

Two Pak banks reduce interest rates

KARACHI, July 12: Two leading Pakistani commercial banks have reduced interest rates following the central bank's directive to slash overhead expenditures, banking sources said yesterday, reports AFP.

Habib Bank Limited (HBL) has lowered the lending rate by two per cent while a privatised Muslim Commercial Bank (MCB) reduced its maximum lending rates by 1.09 per cent.

HBL President Shaukat Tarin said the reduction was possible due to strict measures adopted by his bank to cut expenses.

Tarin said his bank has reduced the mark up rate from 22 per cent to 20 per cent per annum. Further reduction will depend on the movement of market forces and inflation rate in the country, he added.

Pakistan government hired the services of Tarin from the US-based Citibank in April to improve the financial discipline in the state-owned HBL.

The central State Bank of Pakistan (SBP) recently advised commercial banks to cut down expenses, improve management and set up an effective internal audit system in a bid to decrease the mark up rates and increase return on bank deposits.

Prime Minister Nawaz Sharif's five-month-old government has amended the banking company law to speed up recovery of 127 billion (3.17 billion dollars) stuck up loans from defaulters.

Arif Habib, President Karachi Stock Exchange said the reduction in mark up rate will lower the cost of production and improve the profitability of corporate sector.

"It is after a long time that a declining trend in the mark-up rate has emerged" in Pakistan, Habib said adding that if this continued, investment activities would flourish in the country and boost growth in the large industrial sector.

Malaysian analysts welcome trade surplus in May

KUALA LUMPUR, July 12: Malaysian analysts welcomed news of the surprising trade surplus in May, but warned that the figures may not be sufficient to erase fears of a drastic slowdown in the economy, reports AFP.

While it was encouraging to note that exports growth had picked up in May, there were some underlying issues that could affect the annual trade balance, said Desmond Chung, senior analyst at south Johore Securities.

These include worries over higher capital imports, the time lag in the pick-up of the manufacturing sector, the yen's rise which would raise imports value and the strengthening of the US dollar which would reduce exports value.

"It remains to be seen if the exports growth could be sustained for the rest of the year," Chung said.

Deputy Prime Minister Anwar Ibrahim Saturday announced that the country recorded a trade surplus of 156.8 million ringgit (62.7 million dollars) in May, reversing April's hefty deficit of 2.12 billion ringgit.

Asia business briefs

TOKYO, July 12: Fujitsu Ltd, a major Japanese computer maker, said Friday that a European subsidiary will acquire a Portuguese company that sells and maintains telecommunications equipment.

Fujitsu Telecommunications Europe Ltd will acquire a 40 per cent stake in Eletcnico Electronica e Telecomunicacoes SA this month, and will buy all of the company's remaining shares in the year ending March 31, 2000. The total price will be 650 million yen (5.70 million dollars), a Fujitsu spokesman said.

Through the acquisition, Fujitsu plans to strengthen its business ties with Portugal Telecom, the country's largest telecommunications operator, the spokesman said. Eletcnico has close ties with Portugal Telecom, he said.

Fujitsu Ltd is one of Japan's top-ranking computer makers.

BEIJING: China urged rival Taiwan Friday not to block trade with Hong Kong and to accept that the former British colony is under Beijing's control.

China has been "magnanimous" in allowing Taiwan to maintain offices in Hong Kong after the territory's July 1 reversion to Chinese sovereignty, the official Xinhua News Agency said in a commentary carried in most national newspapers.

Permitting such contact benefits both Hong Kong and Taiwan and shows China's commitment to preserving Hong Kong's autonomy under the "one country, two systems" formula, the commentary said.

It added that this should promote reunification between Taiwan and the mainland.

Taiwan and China are ruled by governments whose rivalry dates from a 70-year-old civil war. The two sides have been divided since the nationalists lost the mainland to the communists and fled to Taiwan in 1949.

Xinhua estimated that Taiwan and China passed goods worth \$1.24 billion through Hong Kong last year and that trade among all three totaled 33 billion.

