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Crashwave sweeps share bazaars worldwide

Compiled from despatches by Star Business Desk

In its worst single-day drop, New York's Dow Jones industrial average tumbled by 550 points Monday in a US\$600 billion sell-off that prompted the stock market to shut down for the first time since safeguards were put in place after the 1987 disaster.

While the crash contaminated the rest of the world, some analysts in New York attributed it partly to panic over East Asia's recent reversals and partly to long-awaited correction to prices that had been soaring irrationally high.

In Asia, Hong Kong led the rout with a 13.7 per cent plunge the next day.

For Japan, the worldwide

stock tumble was the latest in a series of difficulties spanning the 1990s, known as the 'burst of the bubble economy'.

The crashwave caught Europe in similar fashion.

Frankfurt, Germany's financial centre, topped with a 11 per cent dive. London, Europe's financial capital, lost 8.36 per cent. Paris plummeted by seven per cent.

In Amsterdam, the loss was to the tune of 8.7 per cent, while in Russia, trading came to a standstill for three hours.

The greenback suffering its worst drop against the German mark in two and half months and lost its entire day's gain to end flat versus the Japanese yen

and declined to a three-month low against the British pound following the record fall of the Dow.

The degree of stock disaster beat all past records. Dow, the US markets best-known barometer, fell 554.26 points surpassing the 508-point Black Monday crash of 1987 as its biggest drop ever.

On a percentage basis, Monday's 7.18 per cent drop by the Dow only ranked as the 12th biggest ever and didn't come close to the Dow's 22 per cent loss on Black Monday, which marked its 10th anniversary slightly more than a week ago.

Still, the selloff put the Dow's losses at about 900 points

over the past four sessions and 1,100 points since it set a record high at 8,259.31 on Aug 6.

"It's a bloodbath," said Arnold Kaufman, a market analyst at Standard and Poor's. "It scares you because when you get a decline this fast, there's a risk it will keep snowballing."

The stock market's drop amounted to a 600.04 billion dollars loss Monday, shrinking its value to 8,537 trillion dollars as measured by Wilshire Associates.

The Dow's drop triggered two circuit breakers on the New York Stock Exchange that had never been set off since they were put in place after the 1987 crash. The first circuit breaker, at 350 points, closed the market for 30 minutes. The second, at 550, halted trading for the day.

It remains to be seen how much of Monday's selling was fueled by mutual fund investors. Publicly, however, many individual investors portrayed an unflappable facade.

"I wish I had more money to invest," said Helen Ginty, 60, a secretary in New York, asserting that she plans no change in her 225 blue chip stocks.

The mounting financial crisis in Hong Kong has ignited fears about whether global business conditions will be undermined by Southeast Asia's shaky economics, where mounting trade deficits have sent interest rates soaring and local currencies plunging.

But with corporate profits still beating Wall Street forecasts and the US outlook on inflation and interest rates remaining favourable, many analysts concluded that the stock market had taken a turn for the better with this sharp pullback.

"There was no margin for error" at the market's historically high valuations, said Larry Rice, chief investment officer at Josephthal, Lyon and Ross. "It's

very healthy to shake some of this out. We have a very sound economy here. We're going to survive."

And once again, analysts stressed that although plenty of US companies do business in Asia, America's financial health is only slightly dependent on the fortunes of Southeast Asia.

"Exports to the Asian countries affected by the (financial crisis) represents less than 2 per cent of our gross domestic product," said John Shaughnessy, chief investment strategist at Advent Inc. in Hartford, Connecticut.

"I take great heart in the fact that fundamentally, the underpinning of our market is solid," said Shaughnessy. "I still view this as a nasty correction in what still remains a bull market. This is such a highly reversible, emotional event. I feel comfortable that something good will happen and turn things around."

The Standard and Poor's 500-stock index, the standard against which most mutual funds are compared, tumbled 64.65 to 876.99, a loss of nearly 7 per cent.

The Nasdaq composite index, dominated by technology companies that do more business in Asia than most other American industries, also suffered its worst one-day point drop ever, falling 115.83 to 1,535.09.

On foreign markets, the Hang Seng index fell 7 per cent in Hong Kong. Elsewhere Monday, the Nikkei fell 1.9 per cent in Tokyo, Frankfurt's DAX index dropped 4.2 per cent, and London's FT-SE 100 fell 2.6 per cent.

