

Thai forex reserves fall

BANGKOK, Aug 8: Thailand's foreign exchange reserves fell by 700 million US dollars to 26.8 billion dollars as of July 31 from the previous week due to the central bank's settlement of forward contract obligations, reports Xinhua.

The Bank of Thailand said in a statement available yesterday that net forward obligations declined by 900 million dollars to stay at 11.3 billion.

Reserve money, comprising notes and coins in circulation plus deposits of financial institutions at the central bank, increased by 3.7 billion baht (92.5 million dollars) over the period to 448.1 billion baht (11.2 billion dollars).

The statement said reserve money rose on cash demand by the public, but deposits of financial institutions at the central bank declined as they needed to make their provisional reserves for the period between July 23 and August 7.

As of July 31, the central bank's net obligations to the government amounted to 13.1 billion baht (327.5 million dollars), down from 25 billion baht (625 million dollars) the week before.

Meanwhile, the central banks net claims on financial institutions rose 16.5 billion baht (412.5 million dollars) to 133.4 billion baht (3.34 billion dollars).

The statement said the domestic liquidity was tight in the beginning of the week to July 31 but eased later.

The overnight repurchase rate dropped from a range of 10 per cent to 11.13 per cent per year on July 24 to a range of 8.75 per cent to 11.375 per cent on July 31.

Stocks fall in London

LONDON, Aug 8: The London market was dragged lower by the global stocks sell-off that followed a sharp downward correction on Wall Street, despite an upturn at the end of the week, says AFP.

The FT-SE 100 index of leading shares fell by 156.6 points, or 2.68 per cent, to close at 5,680.4 points.

After the biggest fall on the US market so far this year Tuesday, the London market mirrored Wall Street for the rest of the week, paying scant regard to development at home.

A decision by the Bank of England to leave its base rate unchanged at 7.5 per cent had almost no impact on trades. Analysts have not ruled out another possible rate rise in the current cycle of tighter money.

Economic reports here continue to point to a slowdown of the British economy, thereby suggesting that inflationary pressures will ease in the coming months.

The Confederation of British Industry, for example, said that retail sales grew by the slowest rate in three years last month.

Next week, attention will focus on British unemployment figures and average earnings data, that have been seized on by the monetary authorities as the biggest threat to inflation here.

Analysts now wonder whether British interest rates have reached a peak, or whether the central bank will tweak rates higher once more.

Several leading British companies published interim figures this week.

Natwest appeared to be enjoying the benefits of its strategic retreat to retail banking, but Barclays results disappointed the market.

Natwest ended the week at 1,180 pence a share, up 120 pence, while Barclays ended at 1,660 pence a share, down 90 pence.

British Airways shares came under pressure ahead of its quarterly results on Monday, ending 30 pence lower at 591 pence a share.

LONDON, Aug 8: Reform of a loan system to Brazilian coffee growers brought coffee prices back to a boil this week, as authorities freed up cash to improve home stock levels, thus cutting future supplies on the export market, reports AFP.

Dealers hoped that the measures would bring Brazilian exports into line with Association of Coffee Producing Countries guidelines, at nine million sacks.

Brent North Sea crude prices meanwhile fell further amid a gloomy fundamental outlook of plentiful supply and demand that has been seriously undermined by Asia's economic meltdown.

Renewed tensions between the United Nations and Iraq failed to bolster investor confidence, and the same applies to steps taken by the Organisation of Petroleum Producing Countries (OPEC) in July to cut back on runaway output levels.

GOLD: Cold. Prices fell sharply this week in the wake of a strong dollar, to 286.35 dollars in ounce, down 3.4 dollars.

Investors now fear that the yen's slide against the dollar will result in the Chinese yuan being devalued, further reducing demand for commodities in Asia, traders are already switching from gold to dollars.

Australian and South African producers, who have seen their own currencies dip recently, continued to sell, adding to supply.

SILVER: Dull. Like gold, silver was affected by the strong dollar, trading at 5.42 dollars an ounce on the London billion market, down 12 cents.