— Source: AP

India's capital market Foreign investment rises by 81pc in June

BOMBAY, July 12: Foreign investments on India's stock exchanges shot up 81 per cent in June over the previous month to touch the highest level for more than a year, the country's capital markets regulator said yesterday, reports AFP.

The Securities and Exchange Board of India (SEBI) said: "Net Foreign Institutional Investments (FII) on the Indian stock exchanges in June were worth 362 million dollars, from 199 million dollars the previous month.

"This is the highest level since April 1996."

SEBI said net FII investments in March were worth 189 million dollars, and 148 million dollars in April.

"It has been the experience over the past four years that FII investments in Indian securities has been driven by relative valuations of Indian markets with respect to other emerging and developed markets and expectations of growth in corporate profits, industrial production and the in the overall economy."

New Delhi opened up the country's stock markets in September, 1992, as part of pro-market reforms begun a year earlier.

SEBI said 462 foreign institutional investors, mostly US and European pension and mutual funds, had been licensed so far.

It added that since 1992 "cumulative net FII investments in India up to July 9 were worth 8.48 billion dollars."

India's trade deficit rises by 20 pc

NEW DELHI, July 12: India's trade deficit increased by 19.86 per cent in dollar terms during 1996-97 as compared with the deficit during 1995-96. The Times of India reported today, says Xinhua.

According to the latest monthly economic indicators issued by the Indian commerce ministry, the trade deficit at the end of the 1996-97 fiscal year on March 31 was 5.442 billion US dollars against a deficit of 4.540 billion dollars in 1995-96.



Former Japanese prime minister, Yasuhiro Nakasone (R), next to former French prime minister, Raymond Barre, speaks at a press conference in Lyons Friday during the second session of the Franco-Japanese forum.

Weekly review of world's major stock markets Raging bull market in New York

NEW YORK July 12: This is not an ageing, but rather a raging bull market, and the steep climb of stock prices is giving Wall Street a case of vertigo, reports Reuters.

Stocks whirled to record highs this past week, lifting the Dow Jones industrial average to within a skip and jump from a magic 8,000 points.

Investors were again in a good mood as they feasted on the first entrees of corporate earnings for the second quarter.

Many of the high-profile companies — Motorola Inc International Paper Co. and Compaq Computer Corp — had pleasant surprises, reinforcing expectations that more companies were waiting in the wings to report upbeat results.

But the market's ascent scared some investors, because stocks have never been so high. The nervousness was evident as the blue-chip Dow's rise stalled just below the 8,000 mark.

Indeed, the world's most closely watched stock index has been blazing, and it has propounded some outrageous numbers for the record books, last October, the Dow topped 6,000. It went on to break through 7,000 in February. This week it closed above 7,900 for the first time.

The Dow rose 35.06 points to 7,921.82 Friday and for the week added 26.01 points.

Even more impressive is that the Dow hovered at 3,000 when the bull market started in 1990.

The market fits the classic definition of a bull market, which is a rise of 20 per cent or more over six to 12 months.

But in this market, stocks have racked up three straight years of 20 per cent-plus gains that can only be classified as the mother of all bull markets.

In the just-completed second quarter, the Dow soared 1,225 points — or 19 per cent, making it the largest advance since March 1987, when it jumped nearly 22 per cent.

So far this year, the Dow is up 22 per cent after rising 26 per cent last year and 33.5 per cent in 1995 on steady economic growth, low inflation and stable interest rates.

On Friday, the government provided more good news about the economy as wholesale prices fell for a sixth straight month in June.

With the strong gains, the strong market has also generated more price volatility. The market's intra-day volatility through the first seven months of this year has averaged slightly more than 2 per cent, which is in the upper range of 1.4 to 2.2 per cent over the past seven years.

Analysts say the market swings may have made investors jittery, but with the Dow nearing 8,000 points, an intraday move of 100 points is not significant in percentage terms.

"Stocks seem to be more volatile, but when you have a 7,500-point Dow, a 100-point swing is just a 1.3 per cent change and that is not huge volatility," said Porter Morgan, investment strategist for Boston-based Liberty Financial Cos.