Once again, though, US Treasury bonds bucked the trend as investors sought safer places to put their cash until the equity markets steady. The rise in bond prices pushed the yield on the 30-year Treasury — a key

influence on borrowing costs — fell to its lowest level since early 1996.

Declining issues outnumbered advances by an astounding 16-to-1 margin on the New York Stock Exchange, where volume came to 685.52 million shares, the busiest day ever in the exchange's history.

In Hong Kong, share prices tumbled 13.7 per cent in their biggest fall since the 1980s. The Hang Seng blue-chip index closed 1,438.31 points lower at 9,059.89.

It was the worst single-day drop since the global crash of 1987 and the 1989 military crackdown on protesters in Beijing, which shocked Hong Kong and provoked a 22 per cent plunge.

On Monday the Hang Seng fell 646.14 points, or 5.79 per cent. It has now lost 33 per cent in six trading sessions.

Hong Kong shares were already highly vulnerable because interest rates had risen as the government moved to defend the Hong Kong dollar against speculative attack.

Brokers said investors dumped shares in reaction to the overnight rout on Wall Street, where the Dow Jones industrial average slumped 554.26, or 7.18 per cent, to 7,161.15. It was the Dow's biggest point drop since the 508-point Black Monday crash of 1987.

In Tokyo, the benchmark 225-issue Nikkei Stock Average lost 725.67 points, or 4.26 per cent, to close the session at 16,312.69 its lowest level since July 1995. Shares of exporters which depend on strong sales in the US market, such as Sony Corp and TDK Corp, were untraded at the opening as sell orders overwhelmed buy orders.

In New Zealand, the benchmark NZSE40 capital index crashed 307 points or 12.45 per cent, down to 2,162, by the close

Tuesday after a three-day labour weekend holiday.

Australian share prices tumbled across the board. The Sydney's All Ordinaries Index closed down 177.8 points, or 7.18 per cent, at 2,383.6.

Philippine shares also fell across the board to a record low. The 30-share Philippine Stock Exchange Index dropped 117.16 points, or 6.3 per cent, to 1,740.18, its lowest closing level since the country's two stock markets were unified in 1994.

Elsewhere:

SINGAPORE: The key Straits Times Industrials Index tumbled 7.6 per cent, or 122.87 points, to close at 1,497.03, after earlier hitting a five-year low of 1,486.74.

JAKARTA: The Market's

Composite Index closed down 8.6 per cent, or 42,124 points, at 447,996.

BANGKOK: The Stock Exchange of Thailand index fell 6 per cent or 30.21 points to close at 460.80 in its biggest single-day drop since Jan 31.

TAIPEI: The Taiwan Stock Exchange Weighted Index closed down 452.52 points, or 5.9 per cent, to 7,210.01 points, its lowest level since January.

SEOUL: The Korea Composite Stock Price Index tumbled below the 500-point level and closed at 495.28, down 35.19 points or 6.6 per cent, for its lowest level since 1992.

KUALA LUMPUR: The stock market's benchmark Composite Index plummeted 6.64 per cent, or 46.07 points, to close at 647.32.

Clinton calls for calm

With the US stock market suffering through its worst one-day point loss in history, the Clinton administration stressed that the underlying economy is sound and there is no reason for panic, reports AP.

"We went everyone to just take a deep breath and think about where we are," presidential spokesman Mike McCurry counselled as the market sell-off was picking up steam Monday. "This is a market that has performed amazingly well... so let's just be calm and reasonable."

McCurry's comments at mid-afternoon Monday did not stem the rot, however, as the Dow Jones industrial average fell 554 points before automatic circuit breakers halted trading for the day.

The Working Group on Financial Markets, one of the reforms that grew out of the 1987 crash, was convened for the first time. The group, composed of officials from the Treasury, the Federal Reserve and Securities and Exchange Commission, allows for close coordination

during periods of extreme market volatility.

"Our consultations indicate that the payment and settlement systems and other market systems are working effectively," Treasury Secretary Robert Rubin told a group of reporters hastily assembled on the steps of the Treasury building as night fell Monday.

