Dhaka Stock Prices

DSE index gains 5.50 points

The price index of the Dhaka Stock Exchange marked a rise yesterday with gainers outnumbering the losers, reports UNB.

The All Share Price Index of the country's main bourse gained 5.50 points or 0.91 per cent to 606.11 points from Wednesday's 600.61 points.

Some 9,221,773 shares and debentures worth of Tk 32.51 crore were traded as against 11,260,886 shares valued at Tk 41.83 crore on the previous trading day.

Of the 146 listed companies traded, 84 gained, 55 incurred loss and seven remained unchanged.

Chic Textile (2,607,500), Rose Heaven (1,025,000) and ACI (997,650) were among the volume leaders.

Market capitalisation stood at Tk 54.98 billion from Wednesday's Tk 54.46 billion.

PAL workers urged to accept no-strike deal

MANILA, Oct 3: President Joseph Estrada on Saturday urged militant unionists at Philippine Airlines to accept a vote by workers approving a 10-year no-strike deal to revive the debt-laden airline, reports AP.

On Friday, about 61 per cent of the members of PAL's largest union accepted the proposal to suspend collective bargaining in exchange for 20 per cent of the company's stock and seats on its board.

Hardline union members say they will file charges questioning the legality of agreement, but Estrada urged them to accept the referendum results.

"It's very clear that majority have agreed to it and voted freely," said Estrada during his weekly radio programme. "Everybody has to sacrifice. Labour and management should cooperate at this time of crisis."

Following the outcome of the referendum, PAL said it can resume flights to 14 domestic destinations next Wednesday and to nine international destinations within several weeks.

It was the second time that the 6,700 members of PAL's largest union have voted on the rescue plan. Last week, they rejected the proposal, forcing the airline to shut down and leaving much of the country without air service.

Estrada assured workers that he will defend their rights during the 10-year CBA suspension. The Philippine president also assured the International Labour Organization the proposed suspension is only a temporary measure and would help the government cope with the Asian crisis.

"It is not true that I am anti-labour," he said. "This is only a temporary and will not deny workers' rights."

The union had been sharply split over the proposal, with militant members saying a suspension of the bargaining agreement would violate workers' rights.

Many union members had believed the government would not allow the 57-year-old flag carrier to close. But when government-enlisted foreign carriers began flying some domestic routes on Monday, union leaders reversed their position and agreed to accept the management plan.

The agreement must be formally endorsed by workers, regulators and PAL's creditors.

Management said at least 2,000 workers will be recalled to handle domestic operations and most of the airline's 8,600 current workers will be recalled once international flights are fully operational.

Troubled UBS chief resigns

ZURICH, Switzerland Oct 3: The chairman of UBS AG resigned Friday in the wake of the announcement that the Swiss banking giant will lose 2.2 billion Swiss francs (1.61 billion dollars), largely because of its involvement in a troubled private US investment fund, says AP.

In a press release, Mathis Cabiallavetta said "the conviction that I can prove my service to the bank with this step moved me to do this." Cabiallavetta declined any "financial arrangement," the bank's chief executive officer Marcel Ospel said.

Three other top UBS executives are also leaving, the announcement said. Ospel wouldn't discuss possible remuneration for them because of contractual terms.

Last Thursday, UBS said it would incur a 950 million franc (699 million dollars) charge on its exposure to Long Term Capital management, which with other losses will lead to a third quarter after tax-loss of up to 1 billion francs (735 million dollars).

An internal inquiry uncovered lapses by managers in controls and decisions before and after the merger, UBS said. It found no signs of gross negligence, the bank added.

UBS said transactions like LTCM won't reoccur. Ospel called its LTCM involvement an extremely complex case in which risk was "very underestimated."

He said the three executives were aware of that and thus left the bank, but said Cabialavetta wasn't aware of all the risks involved. Ospel said the bank will learn lessons and improve risk controls.

Part of the problem in reconstructing the LTCM case, Ospel said, was that the fund only updated its partners once a month.

Islamabad seeks $5b bailout package

Pakistan, IMF resume crucial talks on policy issues

ISLAMABAD, Oct 3: Pakistan and the International Monetary Fund (IMF) are to resume the crucial discussions today in Washington to hammer out a consensus accord covering all policy issues, reports Xinhua.