Investors were waiting for

Web-site launched

DSE praised for reforms, automation

Star Business Report

Finance Secretary Dr Akbar Ali Khan praised the DSE for substantial progress in reforms but expressed dissatisfaction over failure to expand its membership.

He said the DSE's progress in carrying out the reforms made US\$ 40 ADB loan available.

"But much more needs to be done for getting the second tranche of the US\$ 80 million," Akbar Ali Khan said, speaking as special guest at the launching of DSE website.

He said the market was not responding due to lack of relevant institutions in the country.

The market would start responding once these institutions begin operation.

He also assured that the government would work with SEC officials in bringing the merchant banks and mutual funds into the market.

Principal Secretary to the Prime Minister SA Samad, who was chief guest, said asymmetry in information was the main reason for the 1996 share market debacle.

"Those who had more information took the fruit of the 1996 market. And those who had no access paid the price,"

Samad said. "We are happy to see that the DSE is coming up with the web-site and automation to remove this asymmetry."

He also said a strong capital market is necessary for providing long-term finance for industrialisation.

Earlier, DSE Chairman Rakibur Rahman briefed them about the automation and the progress of reform work.

In 1996, he said, this market "beyond anyone's control". About 20,000 investors used to trade shares on the streets. These investors had no idea

about share market and they lost their savings, he said.

Farewell to cryout system

The country's 54-year-old bourse will have its last 'cryout' trading today. The Dhaka Stock Exchange (DSE) will abolish its floor by starting its formal automated trading from tomorrow.

Shares of all the listed companies would be traded through computers. The screen-based on-line trading will formally begin on August 13 through a ceremony to be attended by 2500 guests.

Florida cancels all business deals with Swiss banks

NEW YORK, Aug 8: Florida has decided to cancel all business deals with the big Swiss banks currently at an impasse in negotiations with Jewish groups over holocaust-era assets, the World Jewish Congress said yesterday, reports Reuters.

A WJC spokesman said that Florida State Treasurer Bill Nelson informed the organisation that as of Sept 1, the state would cancel business transactions with these firms unless a fair, adequate and timely settlement is reached.

In a July 28 letter to Florida's state board of a administration, made available to the agency, Nelson called for developing "a strategic plan to dissolve and replace our contractual relationships with the Swiss financial institutions and possibly our equity holdings in Swiss companies if the impasse in negotiations continues."

About 20 states including New York and California, and more than 30 cities have approved slapping sanctions on the big Swiss banks, the banks' negotiations with the WJC and other Jewish groups broke down last month, with the banks offering 600 million dollars to settle claims and the Jewish side asking for a settlement of 1.5 billion dollars.

On Thursday, Kansas City, Missouri, became the latest city to impose sanctions on the Swiss banks when its Mayor and City Council voted to remove any city funds held in Swiss banks.

A new study by the WJC estimates that the current value of looted Jewish gold and other assets held in Switzerland during World War II would be worth 19 billion dollar at today's market value.

UK trade minister arrives in Hanoi Monday

HANOI, Vietnam, Aug 8: British Trade Minister Brian Wilson and a group of top businessmen arrive Monday for a three-day visit during which a number of contracts are expected to be signed, says AP.

Local press reported Saturday that the deals would total more than two billion dollars including a 1.8 billion dollar project to exploit gas in the Nam Con Son basin off Vietnam's southern coast by an international consortium led by British Petroleum.

Others include a 200 million dollars project to develop a telephone network for Hanoi by Cable and Wireless and a 16 million coastal safety and risk-avoidance system under British Overseas Development Assistance.

Wilson is expected to meet a deputy prime minister and have talks with various ministers.

India unveils measures to speed up privatisation

NEW DELHI, Aug 8: India's coalition government has unveiled new measures to speed up public sector privatisation including a sharp hike in the ceiling on equity shedding in state-owned companies, reports said today, reports AFP.

According to the Business Standard daily, the steps approved by the Cabinet on Friday will allow the sale of up to 74 per cent of equity holdings in state firms — compared to the previous cap of 51 per cent.