Analysts saw Rubin's comments as an attempt to reassure small investors that there would be no repeat of the 1987 problem when a flood of sell orders overwhelmed the system and caused panic, especially among small investors, afraid they would not be able to cash out their positions before the market fell further.

Another reform that grew out of the 1987 crash — automatic halts in stock trading — was triggered for the first time.

But Harvard professor Robert Glauber, one of the originators of the circuit breaker approach, said the limits should be expanded to reflect the much higher level of the current Dow.

"Circuit breakers were meant to stop a market in chaos so it could catch its breath," he said in an interview Monday night. "Today proves they should be set wider than they are now."

Monday's correction could prove beneficial, some analysts suggested, by removing some froth from financial markets and addressing a concern first raised by Federal Reserve Chairman Alan Greenspan that "irrational exuberance" could be driving the market to levels not justified by economic fundamentals.

Many analysts predicted that the market drop would keep the Fed from raising interest rates for the rest of this year for fear of being blamed for more market instability.

"If the market settles down and doesn't continue to plummet, this could turn out to be a blessing in disguise," said Lyle Gramley, economist at the Mortgage Bankers Association and a former Fed board member.

Into the web pages too

The downward spiral of stock markets around the world sent people scurrying to the computers, clogging online financial news sites and trading centers, reports AP.

At TheStreet.com, a financial news site on the World Wide Web, editor-in-chief Dave Kansas said Monday that traffic was so heavy that some subscribers were sent messages warning that too many users were online.

"That's never happened before," he said, adding that the traffic surge started last week when currency instability from Southeast Asia spread to Hong Kong.

The Dow Jones industrial average closed at 7,161.15, in the hole 554.26 points — the worst single-day point drop ever.

A spokesperson for MSNBC, who requested anonymity, said the computers serving the news organization's Web pages "have been toasting today."

"They've been sluggish because of increased traffic," the spokesperson said, adding that it was busier today than when Princess Diana died on Labour Day weekend.

Brendan Amyot, chief financial officer for TheStreet.com, said they had a 50 per cent increase in traffic over their usual 120,000 visitors a day. Gregg Bishop, director of technology, said it was likely Monday would be their biggest day ever.

Tom Taggart, a spokesman for Charles Schwab and Co., said their online trading service "did pretty well" and worked at high volume Monday. There were a couple of slowdowns, he added.

"But people who do business with Schwab have various ways of doing business with us," he said. "If they could not execute a trade online, they had the option of calling."

Task force soon to meet demands of tea industry

The government will form a task force soon to meet the demands of the country's tea industry, Commerce Secretary Sayed Alamgir Farouk Chowdhury said.

He was speaking at the luncheon meeting of Bangladesh Cha Sangsad (BCS) yesterday, says a press release.

He said the government has given due attention to some issues including recognising tea as an export-oriented industry and 99 years lease of tea garden lands.

BCS Chairman, A Q I Chowdhury said after a decade of depressed price and continued loss, the tea industry is finally enjoying a good year due to strong world-wide demand.

During 1996-97, the industry exported 25,387 m.kg of tea compared to 21,428 m.kg exported in 1995-96, an 18.47 per cent increase over the previous year, he said.

Exports from EPZs rise by 28.44pc in 3 months

The enterprises of the Bangladesh Export Processing Zones exported goods worth about 150 million US dollars equivalent to Tk 6900 million during the first quarter for the current fiscal year, says a press release.

During the corresponding period of the last fiscal year, the export earning was 107 million dollars. This shows an increase of 28.44 per cent.

Of the total export earnings, the share of the Chittagong Export Processing Zone stands at about 109 million dollars and that of the Dhaka EPZ nearly 41 million dollars.

The exported items include electronics and electrical goods, textiles, leather goods, fishing reel and golf shaft, metal products, garments and its accessories, caps, tents, toys, terry towel, plastic goods and paper products.

A total of 76 industries are now in operation in the Chittagong Export Processing Zone with an investment of 201.69 million US dollars (Tk 9277.74 million). Another 53 industries are under implementation. With the commissioning of all the industries in CEPZ, the total investment in the Zone will stand at about 347 million dollars (Tk 15962 million).

At present 28 industries are operating in the Dhaka Export Processing Zone with an investment of about 63 million dollars (Tk 2898 million). Another 40 industries are in implementation process.

