

US worried about growing trade deficit with China

WASHINGTON, May 18: United States is worried about its growing trade deficit with China and intends to start discussions with Beijing over trade and currency policies that discourage imports, the Treasury Department said Thursday, reports Reuter.

In a report to Congress, the department said recent currency devaluations by China on top of government controls on trade and foreign currency allocations are creating trade surpluses for China.

The US trade deficit with China tripled since 1988, when it was 3.5 billion dollars. The deficit jumped to 6.2 billion dollars in 1989 and 10.4 billion in 1990. A report released this week by the congressional joint economic committee said the US trade deficit with China could rise to 15 billion dollars this year.

President Bush must decide by June 3 whether to extend most favoured nation (MFN) trade status with China for another year.

It would give China favourable trade benefits including lower import tariffs on their goods.

Bush said Wednesday he would like to extend the favourable trade status for China, but a number of members of Congress oppose the move because of Beijing's hardline crackdown on dissent and human rights abuses. The White House said Thursday the move is still under review and some conditions could be put in place before MFN status is granted.

Abnormal rise in prices of construction materials

By Enamul Huq

Prices of construction materials, especially of those which are used in making thatched houses in rural areas, have increased abnormally in city markets following devastating cyclone and tidal surge in the coastal areas of the country.

Prices of nails have gone up by 20 per cent compared to last month's prices. One kg of one inch nails which used to sell at Taka 32 before the cyclone now sells at Taka 40. Prices of one and a half inch to four inch nails have shot to Taka 30 a kg from previous price of Taka 26. Nails is an essential material in building houses in rural areas.

Wire prices have shot up to a remarkable extent. A kg of 24 gage wire now sells at Taka 59. Before tidal surge of April 29 it sold at Taka 38. Wire of 14 to 22 gage which sold between Taka 34 and 36

before the cyclone now sells between Taka 48 and 54.

Prices of rods, another important construction material, which is produced locally by using ship scraps have also gone up following the cyclone. Two string rods which used to sell at Taka 18,200 per ton in April now sells at Taka 20,500 a ton. Three to five string rods sold at Taka 16,500 a month ago. Now it sells at Taka 18,500 per ton.

Prices of imported 'Kobza' of Chinese origin have shown steep rise while those of Bangladeshi 'Kobza' have remained nearly unchanged. A dozen of two and a half inch China made Kobza used to sell at Taka 22.50 a month ago. Now its price is Taka 33. Three inch Kobza price have risen to Taka 46 per dozen from previous price of Taka 40. Four inch Kobza which sold

at Taka 95 per dozen before the cyclone now sells at Taka 110.

Cement prices have also gone up following the cyclone. One bag of 50 kg cement now sells in city markets between Taka 210 and 214 while before cyclone, its price ranged between Taka 185 to 190.

Traders say the prices of these construction materials have increased as most of the consignments which reached Chittagong Port from abroad immediately before the tidal surge have been badly damaged by sea water. As a result, these items are running short of supply compared to the increased demand following the cyclone.

While wholesale traders blame shortage in supply for the price rise, retailers say wholesalers are taking the advantage of making more money by increasing price.

EC supports regional groupings

SINGAPORE, May 18: The European Community (EC) supports regional groupings which seek to enhance trade, economic and political ties among its members. EC Commissioner Abel Matutes said here Friday, reports AP.

"We support regional groupings," Matutes, here on a two-day visit, said when asked to comment on the EC's reaction to the Malaysian proposal for the formation of an East Asia Economic Grouping (EAEG). He pointed out that there were several such groupings in various regions of the world and they deserved the support of all.

"They bring about commercial and political integration. We support them", Matutes said.

He referred to the six-member Association of South-East Asian Nations (ASEAN) as a good example of such successful groupings.

"ASEAN enjoys stability, high growth and political cooperation. It deserves support," he said.

