Fears of major economic dislocations unfounded

By Moazzem Hossain

Fears of major economic dislocations because of domestic political turmoil and the Gulf crisis in the first half of fiscal 1990-91 have proved largely unfounded.

Latest broad indicators show no alarming signs. The battered economy is in no worse shape than it was before.

Gross international reserves stood at about 640 million Dallars in December 1990 compared with 510 million Dallars in Junc. Last week reserves rose further to 700 million Dollars, enough to cover 2.5 months' imports.

Overseas remittanees were expected to plummet because of the return of more than 75,000 displaced workers from Kuwait and Iraq but the 367 million Dollars recieved in July-December were only 10 million Dollars short of recicpis in the corresponding

period of the previous year. The figures were boosted by the all-time high monthly flow of 91 million Dollars in August, with returnees bringing home

well. The main cause of it was improved performance by nontraditional items such as frozen food and garments.

November, 1990 totalled 704.74 million Dollars compared with 616.66 million Dollars in the corresponding period of the previous year,

US sanctions on USSR under way

The Bush administration has begun to examine sanctions and other steps it might take against the Soviet Union if a Kremlin crackdown on restive republics turns violent, according to US officials, reports Reuter.

Administration officials "are now surveying ongoing programmes, cooperation, talks negotiations, mutual exchanges and seeing what might or might not be appropriate (to suspend or cancel), depending on how bad things get," one US official told Reuter.

The matter of "next steps" was discussed at the White House by a crisis managemnt committee headed by Deputy

whatever savings they could gather in cash.

Exports are also performing

Provisional figures put carnings at over 850 million Dollars in the first half of current fiscal year, 17 per cent higher than in the corresponding period last year, even though jute and tea were slug-

Export reciepts in July-

WASHINGTON, Jan 14: National Security Adviser Robert Gates. With the situation in the Soviet Union deteriorating quickly this week and the chance of bloodshed increasingly likely, "some US response is expected," one offi-

He said it was unlikely a US proposal to give the Soviet Union associate membership in the International Monetary Fund (IMF) and World Bank (WB) at a meeting of rich industrial nations next week would be affected.

Western conomists consider the move a key element in the Soviet Union's painfui transition to a market econ-

DSE downswing halted but mood still depressed

Star Economic Report

Trading at Dhaka Stock Exchange (DSE) on Monday witnessed a moderate rise. halting the downswing from the closing part of the last week .

In all. 3528 shares and debentures changed hands compared with Sunday's 2524. Total value of traded stocks was Taka 19,6933.00 against Taka 10,2615.00 on the previous day.

While trading was slightly up, the depressed mood of the market persisted. DSE All Share Price Index which is a broad indicator of price movements of the listed stocks in the market dropped further to 343.5370 points compared

with Sunday's 343.6012. Six listed stocks fell in prices, 14 rose and seven were unchanged. But, the gainers advanced marginally and trading in advanced issues was low

in volume. The losers involved a larger share in trade volume. Their losses were proportionately

higher than what the advanced stocks gained. This resulted in the overall decline in DSE All Share Price Index.

Two debentures were traded. Of them, one advanced in market prices and the other, lost.

Among the losers were IFIC and National Bank, each going down by Taka two a share. Million Tannery lost Taka 3.41 at its closing rate at Taka 35.00. BGIC in insurance sector was down by Taka one and Bangladesh Thai Aluminium, Taka 0.50.

On the gaining side, Bengal Food, Chittagong Vegetable, Pharma Aids, and Petro Synthetic advanced each by Taka two. Chittagong Cement gained Taka 1.13 while Kohinoor Chemicals, Rahim Textiles and Paper Processing went up each Taka one. The marginal gainers (within the range of Taka 0.10 and Taka 0.50) included Quasem Drycells, Green Delta, Zeal Bangla, Oxygen and Eagle Box.