Pakistan is seeking a five billion US dollars bailout from the IMF and other lenders to ease its present economic plight caused by the US led sanctions imposed after Pakistan's detonation of nuclear devices in May.

The package being sought by Pakistan is reported to include the revival of the 1.56 billion dollars lending programme agreed by the IMF last year, the rescheduling of debts worth two billion dollars and more than one billion dollars combined from the World Bank and the Asian Development Bank.

Pakistan and the IMF ended their two-week-long discussions in Islamabad on September 25. However, the talks remain inconclusive due to Pakistan's refusal to accept the IMF's tough conditions.

During the first phase of talks held in Islamabad, Pakistan took a firm stand by turning down the IMF orders to devalue the local currency of rupee and raise electricity tariffs and general sales tax (GST) rate.

It is believed that the major difference between Pakistan and the IMF has been the power rates, which the Washington-based agency wants Pakistan to increase by 15 per cent.

The Pakistani government holds that since the IMF has projected zero industrial growth rate for the current fiscal year (July 1-June 30), it can not take any risk to further suppress the industrial growth by raising power and tax rates.

Local economists believe that raising the electricity tariff could be very alarming and will ruin the local industrial sector which is trying desperately for revival.

One government source said that "no political government would fall a prey to such conditions that are aimed at devastating the domestic industrial sector."

With a 15 per cent increase in power tariff the Pakistani government will collect an additional 16 billion rupees (one dollar equals 46 rupees) that is still short by four billion rupees to meet the annual financial gap of 20 billion rupees of the Water and Power Development Authority (WAPDA).

The IMF demands are also surprising for the Pakistani government since the economic situation will get worse had Pakistan acceded to such harsh conditions.

The Pakistani side is reported to have convinced the IMF officials that any rise in power rates and GST or devaluation of rupee will adversely affect the economic and industrial growth.

Pakistan is expected to ask senior IMF officials during the second round of talks not to push for strict conditions which may lead to an Indonesia-like situation in Pakistan.

The economists here are of the view that this will be a mindless policy at a time when Pakistan is expecting a zero industrial growth rate.

They also believe that any rise in power or GST rates would further encourage the evasion, instead of increase in power tariff, the fundamental problems facing WAPDA should be addressed to overcome its huge annual losses.

Hafeez Pasha, advisor on finance to the Prime Minister, has said that the second round of talks between Pakistan and the IMF will focus on the size of the funding and a structural reforms package.

Analysts here believe that devaluation of rupee, increase in utility rates, GST on the retail level, agriculture tax and restructuring of the Central Board of Revenue are the main issues to be further discussed in Washington.

It is still hard to predict at this stage whether the Pakistani government will have a successful dialogue with the IMF and other multilateral financial agencies.

Policemen inspect the damage caused by the explosion of a gas canister in a crowded marketplace in Abbiategrasso, near Milan on Friday. At least 29 people were injured by the explosion. — AP/UNB photo

WB chief lauds India's economic management

By Vasantha Arora

WASHINGTON, Oct 3: World Bank President James Wolfensohn has complimented India for its prudent economic management that helped it secure foreign investment without exposing its economy to the adverse effects of the East Asian crisis.

He made this observation when a journalist asked at a press conference here if India's 'comparative stability' in the face of the Asian economic crisis due to its conservative approach could be an argument against liberalisation.

Wolfensohn remarked: "Well, it could be, but then it could not be. I think India has done a pretty good job in terms of running the country."

He, however, said there were a lot of factors that made this performance possible. These included a fairly strong education campaign, a shift to high-tech exports, development of new industries and delegation of powers to the states, which he felt had gone very well overall. Another factor he listed for India's good performance was the fact that it had not been overly exposed in terms of global financial flows.

"It has not been a place for quick money in terms of trading. So I think you have been protected from some of the worst impacts of global flows," he remarked.

At the same time, he pointed out, India had been able to attract "pretty good investments. So, I think, India has done a pretty good job, but I wouldn't want to give you a blanket headline on whether that is a reason for one course or another. I think India has chosen a very good course and so far has done very well."