ASEAN is made up of Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

The EC Commissioner said he had discussed developments in the region,



CARPIQVET (France): Claude Fauchon's hobby is to build ship models with matches. 'La Venus', frigate of the 18th century (background) was built in 7000 hours with 94,560 matches. She is 170 cm long and weighs 15 kg. Foreground is a galleon built also with matches. — AFP photo

Soviet economy faces worse outlook

WASHINGTON, May 18: The Soviet Economy faces a "radical worse" outlook this year, with no prospect of significant improvement in the near future regardless of which strategies Kremlin leaders follow, according to a report by US intelligence agencies released here Thursday, reports AP.

In their annual joint report titled 'beyond perestroika: the Soviet economy in crisis,' the Central Intelligence Agency (CIA) and the Defence Intelligence Agency (DIA) said that six years after President Mikhail Gorbachev introduced his policy of economic restructuring, the Soviet economy appeared to be at a virtual dead end.

"There is no doubt that 1991 will be a worse year for the Soviet economy than 1990, and it is likely to be radically worse," the report stated.

The report was published just as President George Bush was being urged by private and government experts to respond favourably to Gorbachev's request for 1.5 billion Dollars in credits to buy US grain but to condition it on a new commitment by Moscow to political and economic reform.

Wednesday, the Senate

passed a resolution urging Bush to approve the credits but making it contingent on a pledge that there be no repetition of the crackdown on restive republics that followed the granting of one billion Dollars in US credits last winter.

Bush is said to be sympathetic to Gorbachev's predicament and willing to help him.

The prevailing view among US officials is that the Soviet Union needs not only cash but more importantly, a heavy dose of free-market economics and technical economic aid from the West.

The CIA/DIA report noted that for the first time the Soviets had acknowledged that overall output was declining — by two per cent in 1990 and by eight per cent during the first quarter of 1991 compared to the same period last year.

But it said that CIA/DIA estimates, although subject to greater uncertainty than in previous years, continued to point to a decline greater than officially claimed.

"Inflation is accelerating sharply, with retail prices rising an estimated 14 per cent in 1990, a reported 24 per cent in the first quarter of 1991, and an average of more than 60 per cent on April 2 of this year as a result of a presi-

dential decree. "Shortages of energy and basic industrial materials such as steel and chemicals have also intensified, and their impact has spread rapidly across the economy," the report added.

Gorbachev plans for wage indexation

Reuter from Moscow adds: Soviet President Mikhail Gorbachev on Friday submitted to Parliament his plans for income indexation to help ease the effects of sharp price rises expected as the Soviet Union builds a market economy, Tass news agency said.

Tass said the indexation scheme, part of a complex of social security measures, would partially or, in some cases, completely compensate for stop increases in the cost of goods and services. It must now be approved by Parliament.

But many fear the overall effect is far greater and view the prospect of further rises with trepidation.

Workers in outdated, inefficient factories may also soon face unemployment, a phenomenon not known here on a mass scale since the 1920s. The government has promised unemployment pay from July.

Snippets

Oil prices weaker slightly in London

LONDON, May 18: Oil prices were slightly weaker on Thursday, weighed down by a glut of crude for immediate delivery in Europe and improved US supplies of refined oil products, traders said, reports Reuter.

But the market seemed to be finding its feet after recent declines, they added.

"Overall, this market is still in a big consolidation phase," one US trader said.

Spanish workers demand higher pay

MADRID, May 18: Public sector workers demanding higher pay disrupted airline and rail transport in Spain with day-long stoppages, reports Reuter.

Flag carrier Iberia Lineas Aereas de Espana cancelled 177 flights as 23,000 ground staff and cabin crew took the second 24-hour stoppage this week. They plan strikes on May 20 and 24.

Iberia said 95 international flights were among those cancelled and most other flights out of Madrid's Barajas airport were delayed, sometimes by several hours.

Pak-Iran joint oil refinery soon

ISLAMABAD, May 18: Pakistan and Iran have agreed to set up a joint oil refinery with a capacity for 120,000 barrels of crude per day, a Pakistani minister said on Wednesday, reports Reuter.

Production Minister Islam Nabl, quoted by the official APP news agency, said the refinery would be set up in Pakistan with 50-per-cent shares for both countries. No cost was given.

Nabl, speaking at a dinner for visiting Iranian oil minister Gholam Reza Aqazadeh, said the refinery project would "prove to be a catalyst for the future joint ventures in oil and gas fields" between the two countries.