Quoted Prices of Traded Stocks on January 14

	TV/ML	Closing Rate	*Changes over the Previous Rate
BANKS	2222		
I. F. I. C	100/5	158.00	-2.00
National Bank	100/5	108.00	-2.00
INVESTMENT	100.45	180.00	1.00
2nd ICB M. Fund	100/5	189.00	-1.00
INSURANCE			4.22
BGIC	100/10	106.00	-1.00
Green Dalta	100/10	107.15	+0.15
ENGINEERING	16		
B. Thai Aluminium	100/10	78.50	-0.50
Quasem Drycells	10/50	8.10	+0.10
Eastern Cables	100/5	82.50	unchanged
FOOD & ALLIED			
Bengal Food	100/5	205.00	+2.00
Cty. Vegetable	100/10	95.00	+2.00
Dhaka Vegetable	100/5	157.00	unchanged
Zcal Bangla Sugar	10/50	9.00	+0.20
FUEL & POWER	W. water		and the second of
Oxygen	10/50	53.00	+0.50
PHARMA & CHEM			
Kohtnoor Chemical	100/5	73.00	+1.00
Petro Synthetic	10/50	14,00	+2.00
The Ibnsina	100/10	85.00	unchanged
Pharma Aids	100/5	161.00	+2.00
PAPER & PRINTING			3072840
Eagle Box	10/50	13.50	+0.50
Paper Processing	100/10	106.00	+1.00
TEXTILE			
Rahim Textile	100/5	61.00	+1.00
Desh Garments	100/10	100.00	unchanged
MISCELLANEOUS			
Chittagong Cement	100/5	130.13	+1.13
Millon Tannery	100/5	35.00	-3.41
G. Q. Ball Pen	10/50	56.50	unchanged
Monno Ceramic	100/5	134.00	unchanged
DEBENTURE			
Beximco Pharma	2500/1	1650.00	10.00
Quasem Silk	2000/1	1450.00	unchanged
*FV= Face Value	- 5	E.	2.5%
ML- Market Lot			

*Changes=(-) means Loss and (+) Gain Dhaka Stock Exchange Market Profile January 14

113 Unchanged 6 Losers 14 Gamers

Issued Capital= Taka 4,620,337,190.00 Market Capitalisation= Taka 9,816,657,412.00 DSE All shares Prices Index= 343.5370 Turnover= 2524 (Volume). Taka 10,2515.00 (Value) *Unchanged= Seven traded and 106 not traded. the final figures showed.

An expected severe contraction of imports because of the repercussions of the Gulf crisis on demand did not materialise. Imports in July-November, 1990 were valued at 1,102 million Dollars, a decline of only 100 million Dollars from the corresponding level last year.

Banking sources said that several factors contributed to the downturn, including overimports in the previous year. relatively high stocks, and improvements in import monitoring.

Commercial food imports on either cash or deferred payment terms have also been lower so far this year because of a good aman harvest.

But the higher import cost of petroleum, oil and lubricants largely neutralised the favourable impact of lower foodgrain imports. Oil import prices jumped from an average of 18 Dollars a barrel to over 20 Dollars a barrel because of Iraci invasion of Kuwait.

import costs for most other items have also been higher, so the decline in import volume was greater than suggested by the figures.

Figures for December are still not ready but importers and bankers warn that imports were affected by the domestic political disturbances at the beginning of the month.

West German economy gets benefit from unification

BONN, Jan 14: The ceon omy in Western Germany has reaped huge benefits from unification with formerly communist East Germany last year. boosting real growth to 4.6 per cent over the pevious year in the best such performance since 1976, a statistics expert said here Sunday, reports AFP.

"Unification came at the right time to offset the consequenees of a difficult ecomomic situation worldwide," Egon Hoelder. Head of the Federal Statistics office, said at a press conference in Frank-

The West German growth rate topped 3.9 per cent in 1989, already the best such result in 10 years.

The latest growth rate published Friday was still provisional and based on 1980 prices. If confirmed, it would exceed forecasts by experts. who predicted a growth rate of around four per cent.

Government spokesman Dieter Vogel hailed Mr. Hoelder's announcemnet say ing Chancellor Helmut Kohl's economic policies have been confirmed.

"The government expects growth to continue this year and to accelerate as soon as the economy in the five new states (former East Germany) has bottomed out at the end of the first semester, Mr. Vogel

Germany's Gross National Product (GNP) topped 2.448 billion Deutsche Marks (1,596 billion dollars) last year, up 8.2 per cent on the year. The GNP relates to the value of all goods and services produced in a given country, over a year.

With a booming economy. industrial investments soared 12.1 per cent in 1980 prices and represented 10 per cent

of GNP. Otto Schlecht, State Secretary in the Economy Ministry, said, adding that such a percentage rate had been unheard-of since West Germany was founded in 1949.