The Cabinet also decided that the share issue price should in future be determined by the market, previous public disinvestment proposals have favoured on the government's insistence on a fixed issue price and size.

The government also confirmed that privatised firms would be freed from ministerial management.

The nationalist-led coalition favours an overhaul of state-run firms, but wants to maintain a degree of protectionism, arguing that some Indian companies need more time to modernise before being faced with overseas competitors.

New Delhi's sell-off of state-owned firms has had a rough ride, with the government realising only 10 per cent of its 1.4 billion-dollar sales target for the fiscal year ending March 1997.

State-run companies continue to dominate the economy, spanning such sectors as telecommunications, aviation, defence, shipping, banking, insurance and power.

The sharp sell-off plan, initiated by the Congress government in 1992, has been slammed by opposition groupings, especially the Communists, who have argued that it would lead to job losses and

land, agricultural exports and foreign exchange, and cuts in red tape for foreign investors.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Foreign institutional investors withdrew more than 400 million US dollars from the stock markets in India in May and 1.2 billion US dollars in the first week of June, thus reducing total reserves including gold to about 27.6 billion US dollars on June 12.

Transport strike cripples Karachi

KARACHI, Aug 8: Public transport remained off roads Saturday in the southern port city of Karachi in a protest against a recent 25 per cent increase in petrol prices, says AP.

The one-day strike paralyzed most trade and business activities, witness and police said.

Irshad Hussain Shah Bukhari, a leader of a bus, truck and taxi owners' group in Karachi, says an increase in petrol rates is unjust in the wake of declining oil prices in the international market. Bukhari threatened to call another protest if the government failed to respond to owners' grievances.

Prime Minister Nawaz Sharif's government, hard pressed by international sanctions for its nuclear tests in May, raised oil prices last month to boost revenues.

A group of protesters also started a hunger strike in front of the Karachi Press Club to press the government to revise its decision.

The city of over 10 million people depends mainly on private public transport. The state-run Karachi Transport Corporation closed down a few years back due to losses and corruption.

In recent weeks, there have been a series of strikes all over the country by traders, small businessmen and shopkeepers against Sharif's economic policies.

WB finances urban property rights project in Peru

WASHINGTON, Aug 8: The World Bank yesterday approved a 38 million US dollar loan to implement a programme that aims to assure formal and sustainable rights to real property in poor settlements in Peru's urban areas, says Xinhua.

It is estimated that in these areas, 70 per cent of all urban properties are not formally inscribed in the registry, denying the owners of these properties — poorer urban dwellers — the social and economic benefits of ownership.

The loan will be used to finance the majority of the registration of 850,000 properties, of which 800,000 will be individually titled. The formalization process will cover an estimated 4 million people, one-quarter of the total population, who live near the poverty line.

The project will also improve the existing process of collecting and analysing legal and special ownership information to support the scaling up of the formalisation process.

Chile's exports to Asia drop

SANTIAGO, Aug 8: Chilean exports to Asia reduced by 30.3 per cent to 2.16 billion US dollars in the first six months of this year, compared with the same period last year, says Xinhua.

Chile's central bank statistics show that although Japan remained the top destination for Chilean products in the region, Chilean exports there dropped by 22.6 per cent to 1.09 billion dollars, while its sales to South Korea amounted to 219 million dollars, down 60.1 per cent.

But Chilean imports from Asia during the period rose by 23 per cent. Japan, the biggest trade partner, exported 557 million dollars worth of products to Chile, 28.3 per cent increase over the same period of 1997, followed by South Korea with an 18 per cent export growth, to 302 million dollars.

Chinese exports to Chile show the biggest increase of 53 per cent to a total of 371 million dollars.

On the Chicago board of trade, wheat (27.2 kilos for September) fell two cents to 2.51 dollars a bushel. Maize (25.4 kilos for September) lost 10 cents to 2.10 dollars a bushel.

Meanwhile the Australian wheat board is protesting against US aid of 500,000 tonnes of wheat for Indonesia, a major Australia client.

