

Star BUSINESS

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Dollar's sharp fall revives fears of global economic imbalances

AFP, Paris

A sharp fall in the dollar over the past two weeks has revived fears among analysts that major imbalances in the global economy could trigger a far-reaching financial crisis if they intensify.

The dollar is on a slide against most of the developed world's principal currencies -- notably the euro, the pound sterling and the Swiss franc -- as well as gold.

In Asian trading on Monday the euro surged to its strongest reading against the greenback -- 1.3367 dollars -- since March 2005. The single European currency has shot up 11 percent against the dollar since the start of the year.

Antoine Brunet, an economist at

the HSBC bank here, said the dollar's plunge suggested that "we have once again entered a dangerous turbulent zone on exchange markets".

The weakening trend was in part triggered by comments last month from People's Bank of China governor Zhou Xiaochuan that were seen as heralding a possible shift in some of the bank's massive foreign currency reserve holdings away from the dollar.

Adding to the pressure were indications of an economic slowdown in the United States, holding out prospects for a cut in US interest rates by the Federal Reserve at a time when rates are seen rising in the eurozone and Japan.

Those factors have sparked

heavy capital movement that is unfavorable to the dollar, according to analyst Olivier Bizimana at the French bank CreditAgricole.

At the same time, he warned, there is a conviction that "current imbalances cannot continue", a reference to a situation in which countries such as Japan and China that have huge current account surpluses finance big current deficits carried by the United States.

The current account is a broad measure covering a country's trade in goods and services as well as certain financial transfers.

What economists fear in particular is that a deep-seated crisis of confidence in the dollar, as well as the US economy, could lead to a disruptive and dramatic sale of US

assets by foreigners.

That could prompt the US Federal Reserve to raise interest rates, thereby threatening economic recoveries in the United States and elsewhere.

An awareness of such dangers is hardly new, with warnings having been repeatedly voiced by the International Monetary Fund and other institutions.

In its latest economic assessment issued last week, the Organisation for Economic Co-operation and Development stressed that US current account imbalance "must revert to a sustainable level at some point".

It added that the "unwinding could be disorderly and could involve a bout of exchange rate volatility and a global surge in interest rates".

But economist Julian Jessop at Capital Economics argued for calm.

"The widespread assumption that a fall in the value of the dollar is a bad thing is debatable," he maintained. "A slump in the dollar is sometimes discussed in the same apocalyptic terms as a slump in the US stock market or bond prices.

"However, there is one obvious difference: a fall in US equities or bonds is likely to cause falls in markets elsewhere. But a fall in the dollar means that by definition other currencies must be going up. The various positives and negatives might therefore offset each other at the global level, although there will be relative winners and losers."

For example, the eurozone could benefit if Asian currencies such as the Chinese yuan strengthened appreciably against the dollar, a trend that could boost the competitiveness of eurozone exports to what is the most economically dynamic region of the globe.



PHOTO: NATIONAL TELECOM

National Telecom Ltd (NTC), a private sector PSTN (public switched telephone network) operator, recently signed an agreement with ICE Technologies and Services Ltd to launch Avabill Customer Care & Billing System for NTC's billing and customer care requirements. Mohammed Jahangir, managing director of NTC, and Ehsan Chisti, director of ICE Technologies, signed the deal on behalf of their companies while other senior officials from both the sides were present.

CURRENCY

Following is Monday's (December 04, 2006) forex trading statement by Standard Chartered Bank.

Sell		Buy			
TT/OD	BC	Currency	TT Clean	OD Sight Doc	OD Transfer
71.2200	71.2500	USD	69.9500	69.9267	69.8801
96.3464	96.3870	EUR	91.6835	91.6529	91.5918
142.4970	142.5570	GBP	136.7103	136.6647	136.5736
57.4745	57.4988	AUD	53.6167	53.5988	53.5631
0.6301	0.6304	JPY	0.6015	0.6013	0.6009
60.6747	60.7003	CHF	57.4066	57.3875	57.3492
11.0040	11.0086	SEK	9.8966	9.8933	9.8867
63.3123	63.3390	CAD	60.4895	60.4693	60.4290
9.1827	9.1866	HKD	8.9777	8.9747	8.9688
47.2250	47.2449	SGD	45.2107	45.1956	45.1655
19.5498	19.5581	AED	18.8916	18.8853	18.8727
19.1421	19.1501	SAR	18.5048	18.4986	18.4863
13.3256	13.3312	DKK	11.9745	11.9705	11.9625
242.9632	243.0677	KWD	240.0346	239.9569	239.8016

Exchange rates of some currencies against US dollar						
Indian rupee	Pak rupee	Lankan rupee	Thai baht	Norwegian	NZ dollar	Malaysian ringgit
44.42	60.875	108.15	35.885	6.1220	0.6885	3.59

Local Market
FX: Local interbank FX market was active on Monday. The USD remained strong against the Bangladeshi taka.