Exchange Rates

January 14

RATES, offered by Commercials Banks, for Bills on Collection (BC) sclling and Overdrafts (ODs) transfer buying. One Unit of Foreign Currencles

(FCs) for Take	8.	
FCs	Buying	Secting
US Dollar	35.9226	35.443
UK Pound Storlin	ng 68.4678	67.664
German Deutsche		23.142
Mark		
French Franc	6.6242	6.8252
Saudi Riyal	9.6060	9.4778
Dutch Guilders	20.4571	20.564
Pakistan Rupce	1.6279	1.6124
(AMU*)		
Singapore Dollar	20.4571	20.184
UAE Dirham	9.8069	9.6760
Kuwait Dinar	Not availab	ble
Indian Rupec	1.9575	1.938

*AMU-Asian Monotary Union SECONDARY EXCHANGE MARKET Wage Earners Fund/ Export

Performance B	enclit (XPB) I'u	
	Buying	Selling
US Dollar	36.48	36.53
UK Pound	69.57	69.62
Sterling*		To remend
	f Pound Sterlin	
every day, ba	sed on the cross	s-rates of New

York market Source: Sonali Bank

greenbacks due to the central bank's decision since August to supply 500,000 dollars weekly to each bank in the Emtrates. Mr. Al Hamar said this was

The face of determination: After a lifetime on the wheel, this old Nayarhat man still -Star photo puts all his strength and concentration into the next pot.

Markets volatile in NY as Gulfdeadline expires sideliens. This in turn makes

NEW YORK, Jan 14: As the UN deadline for Iraq draws near, fear has taken over from greed as the major force in the market, as traders and analysts try to plot the likely scenarios and plan their own strategies, reports Reuter.

Aside from war, the main word on every one's lips is volatility, with the markets expeeted to climb or dive on each bit of news or hint of a development in the crisis ahead of the Tuesday midnight, deadline for Iraq's withdrawal from Kuwait.

"It will take a lot of stomach in the market to stay calm through Tucsday," said Anthony Karydakis, Schior Financial Economist at First National Bank of Chicago.

Weekend developments appeared to do little to alter the generally pessimistic mood in the markets.

Foreign capital inflows have

been more conductive to the

growth of Asian developing

conomics than official aid.

two experts from the Asian

Development Bank (ADB) said

in a new report released here

Pradumna Rana and Assistant

Chief Economist J. Malcolm

Dowling Jr. wrote in the bank's

semi-annual Asian develop-

ment review that foreign pri-

vate capital has contributed

more than official flows or aid,

to economic growth in Asian

1970s over whether foreign

capital was truly beneficial or

harmful to growth in develop-

ing countries, they said their

studies showed that "foreign

capital flows have contributed

Central Bank on Sunday sought

to assure the public of its ef-

forts to maintain stability in

the country's banking system

amidst rising fears of war in

The organisation's Gover-

nor. Abdul Malik Al Hamar.

said the bank would continue

measures it had adopted after

Iraq's August 2 invasion of

Kuwait when UAE institutions

were faced with panic with-

Bankers have reported a

rush on dollars ahead of the

January 15 United Nations

deadline for Iraq to quit

Kuwait or face war, but said

there was no shortage of

drawals and a run on US dol-

the Gulf, reports AFP.

Noting the debate since the

ADB Scnior Economist

Sunday, reports AFP.

clear last week when US Secretary of State James Baker announced no progress had been made after talks on Wednesday with Iraqi Foreign Minister Taren Aziz.

Baker's statement quickly sent the Dow Jones Industrial average down 80 points while oil jumped 7 Dollars, pushing up its value by nearly one-third in just a few minutes. So skittish are the markets that as soon as Baker uttered

the word "regrettably," prices began to move. "It's going to be extremely volatile and one can come up with 1,000 different scenar

ios," said Stephen Slifer. "My sense is people are trying to get (positions) flat going into this period.' He and others expect many

traders to close out their books and just sit on the

favourably to the growth of the

"While forcign private capi-

tal has contributed to growth

both by augmenting resources,

available for capital formation

and by improving investment

efficiency, foreign aid has con-

tributed only by aiding capital

reduce investment efficiency,

and has sometimes been used

to finance projects which were

"unnecessarily capital inten-

sive." It may have also intro

duced inappropriate technol

that a "stable political and cco-

nomic environment including

realistic financial and ex-

change rate policies" was a

precondition to the inflow of

They also include permit-

ting banks to withdraw from

their local Dirham currency

reserve requirements with the

central bank and maintaining a

policy of free convertability of

the Dirham to any foreign eur-

rency with no amount restric-

tinue imposing penalties for

cope with the rush on deposits

following the Gulf erisis.

The central bank will con-

However, the report noted

Foreign aid has "tended to

formation," they said.

ogy, they added.

foreign capital.

Step to maintain UAE

tions.

Asian developing countries."