About the situation in Pakistan, where several billion dollars worth of some World Bank-supported infrastructure projects were in "deep" trouble, Wolfensohn said, "I understand the Bank is helping out particularly in relation to the Hub River project, trying to reconcile the differences between the government and the project operators."

The Bank chief recalled a meeting he had last week with Pakistani Prime Minister Nawaz Sharif in New York when the latter came to address the UN General Assembly. Wolfensohn said they discussed two issues: the economic constraints which the US had placed on India and Pakistan after their May nuclear tests and their impact on Bank lending to the countries. The issue, pertaining to lending in general was now being considered in the US Congress, he added. In terms of brand new projects, he said, there would be some limitation on funding by the Bank until Congress relaxed the sanctions.

Wolfensohn said his lending agency was continuing to work with both Pakistan and India and "the principal reason is that these are the two of the largest sources of poverty in the world." The population living below the poverty line in India, he said, was 36 per cent and in Pakistan it was at least 16 per cent, though he suspected it was much higher.

Wolfensohn also spoke of the problem of corruption in Pakistan — either at the time when the contracts were entered into or continuing corruption. "We have told the Pakistan government that we are very happy to cooperate with them. We are quite happy to separate the corruption issue. We are proceeding on it vigorously in trying to support the Pakistan government, but we are really pretty much dependent on them because they are running the show," he added.

Discussing the performance of the Bank and its affiliates in fiscal 1998, which ended on June 30, he said the Bank and its concessionary lending agency, the International Development Association (IDA), had extended loans totalling $28.6 billion in commitments.

The International Finance Corporation (IFC) which helps the private sector, had a big year, doing about $2.5 billion for its own act and roughly an equivalent amount for others, totalling five billion dollars.

— India Abroad News Service

Commodity market: Gold glitters, tea, oil fall

LONDON, Oct 3: Gold assumed a fresh shine, regaining some of its allure as a safe-haven investment, as the financial whirlwind ravaged global financial markets this week, while fears of global recession dented the base metals complex, reports AFP.

Gold bounced back to levels not seen since last May, rising back above the 300-dollar mark.

Investors were driven to the relative safety of gold as fears of reduced growth around the world undermined equity markets from Asia, through Europe, to the Americas.

But analysts remained sanguine, they said that gold was likely to drop back as soon as a semblance of calm returned to the equity markets.

A warning from the International Monetary Fund that the chances of a global recession had greatly intensified weighed heavy on the base metals. Physical demand for these basic raw materials hangs directly on the activity of the real economy.

Traders were disappointed at a modest cut in US interest rates, which they said was not enough to ease the selling pressure on global stock markets.

GOLD: Glitter. The gold spot price surged back above the 300-dollar mark in the light of a sharp fall in the value of the dollar and stock markets around the world this week.

The spot price on the London Bullion Market rose by 2.75 dollars to 301 dollars per ounce.

A precious metals analyst at Merrill Lynch Investment Bank, Ted Arnold, said that gold had regained its status as a "safe haven" in the eyes of investors, in the context of the falling dollar and slumping global stock markets.

Markets around the world fell sharply, despite a cut of 0.25 percentage points in short-term US interest rates. The dollar was itself dragged lower by a sharp down turn on Wall Street.

The head of the precious metals department at Standard Bank, Colin Griffith, said: "normally, people sell gold to raise money to buy stocks but during such a period of financial turmoil and losses in equities, people are more likely to get out of stock markets and invest their money in gold."

COPPER: Slide. Copper prices on the London Metal Exchange fell in thin trading volume this week, undermined by fears that the world may soon be plunged into full-blown recession and by a rise in market reserves.

Three-month copper prices fell by 47 dollars to 1,622.5 dollars a tonne.

Dealers expressed their disappointment at the scope of the cut in US interest rates.

They said that the markets were worried that the 0.25 percentage point cut in the key US lending rate would not be enough to lift global markets clear of the recent volatility.

They had hoped for a bigger cut and were disappointed that other important industrialised countries like Germany were committed to unchanged monetary policy.

"There has been a selloff on base metals across the board, as the market realises that what's happened at the Fed is not enough," said Lawrence Eagles at GNI trading house.