On the European market, prices stabilised after the good weather in Northern Europe improved wheat growing conditions. However, because of weeks of rainy weather, analysts are unsure of wheat quality the grain will be.

COTTON: Flat. Cotton prices fell after an international cotton advisory committee report, but rose to end unchanged from the previous week at 68.15 cents a pound on the cotton outlook index.

The ICAC report predicted a major rise in Chinese exports will compensate for lower world production, estimated at 86.1 million bales in 1998-99, down from 91.2 million bales in 1997-98.

China is set to liberalise cotton prices next year.

WOOL: Frayed. Demand remained very low for wool and investors looking to buy were left unhappy by the Australian government's decision to intervene and freeze its stocks.

In low volume trading, only 72.8 per cent of 103,094 bales on offer in Sydney, Melbourne and Fremantle were bought.

The Australian wool exchange index closed 44 cents lower at 5.59 Australian dollars a kilo in Sydney.

Britain's wooltops index was unchanged at 305 pence a kilo.



Mohammad Ali Talukder (First-R), Managing Director of Provai Insurance Co. Ltd, hands over a cheque against a Motor Claim to Md Wahidur Rahman, First Assistant Vice President of Dhaka Bank Ltd Recently.

Economic slowdown gets hold on Vietnamese growth

HANOI (Vietnam), Aug 8: Vietnam's fast-growing economy is slowing fast. Foreign investors are looking elsewhere amid fierce competition for a shrinking pool of money. Unemployment is rising and exports falling. Hoarding of dollars continues unabated, reports AP.

And an increasingly nervous government that depends on tight-fisted control is finding that while it can regulate its exchange rate, it doesn't have much power to improve the economy any time soon.

The state bank allowed the dong to depreciate by about 7 per cent Friday, its third decrease since the Asian economic crisis began 13 months ago.

The gradual cuts have been aimed at avoiding the sharp plunges in currency values that hit neighbouring countries like Indonesia and Thailand so hard.

But just as with each previous devaluation, the latest one failed to generate much excitement. Although the government insists that each devaluation will be the last, few people believe it.

Every official effort to coax or force people to convert their dollars into dong has failed to free up the billions of dollars in cash that analysts estimate businesses and individuals have stashed away. Vietnamese have long used dollars as a hedge against inflation, and the greenback still serves as a parallel currency.

People don't have much faith that the dong has bottomed out. With the supply of dollars drying up for foreigners — they're still available for local enterprises — businessmen often bypass banks and arrange their own informal currency exchange over the phone.

Western bankers and some economists have been calling for a sharp devaluation of the dong for months, noting that the regional crisis provides the perfect face-saving excuse for a shrinking pool of money. Unemployment is rising and exports falling. Hoarding of dollars continues unabated, reports AP.

The government has insisted that no major devaluation is pending because it worries about higher inflation and the increased costs of needed imports and payments on its dollar-denominated foreign debt.

Although Vietnam says it hasn't been hit as hard as other Asian countries, it's hard to tell for sure because many economic figures, including the national budget, are state secrets, with leaks punishable by jail.

A Labour Ministry official briefed reporters Thursday on the unemployment situation but had no estimates of the current jobless rate or how many people have been laid off this year. He said the ministry relies on an annual survey of businesses that is under way now.

The inability to deal with the currency problem and the rest of the fallout from the regional problems has top officials trying to reassure potential investors that they are undertaking real change to jumpstart stagnating reforms that started a decade ago.

But even local businessmen are getting tired of hearing mere promises.

Some are so battered and frustrated that they talk about increasing protectionism, which would directly clash with the country's goal of joining the World Trade Organisation as soon as possible.

Realising that things are likely to get worse before they

get better may make the government pragmatic enough to really start slashing through the red tape that bedevils every businessman.

But Vietnam's troika leadership system of prime minister, president and Communist Party leader relies on consensus, making quick, decisive action difficult. And with no good blueprint for a communist country switching to capitalism without also changing its leadership, cautious steps are likely to continue.

