

Indian stocks face a gloomy week

BOMBAY, Aug 29: Indian stock markets face a gloomy week with sentiment still dampened by regional currency crises and uncertainties on the domestic political front, reports AFP.

The 30-share Bombay Stock Exchange sensitive index was down 14.51 points, or 0.49 per cent, at 2908.10 by the close of trade Friday, compared to the previous week's close.

The national index, tracking 100 shares was down 9.7 points or 0.74 per cent, to 1299.12 points.

"This week's depressed market sentiment is expected to be carried over into next week as there is a lot of bad news," said broker Gaurav Sanghvi.

"We were hoping the market would hit bottom this week, but there seems no sign of that and everybody is fed up. It is a very frustrating situation to be in."

Analysts said the Russian currency crisis and the regional stock market depression would cast a dark shadow over domestic courses.

Russia is an important trading partner for India. A lot of pharmaceutical and food products companies who export to Russia are expected to get hit," said Devesh Kumar at foreign brokerage Abn Amro Equities.

The BSE index is expected to move up or down 50 points next week. Overall the sentiment continues to be bearish, with bad news from one market after another, Kumar said.

Taiwan's China Airlines posts first loss in 12 years

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Following the crash, the government ordered the foundation that controls the carrier to sell some of its shares to private investors to improve the airline's management.

The crash occurred as China Airlines was trying to improve its safety record after a spate of accidents culminating in a crash in Nagoya, Japan, in 1994 that killed 264 people.

HK govt to keep buying shares to drive off speculators

HONG KONG, Aug 29: The government will continue its two-week stock buying spree to drive off speculators and protect the Hong Kong dollar's currency link to the US dollar, the financial secretary said Saturday, reports AP.

In an address on state-owned Radio Hong Kong, Donald Tsang said government intervention was necessary to drive off speculators, whom he said have been manipulating the markets and attacking the currency peg.

But the government would stop once speculators are driven off, he said.

"My colleagues and I have been criticised for ruining the free market economy," he said. "But do we want see... the free market being manipulated? Do we want Hong Kong to become an automatic teller machine for international speculators?"

'Yeltsin-parliament accord to step up state control of economy'

Bailout funds for Russia are on hold

WASHINGTON, Aug 29: The International Monetary Fund and the United States told Russia yesterday that bailout funds were on hold until Moscow proved it was reforming its economy and not retreating to a Soviet-style command economy, reports Reuters.

IMF Managing Director Michel Camdessus told a news briefing the lending agency could still approve a payment from a 22.6 billion dollars international rescue package for Russia in September — but only if acting Prime Minister Viktor Chernomyrdin moved swiftly on market-oriented reforms.

The United States, the IMF's largest and most powerful contributor, made clear that July's rescue deal would have to be renegotiated to take account of new circumstances.

"For Russia to go forward with the IMF would require a new set of understandings, appropriate to current circumstances, about Russian policy actions," Deputy Treasury Secretary Lawrence Summers told a separate news briefing.

Russia clinched the 22.6 billion dollars IMF-led rescue package in July in a last-ditch effort to pull out of crisis.

The IMF and Western powers had hoped the worst was over, but conditions deteriorated almost immediately.

Yeltsin fired the entire government of Prime Minister Sergei Kiriyenko after he was forced to devalue the rouble and default on some foreign debt, and he brought back Chernomyrdin, whom he had dismissed a few months earlier.

Camdessus, who met Chernomyrdin on Wednesday, said he had told the Russian Prime Minister there would be no international support if Russia imposed state control on its economy and returned to the price and trade controls of Soviet days.

"This international support will wait for clarity of the orientation of the government and strength of support in parliament for measures, particularly on the revenue side," he said. "(State controls) would inevitably lead to command economy methods and hyperinflation, with consequent dire social consequences," Camdessus said. "This would lead to disaster."

With markets and the rouble in free fall, Yeltsin has reached out to the Communist-dominated parliament, Communist Speaker Gennady Seleznyov said the President and parliament were in broad agreement on a plan that would step up state control of the economy to help stem the crisis.