LEAD: Heavy. Lead prices followed copper lower, despite a favourable technical outlook and widespread purchases by speculative investment funds to cover their positions.

Three-month lead prices fell by eight dollars to 519.50 dollars per tonne.

ZINC: Tumble. Zinc prices fell with the otherbase metals amid concern over the possible onset of recession around the world.

Three-month prices fell by 14.25 dollars to 988.25 dollar per tonne.

ALUMINIUM: Fall. Aluminium prices were swept lower by the downbeat sentiment of global financial markets, as dealers feared the onset of recession around the world.

Three-month prices fell by 16.5 dollars to 1,338 dollars a tonne.

London Metal Exchange (LME) reserves rose by 4,525 tonnes to 512,225 tonnes.

A slump on the Tokyo market to a 13-year low undermined prices. The consumer durables industry of Japan and Southeast Asia has been an important market for aluminium in recent years.

NICKEL: Lower. Nickel prices fell amid the metals selloff.

Three-month prices fell by 94.5 dollars to 4,077.5 dollars a tonne.

Analysts were bracing for a slowdown of deliveries from the giant Norilsk plant in Russia's arctic region as winter ice closes in on the port, but the market was waiting for real supply falls before rising higher.

TIN: Tumble. Tin prices tumbled after the slide in financial markets around the world.

Three-month prices fell by 130 dollars to 5,262.5 dollars a tonne.

OIL: Slip. Oil prices fell slightly as Hurricane Georges blew clear of the Gulf of Mexico, allowing extraction companies to resume stalled production.

Brent North Sea crude for delivery in November fell by 69 cents to 14.15 dollars per barrel.

The violent seas and strong winds had forced producers to halt shipments from the oil fields, but improved weather allowed Shell Oil, Chevron, British Petroleum, Texaco and others to resume production.

RUBBER: Bounce. Rubber prices continued to rise on buying by the International Natural Rubber Organisation that was designed to support prices.

On the London market contracts for delivery in October and November rose to 490 and 495 pounds per tonne respectively from 485 and 490 pounds last week.

On the Kuala Lumpur market, the RSS1 index rose to 2.67 ringgits per kilogramme form 2.62 ringgits.

COFFEE: Chilling. Coffee prices fell slightly this week, despite a market shortage of robusta beans, as analysts issued a warning over the outlook for the commodity, given a predicted increase in Latin American production.

TEA: Weak. Tea prices fell despite strong demand for leaves in the Mombassa auction houses, the tea broker's association said.

High-grade BP1 leaves fell by between eight and 14 cents per kg, while medium quality leaves lost 15 cents.

SUGAR: Boost. Sugar prices rose slightly after an increase in demand.

The Philippines said that it planned to buy an extra 100,000 tonnes of white sugar, on top of 50,000 tonnes already ordered, to make up for a local shortage.

On the London Market, prices rose by 2.5 dollars to 224.6 dollars a tonne.

VEGETABLE OILS: Slide. US soya prices fell as this year's harvest pressed on at break-neck speed.

Analysts said that 20 per cent of the 1998/99 harvest had been reaped during the past week, surprising some market players.

Soya prices on the Chicago board of trade (CBOT) fell by 16 cents to 5.15 dollars per bushel (of 27.2 kg for delivery in November).

GRAINS: Crushed. US wheat prices were crushed under the weight of a surge in reserves.

US wheat stocks rose to their highest level since 1990 at 64.81 million tonnes. Maize stocks rose to 33.22 million tonnes and soya bean stocks reached 5.44 million tonnes on September 1, figures supplied by the US agriculture department showed.

The market was also hit by rainfall on dry cereal growing land in the American midwest and in Argentina.

On the Chicago market, wheat prices fell by 10 cents to 2.69 dollars per bushel (of 27.2 kg, for delivery in December).

Maize prices fell by four cents to 2.04 dollars per bushel (of 25.4 kg, for December delivery).

The fall came despite supportive news that the United States has announced sales of 215,500 tonnes US maize to South Korea and 218,000 tonnes to other countries.