In addition, the National Assembly, which is supposed to be writing clear, concise revisions of often contradictory laws, won't meet again until October.

One sign of whether Vietnam is serious about opening up more to the world will come next month when officials hold a sixth round of talks with the United States on a bilateral trade pact. Such a deal is considered a stepping stone to WTO membership.

In the meantime, there are ominous hints of some anti-foreigner backlash as the government tries to find someone to blame.

A government newspaper recently issued a commentary on foreign operations that criticised everything from the relatively high salaries paid to foreign staff to the large advertising budgets that foreign companies use to develop product loyalty.

Such complaints have been leveled against Procter and Gamble, Coca-Cola and others — which are portrayed as brutally forcing out their local joint-venture partners — because the costs eat into the immediate profits that the Vietnamese investors expect.

amid lacklustre dealing which has been hit by the fall in the value of the yen against the dollar, reducing demand from Asia.

Three-month prices fell by 205 dollars to 4,162.50 dollars per tonne.

TIN: Shine. Tin prices rose after a modest fall in market reserves, which dipped by 375 tonnes to 6,525 tonnes.

Three-month prices rose by 90 dollars to 5,627.50 dollars per tonne.

OIL: Mixed. Brent the benchmark North Sea Crude, fell 1.29 dollars to 12.76 dollars a barrel, despite a brief rally after Iraq's decision to halt cooperation with UN weapons inspectors.

The market is weighed down by a particularly depressed fundamental situation, and even new tensions between Baghdad and the UN can't change a thing about that," said Credit Lyonnais Roubt Oil analyst Tony Machacek.

He added it was unlikely that the flare-up in tensions would lead the UN to revoke the 'oil-for-food' deal with Baghdad, which allows Iraq to export crude worth 5.2 billion dollars every six months to finance humanitarian aid.

"Neither the UN nor the US want to be the ones who further harm the Iraqi people," Machacek said.

Iraq estimated that it would export about 1.78 million barrels per day in August.

Meanwhile, the International Energy Agency reported that the Organisation of Petroleum Exporting Countries lowered production to 27.81 million barrels a day in July from 28.17 million barrels a day in June.

RUBBER: Punctured. Rubber prices kept slipping this week amid low demand due to the holiday period and the effect of the Asian economic downturn.

September rubber contracts traded at 465 pounds a tonne, down 7.5 pounds, and October contracts traded at 470 pounds a tonne, also down 7.5 pounds a tonne.

The Kuala Lumpur Rssi Index fell to 2.86 ringgits a kilo from three ringgits.

Malaysia confirmed that it was withdrawing from the International Natural Rubber Organisation and that this will be announced officially during the August 20-21 meeting of the Association of Natural Rubber Producing Countries.

Malaysia produced 580,000 tonnes of rubber last year, compared to 1.4 million tonnes in 1988.

Thailand — the world's main producer with 2-2.2 million tonnes forecast this year, or 30 per cent of total production — is also considering withdrawing.

It has criticised the Inro for its handling of rubber prices during the deep lump caused by the wave of economic problems in Asia.

Commodity market: Prices of gold, tea down; oil mixed

Saturday's report from Berkshire Hathaway, the investment fund run by US businessman Warren Buffett, who sent silver prices rocketing at the end of February when he announced he had bought 129.7 million ounces.

PALLADIUM AND PLATINUM: Mixed. Platinum prices edged forward this week in the absence of market-moving news while palladium dipped as investors waited for further talks between Russia and Japan.

Japanese brokerages have signed contracts with Russian exporting agency Almaz for deliveries this year, but investors are likely to become worried that there will be a suspension of sales at the start of 1999, GNI brokerage said.

Palladium traded at 293.50 dollars an ounce, down 7.5 dollars while platinum traded at 380 dollars an ounce, up two dollars.

COPPER: Tarnished. Copper prices fell back this week on the London Metal Exchange with demand badly hit by the yen's weakness against the dollar and declines on stock markets around the world.

Three-month copper fell 74 dollars to 1,641.5 dollars a tonne, while LME warehouse reserves rose, 3,700