"Sure, it makes dramatic headlines, and the problem is that with so many of us used to a Dow of 1,000 or 2,000 or 3,000 a 30- or 40-point move seems very large," he said. "It will take some getting used to bigger numbers."

The experts say the high rate of price swings is constructive since it underscores the strength of the market.

The market volatility is unprecedented between 1900 and 1995, the Dow fluctuated in an intraday range of 100 points or more only three times, according to Yale Hirsch, the wall street historian at the Hirsch Organisation.

Last year, the blue-chip index had 38 trading sessions of 100-plus swings, and so far this year, it has moved 75 times.

The market fluctuations have also been exaggerated by massive asset rotation as investors exited one stock group en masse and moved to another with the same gusto.

Analysts say the earnings story will continue to justify the stock market's high levels as long as companies are willing to bite the bullet and make tough decisions.

For example, International Paper Co., which has been struggling for the past year with weak paper and packaging profits, this week announced that it would sell one billion dollars worth of poor performing business and chop 9,000 jobs.

Following the news, its stock soared.

Stocks have also benefited from the continuing flow of cash into mutual funds. Net inflows to stock mutual funds were 18 billion dollars in June, pushing the total so far this year to 110 billion dollars, according to the Investment Company Institute.

But some experts are concerned the so-called "loop" will eventually be broken.

Gold plunged this week to a 12-year low of dollars 315 an ounce.

Tokyo market regains strength Share prices slightly fall in London

TOKYO, July 12: Japanese share prices are likely to retain their firm tone in the coming week amid emerging views that the latest phase of consolidation has all but ended, brokers said, reports AFP.

"Since the Nikkei index did not close below the key support level of 19,500 points this week, investors have already started to look for stocks to buy," a broker at a local securities house said.

The broker said the market regained the strength towards the end of the week thanks to bargain hunting among international blue chips, particularly high-tech issues.

"I think the re-emergence of international blue chip buying has become clear," the broker said.

The key Nikkei average of 225 — selected issues on the Tokyo Stock Exchange eased 75.41 points, or 0.4 per cent, to end the week at 19,892.59, after plunging 2.7 per cent in the previous week.

The broader-topix index of all first-section issues lost 10.78 points to 1,504.39.

The market remained depressed at the beginning of the week, as the failure of a mid-sized Tokyo contractor triggered selling among construction and banking issues.

After staging the first rebound in four trading days on Tuesday, the Nikkei index fell back again on Wednesday on continued sales of construction issues as well as futures-led selling.

But the market held firm for the rest of the week, supported by renewed buying of international blue chips such as car-makers and electronics-makers.

Daily turnover on the first section averaged 332.5 million shares, up from 306 million shares in the previous week. The average daily value of transactions increased to 360.1 billion yen (3.2 million dollars) from 344 billion yen.

Car-makers and electronics firms closed the week higher. Toyota was up 30 yen to end at 3,310 and Honda gained 110 to 3,440.

Sony rallied 190 yen to 9,870 as Fujitsu rose 100 to 1,630 yen. But banks and construction issues were broadly lower. Dai-ichi Kangyo Bank ended down 90 yen at 1,410. Fuji bank shed 50 to 1,540 and Shimizu Corp declined 47 to 622 yen.

LONDON, July 12: Shares here fell slightly this week, in the light of the third successive rate rise in as many months and as economists expected the monetary screws will be tightened further still in the months ahead, reports AFP.

The Fise 100 index of leading shares fell by 13.3 points, or 0.28 per cent, to 4,799.5 points, despite gains on Wall Street and on other European markets.

Dealers on the London Stock Exchange have grown increasingly concerned at the surge in the pound sterling that has gone hand in hand with ever higher interest rates.

The pound has risen by about 30 per cent against the mark since August 1996, the latest surge in sterling has prompted widespread fears that British exporters will encounter a slump in orders, as their goods become relatively more expensive on overseas markets.

Higher than expected inflation data for the month of June that was published early in the week initiated the slide in share prices, the government's target measure of inflation rose to 2.7 per cent from the target figure of 2.5 per cent seen in the previous two months.