Global financial 'emergency standstill mechanism' sought

By Ajit Jain

OTTAWA, Oct 3: The finance ministers of the 54 Commonwealth countries have called for an "internationally agreed emergency standstill mechanism" that would allow the world economy to respond to financial crises without triggering default.

At the conclusion of their three-day meeting in the Canadian capital on Thursday, the finance ministers in a joint statement noted: "International financial markets raise profound concerns and emphasise the need for global cooperation to preserve the stability of the international economic and financial system."

"The financial crisis that began in East Asia in July 1997 has spread rapidly to other groups of the world," they pointed out. They suggested that "in view of the challenge posed by the dramatic changes in the international finance system, we believe the global community today must respond with the same vision and energy as did the framers of Bretton Woods."

They proposed setting-up of "an internationally agreed emergency standstill mechanism that would allow a suspension of payments during times of crisis without triggering default, taking due account of the issue of equitable burden-sharing."

They suggested the formation of a "mechanism for global financial regulation and stability to provide a coherent and coordinated framework, incorporating the IMF (International Monetary Fund) and other relevant regional or international bodies."

The Commonwealth finance ministers suggested that to contain and reverse the economic crisis, action should be taken "to ensure sustained global growth" and to "reform the financial sector and improved transparency and governance in countries affected by the present crisis."

In a seven-point plan they suggested the "development of a new international financial architecture should be pursued vigorously" through "establishment of international arrangements, including peer review, to achieve improved supervision and regulation of financial systems...and an orderly and cautious approach to capital account liberalisation in tandem with financial sector reform."

Commonwealth Secretary-General Emeka Anyaoku noted, "In just over a year, the contagion has spread the East Asian financial crisis like wildfire to other emerging markets across continents, cutting growth and threatening recession in two-fifths of the world economy."

Canadian Finance Minister Paul Martin, who hosted the conference, said: "The severe financial turmoil that has hit Asia, and more recently Russia, is having enormous ramifications. The social fabric of those economies is being threatened. Poverty rates are soaring. In the most affected economies, currencies have plummeted, output has declined and inflation and unemployment have raced up."

British Chancellor of the Exchequer Gordon Brown left no doubt of the severity of the crisis. "What began last year as a local and regional crisis centered in a handful of Asian countries, with its effects most sharply felt in Asia, has spread from Asia to Europe and North and South America, becoming what is now a global problem affecting us all," he said. Brown urged the G-7 industrialised countries to assume greater responsibility to reform international institutions, adopt policies and promote growth and continue to liberalise trade.

— India Abroad News Service

Primakov says

No plan to ban dollar circulation in Russia

MOSCOW, Oct 3: Prime Minister Yevgeny Primakov said Saturday there were no plans to ban the circulation of dollars in Russia, but the government would take steps to curb the outflow of the US currency, says AP.

Meeting with Western businessmen, Primakov also said that the privatization of Russian enterprises would continue.

Responding to media reports of a government economic plan that would prohibit Russians from buying US dollars and other foreign currency, Primakov said the reports "absolutely do not correspond to reality," the ITAR-Tass news agency quoted him as saying.

He said there was no need to regulate the influx of dollars into Russia, but the government should take steps to prevent what he called "The dollar drain."

Russian companies stashed about dlrs 2.5 billion outside the country in September alone, the Interfax news agency reported Friday, quoting central bank figures.

Primakov told the businessmen that Russia would continue its privatization program, 'within limits,' Interfax reported. "We will implement privatization so that it serves the interests of all the country," he said.

Primakov said foreign investors are "the force" that will help Russia to minimize its losses from the current economic crisis.

"We are very much interested in foreign investments, especially in ones that go into the real production sector," Primakov said, according to Interfax.

"We need a continuous dialogue with foreign investors, without whom it will be difficult for us to overcome the current difficulties."

He said Russia wanted long-term investments. "Foreign capital has been coming to the country via short-term operations," Primakov said. This, he said, "is not to our liking or yours."

Viktor Gerashchenko, the central bank chairman, said on Friday that the government must act to stem the flow of dollars from Russia.

Gerashchenko and Finance Minister Mikhail Zadornov were in Washington Saturday for the annual meeting of the International Monetary Fund, where they plan to spell out the measures Russia is taking to bail out its finance system.