APP quoted Aqazadeh as offering to supply natural gas and increase oil supplies to Pakistan.

"G-7 should seek stronger growth"

WASHINGTON, May 18: The Group of Seven should pursue a more growth-oriented strategy for the world economy, US Treasury Under-Secretary David Mulford said, reports Reuter.

In testimony prepared for delivery to a House Banking subcommittee, Mulford said the reduction in inflation that is now underway worldwide gives the G-7 a chance to follow such a strategy.

"The US has never advocated abandoning vigilance against inflation. Rather, we have argued that our priority is to restore strong G-7 growth while protecting the gains... made and ... in store on the inflation front," Mulford said.

Diamond mine set to boost output

LUCERNE (Switzerland), May 18: The owners of the world's richest diamond mine have agreed to study the possibility of further investments aimed at boosting its productivity by a third, De Beers announced at its headquarters here Thursday, reports AP.

The mine, called Jwaneng, is located in Botswana, southern African country that derives 60 per cent of its foreign income from diamonds.

Sudanese scramble for new notes

KHARTOUM, May 18: Most shops and restaurants closed in Khartoum on Thursday, minibuses stopped running and banks were jammed as Sudanese scrambled to trade soon-to-be-worthless currency for new notes, reports Reuter.

Their old 100 Pound and 50 Pound notes — worth 20 dollars and 10 dollars at the official rate but much less on the black market or in buying power — will no longer be accepted after 3 pm on Saturday, the Bank of Sudan announced last week.

Gold bullion remains quiet in London

LONDON, May 18: Gold bullion remained quiet during late trading with business restricted to routine end week book-keeping operations, reports Reuter.

Spot metal ended at 355.25/355.75 dollars an ounce against Thursday's 355.80/356.20 dollars closes. Yesterday's decline from above the 360 dollars level weighed on the market, which showed little inclination to test the upside today, dealers said.

Silver finished at 405/406 cents an ounce, up just one cent from Thursday, while platinum need at 388/389 dollars an ounce, against 389.50/390.50 dollars yesterday.

Moderate rise in share trading

Star Economic Report

The week began at Dhaka Stock Exchange (DSE) on Saturday with a moderate rise in trading.

In volume terms transactions stood at 3,395 from last Thursday's 1,456. Traded issues valued Taka 1,76,640.00. It was Taka 67,685.00 on Thursday.

Decliners dominated trading. And DSE All Share Price Index lost 0.6262 points to 345.3379 from Thursday's 345.9641. Index is the indicator of price movements of all the listed stocks.

Transactions involved twenty-one stocks. Of them thirteen lost, five gained and three remained unchanged at their previous quoted prices.

Bengal Food and Kohinor Chemical declined Taka 20.00 and Taka 10.00 to Taka 170.00 and Taka 69.00.

Pharma Aids and Ist ICB Mutual Fund lost Taka 5.00 each to Taka 185.00 and Taka 415.00 respectively.

Monosopul Paper and Dhaka Vegetable declined Taka 3.00 and Taka 2.98 to Taka 111.00 and Taka 143.00.

Atlas Bangladesh, Bangladesh Autocars, Bang-ladesh Thai Aluminium, Zeal Bangla Sugar, Eagle Box, Talu Spinning and Chittagong Cement declined within the range between Taka 0.20 and Taka 1.52.

BGIC Insurance, 6th ICB Mutual Fund, Quasem Drycells, Renwick Jaineswar and Beximco moved up within the range between Taka 0.04 and Taka 1.00.

Quoted Prices of Traded Stocks

Table with columns: Investment, %V, M/L, Closing (Taka), %Changes (Taka). Lists various stocks and their price movements.

Price Barometer: Essentials

Table listing various commodities (RICE, VEGETABLES, OTHER FOODGRAIN, FISH, OIL, PULSES, MEAT, OIL, SPICES, MISCELLANEOUS) and their prices per kg or unit.

World economy poised to recover: OECD

PARIS, May 18: The industrial world is starting to pull out of the economic downturn as the year wears on, according to experts at the Organisation for Economic Cooperation and Development (OECD), reports Reuter.