Foreign capital better

than aid for Asia

the wild price swings. "It's hard for market partie ipants to make bets at this time. Slifer said.

volume light, which can add to

Any fighting is expected to produce a steep sell-off on Wall The market is down nearly

5 per cent this year," said Alan Ackerman, Executive Vice President at Reich and Co. "I think there's a serious element of the war fear in the market, but we may not have seen the end of it yet."

"No one can really fduge the effect of the shock of war on the market, and the aftershock as it evolves," he added,

Bond market analysts expect investors to race to shortterm US treasury bills. Given their security and short maturities of three months, six months, or a year, they are seen as the perfect investment at times of uncertainty.

The Dollar, meanwhile, is expected to be bolstered by any conflict as international investors look for their own form of security.

Korea to modify stand on trade talks

SEOUL, Jan 12: Bowing to US pressure, South Korea has prepared a modified package of proposals for the Uruguay Round of trade negotiations to resume next Tuesday in Geneva, officials said Friday, reports AP.

Under the new proposals Korca will drop all farm products but rice and possibly bar lcy and soy beans from its list of non-importable farm products and also will scrap its carlier request for a six-year grace period for cutting subsidies or farm products and opening farmanarkets.

Gold & Silver

January 14

	t	
	Gold	(Taka for 11.66 gram.)
bank stability assured	Tejabi	6,800.00
Daily Stability assured	Guinca	6,500.00
COLUMN TO THE REPORT OF THE PARTY OF THE PAR	Silver	200.00
ABU DHABI, Jan 14: The among nine measures to be	Retail prices	
	Source: Directo	orate of Agricultural Mark

HIDES & SKIN (Wet/Salted)

January 14 (Taka per 100 pieces)

dealers who exceed the official Dirham-to-Dollar exchange rate and has urged banks with surplus liquidity to maintain interbank credit with those experiencing temporary shortages.	Calf Light Medium Heavy Very heavy Rejected Goat Big &	15,000.00 — 30,000.00 — 40,000.00 — 55,000.00 — 27,000.00 —	20,000.00 35,000.00 45,000.00 60,000.00 80,000.00 32,000.60
Mr. Al Hamar also promised	hoavy	13,000.00 —	13,500.00
commercial banks the support of local governments in the UAE federation which have in creased their deposits to help the financial institutions to	Light & Medium Rejected Sheep BUI-TELO	7,500.00 — 3,500.00 — 9,000.00 — 62,008,000.00	8,000.00 4,000.00 10,000.00

Source: Directorate of Agricultural Marketing

Taiwan reduces currency reserves in US banks

TAIPEL, Jan 14: Taiwan, holderof one of the world's largest foreign exchange reserves, has cut most of its US Dollar holdings in US commercial banks because it fears the banks could fail in an economic recession prolonged by a Gulf war, Central Bank offi-

The officials said some of the island's reserves had been moved to the US Federal Reserve and some to banks in Europe, Japan and Australia.

Taiwan's foreign exchange reserves Stand at about 73 billion US Dollars of which about 60 billion Dollars are in various currency holdings. The rest is in securities, including certificates of deposit and treasury

About 35 billion Dollars --58 per cent of the currency reserves - have been moved from US commercial banks since late 1990.

The US economy is in more of a shambles than you can understand, and war will prolong the recession, "Central Bank governor Samuel Shich told reporters.

Japan's GNP likely to expand

TOKYO, Jan 14 : Japan's Gross National Product (GNP) is expected to expand 3.5 to 3.6 per cent in real terms in fiscal 1991 starting in April. private estimates showed Friday, reports AFP. The Nomura economic re-

search institute, the research arm of Japan's largest stockbroking firm Nomura Securitics Co. estimated the GNP growth rate in the next fical year at 3.5 per cent.

Sumitomo Bank Ltd. a mafor commercial bank, said the fiscal 1991 Japanese GNP was expected to grow 3.6 per cent.

The bank's estiamte for fiscal 1991 was slower than its projection of 5.4 per cent growth for the gurrent fiscal Japanese companies' capital

investment is expected to slow down in the next fiscal year due to tight credit maintained by the Central Bank of Japan. Sumitomo said. in a bid to head off inflation.

the central bank raised its offictal discount rate by 0.75 point to six per cent a year on August 30.

It was the fifth straight rise in Japan's official discount rate-- the interest on loans to commercial banks.

DCCI condoles Kashem's death

Star Economic Report Dhaka Chamber of Commerce and Industry (DCCI) condoled on Monday condoled the death of A. Kashem, one of its former Presidents, who died earlier in

the day.