Russia wants the IMF to release the second 4.3 billion dollar installment of a loan that was approved in July, a month before the country's economy crashed and the government effectively defaulted on its foreign loans.

"IMF officials have said they want the Russian government to come up with a sound economic program before the installment is given, and have made it clear that currency controls and boosting the money supply by printing roubles are not acceptable.

Ctg Stock Prices

3-point rise in price index

CHITTAGONG, Oct 3: The price index at the Chittagong Stock Exchange (CSE) today rose 3.13 points with the gainers dominating over the losers, reports APB.

But trade turnover in terms of both volume and value declined in the country's second bourse compared to that of the previous trading day (Wednesday).

At the end of the day's trading, CSE All Ordinaries Price Index closed at 261.51 from Wednesday's 258.38 points with a 1.21 per cent increase in the key indicator.

Some 75 issues were transacted on the day. Of those, 56 issued gained, 16 declined and three remained unchanged.

A total of 4,050,212 shares and debentures valued at Tk 128.50 million changed hands on the day against 5,531,717 shares worth Tk 136.99 million in the previous day.

The market capitalisation stood at Tk 46.31 billion against Tk 45.78 billion on Wednesday.

EU clears $ 1.15m in aid for China

BRUSSELS, Oct 3: The European Union approved 1.05 million European currency units (1.15 million dollars Friday in aid for victims of the flooding in China, reports AP.

The EU Executive Commission said the funds will help carry out emergency measures, particularly the distribution of food aid and water purification to victims of the floods.

"About 225 million people about one-fifth of China's whole population — are affected" by the floods, the Commission said.

The floods have killed more than 3,000 people, and affected about 233 million.

The funds will be channeled through the International Federation of the Red Cross and the Red Crescent.

Last week, the United Nations launched an appeal for a total 139 million dollars in disaster relief for flood victims.

A UN disaster assessment team returning from flood-hit areas in the south and north-east of China stressed the urgency of providing shelter to victims, with the onset of winter in northern China five to six weeks away.

Since the beginning of 1998, the Commission has allocated a total of 2.73 million (3 million dollars) in humanitarian aid for victims of natural disasters in China, the Commission statement said.

Protesters attack pro-reform tycoon in Indonesia

JAKARTA, Oct 3: About 100 protesters attacked a house owned by a pro-reform businessman, accusing him of betraying the country, news reports said Saturday, reports AP.

Tycoon Arifin Panigoro's residence was stoned Friday by a mob that disagreed with his involvement in supporting student protests against President BJ Habibie.

No one was hurt, and the house was only slightly damaged.

Habibie, who took over from autocratic Suharto last May amid mass rioting and student protests, has been battling the country's worst economic crisis in three decades. Protests against Habibie have increased as prices for food and other necessities have risen.

Panigoro acknowledged supporting student protesters by providing meals and beverages while they were on the streets.

"It's just the way we showed we care," the Jakarta Post quoted Panigoro as saying.

The report said mobs condemned Panigoro as a traitor of the country, but he denied it.

"There must be someone who has incited these people," the report quoted Panigoro as saying without elaborating.

Vietnam will continue its reform

HANOI, Oct 3: Vietnam will continue with its Doi Moi economic reforms, with a focus on agriculture production to ensure stability, Communist Party Chief Le Kha Phieu was quoted Saturday as saying, reports AP.

Phieu told Tadashi Imai, president of Japan's Keidanren, an association of economic organizations, that Vietnam wants Japan to continue providing overseas development assistance and promoting investment here, the Thanh Nien newspaper reported Saturday.

Phieu said he hoped to see more Japanese involvement in agriculture, forestry and fishery projects, along with training of Vietnamese business managers.

Vietnam is struggling to limit the fallout from the Asian economic crisis. Prime Minister Phan van Khai earlier this week outlined a series of measures to boost the economy, which has seen its growth rates slow over the past year.

The Keidanren delegation, led by Tadashi Imai, is in Vietnam to boost bilateral trade and investment.

Imai was quoted as telling Phieu that 500 Japanese companies operating in Vietnam still wish to continue their presence here, despite difficulties at home.