About 41 thousand Bangladeshis are working in CEPZ and nearly 18 thousand in DEPZ.

Dhaka to receive Tk 37cr food aid from Australia

Bangladesh will receive more than Tk 37.10 crore (11,287,000 Australian dollar) as Food Aid grant from Australia for the current fiscal year for purchasing 50,000 metric tons of wheat, reports UNB.

The wheat will be shipped in early November and utilized for Rural Development (RD) and Vulnerable Groups Development (VGD) programmes in Bangladesh.

To this effect, a memorandum of understanding (MOU) was signed between Bangladesh and Australia. Masihur Rahman, ERD Secretary and CH Stuart, Australian High Commissioner in Bangladesh, signed the MOU on behalf of their respective governments.



New tabards for Emirates stewardesses — chic, comfortable and functional (left) and new uniforms for cabin crew and ground service staff.

Emirates unveils new uniforms

Emirates unveils a brand new range of uniforms from yesterday for its 4,000 staff, says a press release.

The uniforms, designed by famous French couturier Paco Rabanne, will be worn by Emirates flight crew, cabin crew, ground staff and engineering staff.

Sheikh Ahmed Bin Saeed Al Maktoum, Chairman of Emirates, said: "Emirates has evolved from a small, unknown carrier to one of the world's most successful airlines. Our new uniforms convey the message of a youthful, dynamic and stylish carrier, that has often been described as a designer airline. Just as we did with the former range, the main objective is to provide our staff with uniforms that they can wear with pride."

A major change is the male cabin crew's uniform ensemble will no longer include the caps and rank markings. The idea is to move away from the military look to a more customer-oriented image.

DSE council poll Dec 18

By Staff Correspondent

The Dhaka Stock Exchange (DSE) yesterday declared the election schedule for its policy making council which will be in charge for the next two years.

DSE press release said the election will be held on December 18 from 10 am to 5 pm and the result will be declared immediately after counting of votes.

According to the election schedule final voter list will be published on November 6 and nomination paper will be invited on November 8.

The last date for submission of nomination paper was fixed on November 26. The final list of the candidates will be published on the same day. Nomination paper can be withdrawn before December 2.

The press release also said that if the election could not be held on the scheduled date due to any unforeseen or unavoidable circumstances then it will be held on December 19 at the same time and venue keeping all other programmes unchanged.

Any person in default in payment of any dues of the exchange will not be on the voter list, it said.

Exchange Rates

The following are the Sonali Bank's dealing rates (BD Tk for one unit of Foreign Currency) to public as on 28/10/97.			
Buying			
TT Clean	OD Sight Export	OD Transfer	OD Bill
US Dir	44.8350	44.6545	44.5580
GB Pound	74.6116	74.3112	74.1506
D Mark	25.9290	25.8246	25.7688
F Franc	7.7108	7.6798	7.6632
C Dir	31.6389	31.5115	31.4434
S Franc	31.5427	31.4157	31.3478
JP Yen	0.3682	0.3667	0.3659
Selling			
Name of Currency	T.T. & O.D.	B.C.	
US Dollar	45.2105	45.2505	
GB Pound	75.8489	75.9160	
D Mark	26.4243	26.4477	
F Franc	7.8562	7.8632	
C Dollar	32.2359	32.2645	
S Franc	32.1493	32.1774	
JP Yen	0.3791	0.3799	
A) TT (DOC) US Dollar Spot Buying Tk. 44.7447			
B) Usance Rate			
30	60	90	120
Days	Days	Days	Days
43.742	44.006	44.269	44.533
C) US Dollar sight export bill 3 months forward purchase. Same as OD sight export Bill buying rate.			
The following are the Janata Bank's dealing rates (BD Tk for one unit of Foreign Currency) to public as on 28/10/97.			
Buying			
Name of Currency	TT Clean	OD Sight Export	OD Transfer
US Dir	44.8350	44.6506	44.5410
GB Pound	74.6102	74.2946	74.1123
D Mark	25.9285	25.8188	25.7555
FR Franc	7.7107	7.6780	7.6592
JP Yen	0.3702	0.3686	0.3677
C Dir	31.6361	31.5022	31.4249
S Franc	31.5421	31.4087	31.3316
Selling			
Name of Currency	T.T. & O.D.	B.C.	
US Dollar	45.2115	45.2510	
GB Pound	75.8263	75.8932	
D Mark	26.4086	26.4321	
FR Franc	7.8516	7.8586	
JP Yen	0.3795	0.3798	
C Dollar	32.2148	32.2432	
S Franc	32.1305	32.1588	
Janata Bank's selling and buying rates in cash currency for public:			
Selling			
Buying			
US Dir	45.7000	45.1000	
GBP	74.8300	72.8300	
SRiyal	12.1000	11.8000	
Uae DH	12.1500	11.7000	
KUW DI	147.5000	142.5000	

