.



PHOTO: ICMAB

A delegation of The Institute of Cost and Management Accountants of Bangladesh (ICMAB) and the National Board of Revenue (NBR) held a discussion on national budget at the NBR conference hall on Sunday. The ICMAB team led by its President Md Abdur Rashid submitted some proposals on direct and indirect taxes at the meeting where the NBR side was led by its Chairman Shoab Ahmed.



PHOTO: APEX PHARMA

Syed Manzur Elahi, chairman of Apex Pharma, other executives and participants pose for a photograph at a refresher course and sales conference of the company in Dhaka recently.

## Air India pilots call off strike

AFP, Bombay

The Indian Pilots Guild (IPG) has decided to resume flying to cities affected by Severe Acute Respiratory Syndrome (SARS) after a week-long strike, an official said Friday.

"We have withdrawn the directives issued to our member pilots not to fly to these countries after satisfactory talks with ... Labour Minister Sahib Sing Verma," IPG spokesman Captain Mahesh Gulabani told AFP.

## Apex Pharma holds refresher course, sales conference

A three-day refresher course and 4th sales conference of Apex Pharma was held in Dhaka recently, says a press release.

Chairman of the company Syed Manzur Elahi delivered speech at the function. Syed Nasim Manzur, managing director, and other directors were present.

The course was conducted by Jamal Uddin Sikder, chief executive of the company.



PHOTO: BASIC BANK

(From left) Zakiullah S Munshi, manager, Internal Control of American Express Bank Limited, Md Mossaddiqur Rahman, general manager of BASIC Bank Limited, Md Salehuddin Quasey, managing director, and Anwarul Houque Chowdhury, deputy general manager of the bank, pose for a photograph at a workshop on 'money laundering and its prevention' in Chittagong recently.

## Weekly Currency Roundup

April 26 - April 30, 2003

### Local FX Market

US dollar became stronger against Bangladeshi Taka this week. Dollar remained steady against the taka earlier in the week. But higher demand for dollar because of profit remittances by multinationals and increased import strengthen the dollar against taka.

### Money Market:

Bangladesh Bank borrowed BDT 9,533 million by the Treasury bill auction held on Sunday, which was much lower than the previous week. Weighted average yield of 28-D bill continued to decline and was down by 2 bps to 7.80 per cent and weighted average yield of 5-yr bill decreased further by 4 bps to 11.39 per cent respectively.

The call money rate was stable and ranged between 7.00 and 8.00 per cent this week. It ranged between 7.50 and 8.00 per cent at the beginning of the week. The rate eased by the end of the week and ranged between 7.00 and 7.25 per cent.

### International FX Market

Euro fell against the Dollar and Japanese Yen in the beginning of the week as Germany's IFO business data came out weaker than expected. IFO business climate index fell to 86.6 against the market expectation of 88.6. The direction of EUR/USD in the near-term is expected to be dictated by an array of US economic data due later this week, which includes consumer confidence, and employment indicators and most importantly the speech of Federal Reserve Chairman before Congress. Trading in Asia was thin as many Japanese manufacturers are away on the "Golden Week" holidays.

In the middle of the week US Dollar held a firmer footing against the Euro, charred by strong gains on Wall Street in the previous session and expectations of a rebound in US consumer confidence data later in the day. Major US stocks indices rose almost 2 per cent on Monday after solid results from blue chips companies. The dollar pushed to \$1.0953 per Euro by European mid-morning, more than a cent above Monday's lows, when the greenback almost reached a four-year low of \$1.1084. The Euro also pulled back from Monday's four-year high against the yen as encouraging news on SARS and a conditional offer from North Korea to end its nuclear programme.

Euro hit fresh 4-year highs on the US Dollar and yen on the end of the week as investors kept up their rush for attractive Euro zone yields and ignored the previous session's optimistic US consumer confidence data. Dollar was lackluster despite news of a sharp spike in April consumer confidence and a higher close on Wall Street. Euro had reached a high of \$1.1138. It also hit 133.23 yen, its highest in four-years and above 133.15 level at which the single currency was launched at in 1999. Against the Swiss franc, the Euro set a new 1-1/2 year high of 1.5130. Dollar hit two-week lows versus the yen at 119.20.

At 1545 hours on Wednesday, euro was at 1.1123/26, GBP at 1.5954/58 and yen at 119.44/49 against the dollar. -- Standard Chartered Bank

## STOCK