Money Market
Money market was active on Monday. Call money rate remained unchanged and ranged at around 6.50 percent.

International Market
The dollar recovered from an earlier 20-month low against a basket of currencies on Monday as investors locked in profits after shaving more than 3 percent off its value in less than two weeks. The dollar

has been under pressure as a run of weak US data has boosted expectations the Federal Reserve might cut interest rates next year. On Friday, the Institute of Supply Management's survey of US national manufacturing in November showed a contraction in the factory sector for the first time in 3-1/2 years. In contrast, expectations for a European Central Bank rate hike this week and perhaps again in early 2007 have boosted the euro, sending it to within three cents of its record high versus the dollar and to a record peak against the yen on Monday.



PHOTO: DBBL

Dutch-Bangla Bank Ltd (DBBL) signed a subordinated loan agreement with the Netherlands Finance Development Company (FMO) on Thursday in Dhaka. Under the deal, the bank will receive term facility in taka equivalent to five million euros for housing finance. Arno PJ de Vette, senior investment officer, and Andre van Werven, manager (Portfolio Management), Asia Department of FMO, and Md Yeasin Ali, managing director of the bank, signed the deal on behalf of their sides.

SHIPPING

Chittagong Port

Berthing position and performance of vessels as on 4/12/2006

Berth no.	Name of vessels	Cargo	L. Port call	Local agent	Dt of arrival	Leaving	Import disch
J/1	Qing Jiang	GI	Lian	Cosco	30/11	8/12	1335
J/2	Sarim	Sugar	Kohsi	Litmond	25/11	14/12	--
J/4	Eco Progress	TSP(Badc)	Sfax	SSST	19/11	4/12	435
J/5	Yaad-E-Mohammed	GI(S.Ash)	Okha	Intraport	19/11	5/12	518
J/6	Freya	Gitin Plate	Chenn	H&SI	3/12	--	823
J/7	Dan Yang(Liner)	GI	Inch	Cosco	3/12	7/12	436
J/8	Orionis	Urea(Boic)	Damm	PSAL	20/11	7/12	596
J/9	Jkm Muhieddine	Wheat(P)	Novo	Angelic	16/11	4/12	178
J/10	Dali	Cont	Col	Seacon	20/11	7/12	251

Vessels due at outer anchorage

Name of vessels	Date of arrival	L. Port call	Local agent	Type of cargo	Loading ports
Noor-E-Mostafa	4/12	Viza	SSA	G. Sliag	--
World Ace	4/12	--	Prog	GI(St.Pa)	Sing
Banga Biraj	5/12	Sing	Bdship	Cont	--
Natzelec	5/12	Krabi	ANCL	C. Clink	--
Supertec	5/12	Kohsi	ANCL	C. Clink	--
Qc Teal	5/12	Col	QCSL	Cont	Col
Saleter Hope	5/12	Pki	Oil	GI(Br.C)	--
Caraka Jaya Niaga-III-4	5/12	Kol	Mutual	--	--
Dolphin-II	6/12	Viza	Sunshine	GI(St.Bil)	--
Banga Bonik	6/12	Col	Baridhi	Cont	Col
Coastal Express	6/12	Chenn	BSC	Cont	Kol
Xpress Manaslu	6/12	Col	Seacon	Cont	Col

Tanker due

Tabtm	11/12	Mala	Unidev	CPO(RM/4)
Al Kuwailiah	1/12	Kuwa	MSTPL	HSD/JP-1
Elli	4/12	Rast	DSL	Crude Oil
Padang Halaban	8/12	Mala	USL	CPO(RM/4)
Bw Havsol	8/12	Viza	MBL	Ammonia
Kyoto	9/12	Kuwa	MSTPL	HSD/Sko

Vessels at Kutubdia

Name of vessels	Cargo	Last Port call	Local agent	Date of arrival
Wira Keris	--	--	IBSA	R/A(01/12)
Ocean Melody	--	--	IBSA	R/A(02/12)

Outside Port Limit

Wira Keris	--	--	IBSA	R/A(01/12)
Ocean Melody	--	--	IBSA	R/A(02/12)

Vessels at outer anchorage

Vessels ready	Cargo	Local agent	Date of arrival
Ja Vesta	Cont	P. Kel	Vega
Yong Xing	Cont	Col	PSSL
Josco View	Cont	P. Kel	RSL
Amer	Cont	Mala	CEL
Zhe Hai-315	Cont	Sing	Vega
Gao Cheng	Cont	Sing	PML
Cape Henry	Cont	Sing	Api
Xpress Resolve	Cont	P. Kel	Seacon
Banglar Shikha	Cont	Sing	BSC
Qc Pintail	Cont	Col	QCCL

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

STOCK