UAE to base its future economy away from oil

ABU DHABI, Oct 28: The United Arab Emirates will base future economic development away from oil and on industrial development, which has so far lagged behind expectations, top government officials said yesterday, reports Reuters.

"It is confirmed government policy to build upon the progress already made in terms of reducing the dependency upon oil through a policy of controlled diversification," said Sheikh Sultan Bin Khalifa Al-Nahayan, Chief of the Abu Dhabi Crown Prince's Court.

Economy and Commerce Minister Sheikh Fahed Bin Sultan Al-Qassimi echoed his comments at an investment conference, singling out industry as the future engine for growth.

41-nation confce on child labour opens in Oslo

OSLO, Oct 28: More than 100 million children under age 15 work full-time, often in dangerous, exhausting jobs that leave them with barely enough time to eat and sleep, much less play and go to school, reports AP.

A 41-nation congress opened Monday in Oslo with the aim of breaking the chains that bind them to that toil. But some of those children, meeting separately in Oslo, worry that clamping down on child labour means they will end up going hungry.

In opening the four-day conference, Norway's Minister of Development and Human Rights Hilde Frafjord Johnson recognized the dilemma many poor families face in the developing world.

Addressing child labour is not only a question of political decisions and appropriate legislation but even more of fighting poverty and promoting positive social change," she told the delegates gathered at an Oslo hotel.

The two-part conference was called by Norway, in cooperation with the United Nations Children's Fund and the International Labour Organization, in hopes of drawing up a plan of action.

On Monday and Tuesday, experts were meeting to discuss recommendations. Then government ministers from most of the 41 nations will gather Wednesday and Thursday to discuss political measures to put the recommendations into effect.

According to an ILO study, at least 250 million children between the ages of five and 14 work, nearly half of them full time. About 61 per cent are in Asia, followed by 32 per cent in Africa and seven per cent in Latin America, according to UNICEF.

For many children, the work is dangerous, demeaning and exhausting, including work in mines, as prostitutes or as household help in slave-like conditions.

Child workers from 16 nations, at a separate meeting, were split on whether such work should be allowed.

"People should get together to fight against poverty, and not against us, the working children," said 14-year-old Rosemary Portilla of Peru at a weekend news conference.

"We can't stop child labour, but we have to improve the conditions for child workers," said Dibou Faye, a 14-year-old housemaid from Senegal.

Lidja Pereira da Silva, one of roughly 3.5 million working children in Brazil, said she went to work at age 10.

"I didn't want to start work at that age and I wouldn't want my children to," the 15-year-old said. "In Brazil, poverty is part of everyday life. Because of this, we children are forced into slave-like jobs."

Save the Children arranged the separate Oslo meeting because it believed child workers themselves had too little voice at the main conference, said the group's spokeswoman Tracey McGeagh. There are four working children at the main Oslo conference, she said.

At the main meeting, ILO official Assefa Bekele said policies must allow children to get a basic education and to have some of the pleasures of youth.

We dream the same dream, of a world where children are at school and not at the work site, doing homework and not building homes, and on the playing fields and not in the mines," Bekele said. "We are committed to the goal of total and eventual elimination of child labour."

Countries participating in the conference were Angola, Austria, Australia, Bangladesh, Belgium, Benin, Brazil, Canada, Chile, Colombia, Denmark, Egypt, Ethiopia, Finland, France, Germany, Guatemala, India, Indonesia, Italy, Jamaica, Japan, Mali, Mozambique, Nepal, Netherlands, Nicaragua, Norway, Pakistan, the Philippines, Portugal, Senegal, South Africa, Spain, Sweden, Switzerland, Tanzania, Thailand, the United Kingdom, the United States, Vietnam.