The Board of Directors and employees of the Chamber in a condolence meeting with DCCI President in the chair recalled the contributions by late A. Kashem to strengthen the organisation role of Dhaka Chamber for promotion of trade and industry.

A. Kashem died of old age complications. He was the DCCI in its meeting expressed profound sympathics for the members of the bereaved family and prayed for the salvation of the departed soul.

The offices of the Chamber were closed at one p.m. as a mark of respect to the acparted soul.

Rice

Snippets

Oil price jumps in Singapore

SINGAPORE, Jan 14: The price of oil jumped more than two Dollars in a jittery Asian market on Monday as a defiant calkd on Iragis to light until death to hold on to Kuwait, re-

ports Reuter By midday here, Britain's internationally traded Brent blend oil had soared to 27.05 Dollars a barrel for March, up from 24.95 dollars in New York on Friday.

Pindi ready for economic impact

ISLAMABAD, Jan 14: Pakistan began this week preparing for the economic impact of possible war in the Gulf and stepped up security for for eigners living here, officials said, reports AFP.

A high-level meeting chaired by Foreign Minister Sahabzada Yaqub Khan here took stock of petroleum supplies and the possible adverse effect war would have on food prices and of imports and exports, they said.

The officials said the meeting was attended by top offictals in the Defence. Interior, industries and infomation Ministries who reviewed stepped-up protection for foreigners and their property.

Australian oil firm signs pact with Hanoi

HANOL Jan 14: Australia's giant mining group Broken Hill Proprietary Co. Ltd. (BHP) has signed a 25-year contract with the Victnamese government for exploration and explottation of offshore oil and gas reserves, the official press reported Saturday, reports A BHP official signed the

contract here last week with a counterpart from state-run Petrovietnam, the 10th such product-sharing arrangement forged with an overseas oil company since May 1988, according to Nhan Dan newspa-

Under the pact the Australian company will search for oil and gas in lots 120 and 121 off the coast of Central Viet

Asian market lowers for Gulf war fear

HONG KONG, Jan 14: Astan markets ended lower in last week's trading as players stayed on the sidelines amid rising fears of war in the Gulf. reports AFP.

Markets in Japan, Indone sia. South Korea. Singapore. the Philippines and Thailand all lost ground during the weeks as the deadline for Iraq to retreat from Kuwait loomed nearer and hopes of a peaceful settlement of the Gulf crisis recoded.

Singapore stocks slip

SINGAPORE, Jan 14: Singapore stocks slipped during the week as the Gulf crisis loomed large over the market. which saw share prices closing generally weaker in extremely quiet trading, reports AFP.

The market barometer, the straits times industrial index, closed 5.23 points down to 1,175.34 while the Stock Exchange of Singapore (SES) allshare index slipped 3.34 points to 322.44.

Brokers said the market opened the week with investors contented to stay on the sidelines.

(Taka per Kg)

Not Available Not Available

(Taka per Litre)

52.00-56.00

31.00-32.00

60.00-64.00

(Taka Per kg)

12.00-15.00

60.00-68.00

20.00-22.00

15.00-20.00

3.00-3.50

8.00-10.00

6.00-7.00

28.00-30.00

220.00-230.00

Vegetable Ghee 44.00-52.00

Chillies (Local) 60.00-65.00

Price Barometer: Essentials January 14

Retail p	rices
(Taka per Kg)	
17.00-17.50	Meat

Oil Mustard

Soyabean

Coconut

Spices

Gartic

Onion(New)

17.00 17.50
13.50-14.50
13.00-14.00
11.50-12.00
(Taka perkg)
6.007.00
5.00-10.00
15.00-16.00
5.00-7.00
20.00-22.00
4.00-6.00
5.00-8.00
(Taka per Kg)
12.00-14.00
11.50-12.00
9.50-10.00
(Taka per kg)
105.00-125.00
85.00-90.00
54.00-58.00
70.00-80.00
60.00-70.00
70.00-80.00
(Taka per Kg)

Moogh Chhola

Khisari

32.00-36.00

33.00-36.00 26.00---28.00 27.00-28.00 19.00--20.00

Turmeric(Round) 44.00-48.00 (Long) 50.00-52.00 Green chillies Ginger Cinnamon* (10) grams) Cardamom* (10 grams) Jhira (50 grams) Dhanca Miscellaneous Ghoe Mulasses Tea-Dust

18.00 20.00 7.00-8.00 80.00-90.00 (ordinary)

Source: Agriculture Marketing Directorate