Dealers said that the Bank of England was likely to insist on a sharp increase in the British base rate at its monthly monetary policy meeting later in the week.

However, a 0.25 percentage point hike that was unveiled on Thursday was considered to be modest and went some way to allay market fears.

Traders also took heart from comments made by the central bank's monetary policy committee, which voiced its concern over the recent rise in the pound.

Nonetheless, economists predicted that rates would be raised again later in the year, and might hit 8.0 per cent by the end of 1997.

The Woolwich Building Society made its debut on the market Monday, as the latest company to cast off its mutual status in favour of a stock market flotation.

The stock was warmly received by investors at first, but fell back later, in line with the losses across the market. Woolwich shares fell to 298.5 pence from a flotation price of 368.5 pence.

'Nepal's new budget to stimulate business'

KATHMANDU, July 12: Nepal's new budget will stimulate business and benefit the general public, Finance Minister Rabin Nath Sharma said here Friday, reports AFP.

Sharma was talking to reporters for the first time since unveiling a 7.4 per cent increase in expenditure in his 1997-98 budget which he presented to parliament Thursday.

Total spending for the year was set at 62 billion rupees (1.12 billion dollars) by the tri-partite coalition government of the Nepal Communist Party-United Marxist and Leninist (NCP-UML), the right-wing National Democratic Party (NDP) and the pro-India Nepal Sadbhavna Party (NSP).

"The whole budget has been designed for the welfare of the general public," Sharma said.

"To make industry and trade competitive and provide relief to people, I have reduced the rate of sales tax from 15 per cent to 10 per cent," he said.

An additional 10 million dollars has been collected from an additional 19,000 tax payers brought into the tax net this fiscal year," he said.

"To encourage businessmen and business organisations to increase their investment and declare their real income, tax rates have been lower."

Economist Mohan Man Sainju described the budget as "realistic" against the backdrop of the currently unstable political situation in Nepal.

Sharma said that 633 million dollars (56 per cent) of the total budget estimate would be financed from existing and new revenue sources.

A total of 109 million dollars (35 per cent) from bilateral and multilateral foreign grants, and the remaining 282 million dollars from external loans.

"A sum of rupees 102 million dollars will remain as deficit," Sharma said.

US has no objection to lawsuit against Unocal in Myanmar

LOS ANGELES, July 12: Responding to a federal judge's request, the State Department says it has no objections to a private lawsuit against Unocal for its activities in Myanmar, reports AP.

The suit, filed by civil rights lawyers in Los Angeles on behalf of thousands of Myanmar peasants, would hold Unocal responsible for human-rights abuses allegedly committed by Myanmar's government in connection with the construction of a Unocal pipeline.

Unocal, the largest US investor in Myanmar, is a partner with the government in the 1.2 billion dollar pipeline from Myanmar to Thailand.

US District Judge Richard Paez refused to dismiss the suit, ruling in March that the company could be held responsible under US and international laws for abuses by a foreign partner. But in April, Paez sent a letter to the State Department asking whether the suit and a companion case would interfere with foreign policy.

The reply was received Thursday by plaintiffs' lawyers.

Adjudication of the claims based on allegations of torture and slavery would not prejudice or impede the conduct of US foreign relations with the current government of Myanmar, wrote the State Department's acting legal adviser, Michael J. Matheson.

President Clinton has banned new US investments in Myanmar, an action that does not affect existing investments.

The suit alleges that the military government is forcing workers into slave labour and destroying villages in the path of the pipeline. The suit seeks to end the Myanmar-Unocal contract.

Unocal denies the allegations, saying it has monitored payments to workers and settlements of land claims. The company also contends a US court has no jurisdiction over the case.

Anne Richardson, a lawyer for the plaintiffs, said the State Department's response shows "that this is consistent with the policy of the United States and the international community to condemn these kinds of human-rights abuses." She said the letter also supports the view that the dispute can be addressed in a US court.