Projections discussed by the experts in Paris this week herald a pick-up in growth in the 24 rich nations that make up the OECD to 2.9 per cent in 1992 from one per cent this year, economic diplomats familiar with the talks said. Inflation is expected to ease to about 3.8 per cent in 1992 from 4.4 per cent in 1991.

The outlook was discussed in preparation for next week's meeting of the OECD's economic policy committee, whose findings will in turn be debated by finance and trade ministers at the agency's annual meeting in Paris on June 4/5.

One diplomat said an unusual degree of consensus emerged at the talks. "There's nothing to prevent a recovery," he said. "The only question is one of timing."

Even on this score, he said, about two-thirds of the delegates took the view that growth in the OECD as a whole would probably resume this quarter, albeit at a slow pace.

Strong recovery in rich states forecast

PARIS, May 18: A relatively strong economic recovery should begin in industrialised countries during the second half of the year, resulting in overall growth of about 2.9 per cent in 1992, according to confidential OECD forecasts, diplomatic sources said on Friday, reports AP.

The Organisation for Economic Co-operation and Development (OECD) also forecast a sharp reduction in the rate of price increases in the OECD zone by the end of 1992 accompanied by an increase in unemployment.

Average growth in the 24 member countries would be about zero in the first half, but could be resumed at an annual rate of about 2.5 per cent during second half of the year.

This would give an overall rate of growth of about one per cent in 1991, down one and a half points compared with the level in 1990.

The OECD expected growth at an annual rate to the three per cent in each of the following two six-monthly periods, giving average growth of about 2.9 per cent next year.

Growth in France would fall to about zero during the current six months, but should rise during the second half to a rate of about 2.5 per cent or

Raw Jute

Table showing jute prices for various varieties (White, Tossa, Meshta) and grades (Medium, Bot., etc.) with FOB and BT prices.

Gold & Silver

Table listing gold and silver prices for various denominations (Tejahi, Guinea, Silver) with prices per 1000 grams.

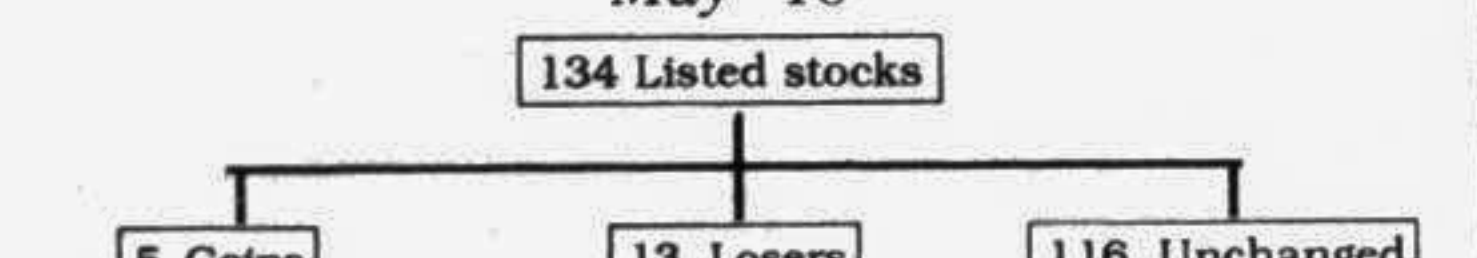
Hides & Skin

Table listing prices for various types of hides and skins (Wet/Salted) such as Cow, Lamb, Goat, etc.

Exchange Rates

Table showing selling and buying rates for various international currencies (US Dollar, UK Pound, German Deutsche, etc.) and local currencies.

Dhaka Stock Exchange Market Profile



135 Unchanged stocks include three traded on the day at their previous quoted prices. DSE All Share Price Index = 345.3379. Issued Capital=Taka 10,146,289,601.00. Market Capitalisation = 9,868,118,221. Turnover = 1,76,640.00 (Value) 3,395 (Volume).



Sadhana Bima Corporation Managing Director M M Morshid addressing a group of affected investors of mills and factories in the Export Processing Zone following devastating cyclone of April 29. He assured them to consider their claims on priority basis and settle those in shortest possible time.