Compaq announces record sales

Compaq Computer Corporation (NYSE:CPQ) recently announced record worldwide sales of 6.5 billion dollars for the third quarter ended September 30, an increase of 31 per cent compared to the third quarter of 1996 and a 56 per cent unit growth for the same period, says a press release.

Net income increased by 54 per cent to a record \$62 million US dollar or \$7.1 per share, excluding a \$44 million or \$0.66 per share non-recurring charge for merger related costs.

Net income after the non-recurring charge for the merger related costs was \$17 million dollars or \$6.65 per share.

"Our outlook continues to call for a strong fourth quarter performance, with a healthy outlook for 1998," said Pfeiffer, President and CEO of the company founded in '82.

Compaq products are sold and supported in more than 100 countries through a network of authorized Compaq marketing partners.

Qatar Airways resumes Dhaka flight

Qatar Airways resumed its flight operation to Dhaka on Monday after a gap of six months, says a press release.

The flight was received at the Zia International Airport by senior officials from Civil Aviation Authority of Bangladesh (CAAB) along with the management of Qatar Airways GSA Oryx Aviation Ltd.

The once a week frequency which operates every Monday from Dhaka to Doha will increase to twice weekly from December next with convenient connections to Middle East and London.



Newly elected office-bearers of Bangladesh Automobile Assemblers and Manufacturers Association. Abdul Matlub Ahmed, Chairman and MD of Nitel Group has been reelected President of the organisation.

Seminar on rural transportation system opens

LGRD and Cooperatives Minister Zillur Rahman has said Bangladesh has a unique need for rural transport infrastructure and services for attaining rapid economic growth, reports UNB.

An adequate and efficient transport system is a basic requirement for both initiatives and sustainable economic development," he said inaugurating a seminar on "Rural Transportation System" at the LGED Bhaban at Agargaon in the city yesterday.

The Minister said development of rural infrastructure has positive contribution for poverty alleviation by indirectly generating income.

Experts from UK, Zimbabwe, Malawi, Thailand, Kenya, Switzerland, Laos, Netherlands, Indonesia, USA, Philippines, Norway, Sri Lanka and Sweden are taking part in the seminar.

LGED Chief Engineer QI Siddique said for the current Five Year Plan period (1997-2002) development of 600 growth centres, 700 km feeder roads and 1000 km of bridge and culverts are planned.

Pak central bank sees better economy

KARACHI, Oct 28: Pakistan's central bank yesterday underlined better prospects for the country's economy during the current fiscal year to July 1998 after a nosedive 3.1 per cent growth last year, says AFP.

The prospects for agricultural growth are good, industrial recovery seems to be under way and the government's bank borrowing for budgetary support is within the target, the State Bank of Pakistan said in a report.

The previous fiscal 1996-97 ended June 30 was "one of the most difficult and disappointing years" in the economic history of Pakistan, the report said.

According to the review the macroeconomic targets set by the government of Prime Minister Nawaz Sharif for 1997-98 "are more realistic," compared to those in 1996-97 during the rule of his predecessor Benazir Bhutto.

Pakistan's foreign exchange reserves are at a "reasonable level" and will further improve after this month's approval of 1.6 billion dollars in loans by the International Monetary Fund, the report said.

The World Bank has also assured additional support.

Government officials have said the reserves now stand at more than one billion dollars.

Sharif, who succeeded Bhutto in February, has targeted economic growth at 5-6 per cent, inflation at 9 per cent and current account deficit at 5.3 per cent of gross domestic product (GDP).

BCIC receives interim dividend from RPR

Rhone Poulenc Rorer Bangladesh Ltd (RPR) has handed over the share of 20 per cent interim dividend of Taka 36,72,000 to Bangladesh Chemical Industries Corporation for the year 1997, says a press release.

A K M Shamsuddin, Managing Director, RPRBL, handed over the dividend cheque to M Anwarul Hoque, Chairman of BCIC in a simple ceremony held at BCIC Bhaban.

Mirza Abdul Matin, Finance Director, BCIC and H Waheed Imam, Finance Director, RPR of Bangladesh were present on the occasion.

BCIC holds 40 per cent equity of Rhone Poulenc Rorer (BD) Ltd on behalf of the Government of Bangladesh.