Kohl's cabinet approves extra borrowing

BONN, July 12: Chancellor Helmut Kohl's Cabinet on Friday approved new borrowing of nearly 18 billion marks (10.3 billion dollars) for 1997, officials said, reports AP.

Many economists say the added debt — part of a revised 1997 budget passed by the Cabinet — will make it difficult for Germany to qualify for the planned European currency by putting its deficit above the limit set for countries that want to be in the single-currency bloc.

Kohl's government, however, insists the extra borrowing will not push Germany past the euro deficit limit.

Germany now expects a deficit of 71.2 billion marks (40.7 billion dollars) this year, compared to 53.3 billion (30.5 billion dollars) in the original 1997 budget, according to official figures.

Along with 1997 spending plan revisions, Kohl's Cabinet on Friday also approved a draft of the 1998 budget, government officials said.

Waigel's 1998 proposal allocates federal spending of 461 billion marks (263 billion dollars), with the most notable increases going toward interest payments, pension fund subsidies and preparations for the government's planned move to Berlin in 1999 and 2000.

Shipping Intelligence

CHITTAGONG PORT						
Berth position and performance of vessels as on 10.7.97						
Berth No	Name of vessels	Cargo	L.Port call	Local agent	Date of arrival	Leaving
J/1	Orionis	Carca	Jedd	Cross	5/7	10/7
J/5	Ocean-1	Transhipcargo	Cal	Cross	29/6	13/7
J/7	Guang Ming	Gl	Dali	Porg	25/6	15/7
J/8	Firas-1	Cement	Sing	Jaycee	25/6	11/7
J/9	Kota Pusaka	Cont	Sing	Pil (BD)	30/6	14/7
J/10	Won Fu	C.Clink	Col	Delmure	2/7	14/7
CCT/1	Kota Berjaya	Cont	Sing	Pil (BD)	27/6	12/7
CCT/2	Lamphun Navee	Cont	Sing	RSL	27/6	11/7
CCT/3	Banglari Robi	Cont	Sing	BSC	30/6	11/7
CCJ	Mashakti	C.Clink	Sing	Api (B)	30/6	12/7
GSJ	Banglari Shobha	Repair	Kara	USC	4/7	20/7
TSP	Ya Mujeer	Sulp	Sarja	BSC	26/6	14/7
RM/4	Ventura	Cdso	Darb	Seacom	3/6	11/7
RM/5	Nidia	Hsd	Mina	MSTPL	4/7	12/7
DOJ	Banglari Shourabh	C.Oil	Para	BSC	R/a	11/7
DDJ/1	Tanary Star	Idle	Para	PSAL	-	10/7
DDJ/2	Barge: Jamuna-V	Repair	Chand	Karna	R/a	15/7
RM/8	Banglari Kiron	Repair	-	BSC	R/a	14/7
RM/9	Zara	Repair	Col	Nishan	2/7	13/7
CUFLJ	Blue North	Cement	Qing	PSAL	3/6	30/7
Vessels due at outer anchorage						
Name of vessels	Date of Last port arrival		Local call	agent	Cargo	Loading port
Caraka Jaya	10/7	Sing		Beeline	GI (Wt. Cement /St Coll)	
Niaga-III	10/7	Sing		OTEL		
Yun Hua	10/7	Mong		Pil (Bd)	Cont	Sing.
M. Regina 29/6	10/7	Sing		ASLL		
Al Salma	10/7	Mong				
Dragon Sentosa	29/6	Col		Baridhi	Cont	Col
Sky Moon	10/7	Busa		Prog	GI	