Camdessus and the United States warned Chernomyrdin against going too far. "No one is nostalgic for the cold war," White House National Security Adviser Sandy Berger said.

Chernomyrdin understood the grave situation facing his country and was ready to act to solve its problems.

The sooner these reforms can start, the better. There is no time to waste if the adverse impact of the crisis on Russian population is to be minimised and growth restored," he said.

He said the IMF was ready to look at "different monetary framework" in efforts to get the rescue programme back on track and did not rule out a currency board, a rigid system that would fix the rouble to another currency, such as the dollar.

But Camdessus said a currency board would be difficult to implement in Russia, where the banking system is in tatters after the currency crash and debt default.

In uncharacteristically blunt words, Camdessus told Russian authorities their unilateral debt restructuring was "extremely unfortunate". He urged the government to work with private creditors to "find a cooperative response to their problems."

He said Russia could still win a payment from the bailout package in September. The IMF initially said it expected to disburse a 4.3 billion dollars instalment after Sept 15.

"If you are able to do the homework by a given date in September, if all actions needed to restore stability are taken, if you are able to put the (extended fund facility) programme back on track and, I would say, to strengthen it... then the IMF will be there," Camdessus said.

7,905," he said. "We have established the official central bank rate at this point."

Russia has been without an official market rate since Tuesday after the bank cancelled two straight days of currency trading as the rouble went into freefall.

Inflation starts pinching Yeltsin

Another AFP report says: President Boris Yeltsin yesterday admitted that inflation was starting to be felt in Russia but promised to try and limit price rises and moderate the effect on ordinary citizens.

In an interview with Russian television, Yeltsin said that Russians would suffer from the financial crisis withering the country's economy, but promised that a crisis package drawn up by the government would help soften the blow.

"Of course, I cannot say that prices will not rise, but as President I am obliged to do and say everything to make sure prices rise as little as possible," Yeltsin said.

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Rouble-dollar rate fixed

AFP says: The central bank said yesterday it had intervened in currency trading in Moscow for the first time in three days, and as a result it had fixed the rouble-dollar rate at 7,905, Russian television reported.

Deputy Bank Chairman Sergei Alexashenko told NTV that while floor trading remained shut on the interbank exchange, a modicum of electronic trading had ensued all day, and the bank intervened in the afternoon with the rouble already bouncing back from lows of near 15 to the dollar.

"We get the feeling that banks have bought up too much hard currency and have been left with too few roubles," Alexashenko said.

"With central bank intervention at slightly over 10 million dollars, it became clear that no bank is willing to purchase the dollar at a cost higher than

Gold prices fall in London on Russian woes

LONDON, Aug 29: Gold prices fell sharply in London on Thursday amid cautious trading in response to the crisis in Russia, as well as selling by Australian and South African producers, reports AFP.

The gold spot price fell by 5.20 dollars to 278.55 dollars an ounce in late trading on the London bullion market.

Tony Warwick-Ching, at Fleming Global Mining, said "demand is very patchy and trading is very cautious because of the worries related to the development of the Russian crisis."

In addition, Australian and South African producers have sold heavily to compensate for the weakening of their currencies in the wake of the Russian turmoil.

Govt to guarantee savings deposits, says Russian PM

MOSCOW, Aug 29: Acting Prime Minister Viktor Chernomyrdin reiterated Saturday that the government will fully guarantee Russian's savings held in bank accounts, reports AP.

Only customers of the state-owned savings bank, Sberbank, now enjoy a 100 per cent government guarantee for their deposits.

"We have taken measures to guarantee citizens' deposits in full," Chernomyrdin said in an interview on NTV television. "I want to say to the depositors of commercial banks: You needn't worry, you will get your deposits."

Central Bank Chairman Sergei Dubinin said Thursday the government would ask commercial banks to sign cooperation agreements with Sberbank and enter a pool in which banks guarantee private deposits.

However, the Central Bank did not say what the terms of such deals would be, and there is no information on how many commercial banks have subsequently entered such agreements.