Diligence	10/7	Sing		QCSL	Cont	Sing
Container 1/7	10/7	P.Kel		Ami	Explosives	
LNT 24/3/7	11/7	Sing		Pil (BD)	(O.Side) Cont	
Sea Elegance 25/6	11/7	Sing		Rainbow	Seeds	Sing
Maritime Faith	11/7	Man		PSAL	Cement	
George	11/7	S.Hai		Bdship	GI/GI	Chin
Feng Qing	12/7	Anna		Litmond	R. Phos	
Euro Liberty	13/7	Sing		BSC	Cont	Sing/Mgl
Banglari Mont 26/6	13/7	Sing				
Andhika	14/7	Yang		Everett	GI(Vehs)	
Tarunaga (48) 29/6	13/7	Yang		Rainbow	R.Seeds	
Danais-P	14/7	Sing		Karna	Empty	
Tug Greenville-168	14/7	Sing		Oil	GI	
Sea Harvest	13/7	Sing		Apil (B)	Cont	
Da Fu 9/7	14/7	Sing		Bdship	Cont	Sing
Lian Sha 15/6	14/7	Sing		AML	Cont	Cal.
Fong Yun 23/6	14/7	Sing		Bdship	Cont	Sing
Meng Kiat 26/6	15/7	Col		AML	Cont	Col
Ultima 02/7	14/7	Mong		Baridhi	Cont	Col
Ocean Falcon	14/7	Adab		litmond	Fert	
Elbe Star 6/7	14/7	Col		Bdship	Cont	Col
Almi	14/7	Sing		Ancient	Wheat(G)	
Qc Pintail 6/7	14/7	Sing		QCSL	Cont	Sing
Tanker due						
Dragon Summit	12/7	-		Rainbow	Cpo	-
British Esk	13/7	Mala		ECSL	Po	-
Vessels at Kutubdia						
Name of vessels	Cargo	Last port	Local call	agent		Date of arrival
Aspilos	C.Oil	Rust		BSL		8/7
Banglari Jyoti	C.Oil	-		BSC		R/A/9/7
Orizont	-	Sing		B.Bay		25/2
Mighty Tide	-	-		B.Bay		R/A/11/5
Ena Supply-1	-	-		B.Bay		R/A/18/7
Smit Lloyd-27	-	-		B.Bay		R/A/9/7
Vessels at outer anchorage						
Ready on						
Vanessa	Cont		Sing	RSL		1/7
Fong Shin	Cont		Sing	Bdship		1/7
Chousun Hope	Cont		Sing	RSL		27/6
Kuanyin	GI		Lian	OWSL		26/6
Standwear	C.Clink		Wall	Litmond		1/7
Al Swamruz	GI		Dali	Litmond		5/7
Sokol	M.Seed		Sing	ASLL		6/7
Padma	Cont		Hald	Seacom		7/7
Violetta	Cement		Sing	RSL		7/7
Ascan Glory	Urea		Dali	PSAL		29/6
Lena	GI (P.Mat)		Sing	ANCL		29/6
Steamer Furute	Cont		Janb	Total		8/7
Kota Bintang	Cont		Sing	Bdship		8/7
Qc Teal	Cont		Sing	Pil(BD)		8/7
Tug Greenville-16	P. Mat		Sing	QCSL		8/7
			Puke	Total		9/7
Movement of vessels for 11.7.97 & 13.7.97						
Outgoing	Incoming			Shifting		
11/07						
J/1	Orionis	DOJ	B.Shourabh	J/9	Kota Pusaka	cct/2
CCT-1	L. Navee	CCT/1	Venessa	Rm/6 S	tandwear	to tap
CCT-2	B. Robi	NCB	Fong shin			
TSP	Ya Mujeer	J/1	Lnt			
RM/5	Nidia	J/6	Kuan in			
DOJ	B. Jyoti	CCT/1	Qc Teal			
		RM/6	Violetta			
12/07:						
J/13	Kota Berjaya	DOJ	B. Yyoti			
J/12	Lena	CCT/3	Fong Shin			
CCT/3	Da Fu	J/13	Freesia			
RM/4	Ventura	J/13				
DOJ	B. Shourabh	CCT/3				
J/1	LNT		Sky Moon			
13/07:						
J/6	Ocean-1	DOJ	B. Shourabh			
			Sky Moon			
RM/14	Firas	RM/4	Dragon			
RM/9	Zara	RM/14	Al Salma			
DOJ	B.Jyoti		Padma			
		J/6	Feng Qing			
			M. Faith.			
The above were the shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.						