Laila Rahman Kabir, President, Metropolitan Chamber of Commerce and Industry, Dhaka, handed over relief materials to Prime Minister Sheikh Hasina on Wednesday as the chamber's initial contribution to the flood relief efforts. The Minister for Finance, SAMS Kibria, and the Minister for Commerce and Industries, Tofail Ahmed, were also present on the occasion.

Russian crisis BankAmerica loses \$220m

SAN FRANCISCO, Aug 29: BankAmerica Corp. has lost \$220 million in the global money markets since July 1, chiefly because of Russia's economic woes, reports AP.

BankAmerica, the second-largest bank holding company in terms of assets in the United States, said Friday it has still made \$315 million in trading-related income so far this year despite its quarter-to-date losses.

Because of its losses in Russia, BankAmerica has cut its total exposure there from \$412 million on June 30 to about \$100 million as of Wednesday.

Other banks have reported substantial losses in Russia as well. BankBoston Corp. The country's 14th-largest bank, said Friday it has incurred a \$30 million loss so far this quarter, \$10 million of which is due to investments in Russia.

Republic New York Corp, the 18th-largest bank in the United States, said Thursday that losses from investment in Russia will wipe out its third-quarter profits.

Honda to make big sports utility vehicle for N-America

TOKYO, Aug 29: Honda Motor Co will begin manufacturing in Canada in the year 2000 a new large sports utility vehicle for the North American market, Japan's leading business daily reported Saturday, says AP.

Honda officials did not answer calls to their office Saturday.

Japanese press urges leaders Tackle global crisis

TOKYO, Aug 29: Japanese papers today called upon world leaders to tackle a global financial crisis triggered by Russia's deepening economic and political turmoil, says AFP.

"Leading industrial nations, including Japan, the United States and European countries, should recognize the seriousness of the crisis," said the Yomiuri Shimbun, the country's largest circulation daily.

"They should demonstrate their shared will to end the on-going global free falls in stock markets and cooperate to stabilize currency exchanges and financial markets" it said.

The daily's stern warning came as share prices around the world continued to slump amid fears for Russia's crippled economy and government.

On Friday, Japanese shares dived to a 12-year low with the Nikkei Stock Average losing 498.16 points, or 3.5 per cent to close at 13,915.63.

Japan's leading business daily Nihon Keizai Shimbun said: "We ask respective nations to take necessary action to overcome the crisis."

The conservative Sankei

PC sale shoots up in China

NEW YORK, Aug 29: Personal Computer (PC) sales in China have been recording phenomenal growth and could total ten per cent of world sales by the year 2010, according to a report.

More than 1.5 million PCs were sold in China in the first half of 1998, with a local company taking the lead followed by American firms, according to a survey by California-based Advanced Forecasting Inc. and Chinese market research company HuiCong.

The PC market in China has been expanding quickly, in contrast to many world regions experiencing a slowing in PC consumption this year," the survey report says. It predicts that the Chinese PC market may exceed three per cent this year and "reach well above ten per cent of world sales in 2010."

"Currently, about 25 per cent of Desktop PCs in China are for family use, mainly for children's education. Some 75 per cent are purchased by government entities and businesses. Advanced Forecasting-HuiCong expects the home PC segment to jump to 30 per cent by the year 2000."

The sales in the first half of this year were a 27 per cent increase over the same period last year. The local Chinese vendor, Legend, led sales followed by Compaq, IBM and Hewlett Packard. One of the research directors of Advanced Forecasting, Moshe handlesman, said the survey had been possible because the company found a strong partner in China.

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Russian financial, political turmoil sweeps commodity markets

LONDON, Aug 29: The commodities markets were swept up this week by the whirlwind of financial and political turmoil in Russia and fears that the collapse will spread to other emerging markets around the globe, reports AFP.

The panic that hit financial markets at the end of the week did not spare the commodities traders, sending prices down across the board.

Despite its traditional refuge status in times of uncertainty, gold plunged to 19-year lows before recovering slightly, but not back above the 275-dollar mark due to producer selling. Other precious and base metals followed.

Economists worried that the Russian contagion would spread to Latin America and combine with existing weakness in Asia to provoke a new round of economic collapse.

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