

Clinton's impeachment hearings hang over markets

Share, currency and commodity markets are on a knife edge as the world awaits the outcome of President Clinton's impeachment hearings.

Markets have uncertainty at the best of times, let alone in a year that has seen such upheaval in the financial world.

The threat of impeachment hanging over President Clinton is expected to lead to continued volatility in trading and, if the vote goes against him, could well prompt investors to renew their selling fervour of recent months, according to analysts.

The US dollar has already taken a battering on the currency markets. The dollar fell to six-week lows against the German Deutschmark and the Japanese yen in early European trade on Friday.

By close of trade on Friday, the dollar had fallen against major currencies, hitting its lowest level against the Japanese yen in more than six weeks. The dollar stood at \$115.80 late in New York, down from

\$116.25 on Thursday, after falling as low as \$114.50 on November 3.

Despite the ongoing Iraqi crisis, share and oil prices have been little affected - so far at least.

In fact, share prices have risen, helped by the resulting delay in impeachment proceedings.

Stock markets barely moved when UK Defence Secretary George Robertson said military operations in Iraq were not yet over, after two days of bombing. With no sign of damage to oil installations or interruption of Iraq's oil supplies, world oil prices also showed little sign of recovery from 12-year lows.

Share price shock?

The Organisation for Economic Co-operation and Development (OECD), which represents the world's leading industrial nations, has warned that a vote for impeachment of the US president could trigger a fall in some share markets which it

says are currently overvalued. The organisation's chief economist Ignazio Visco said a 20 per cent fall in share prices across the biggest economies could knock one per cent off the growth in US output.

"Various benchmarks suggest we are a little uncomfortable about equity prices in America," said Michael Fenner, acting head of the OECD's economic policy studies department.

"Our analysis is that in the US, and perhaps Canada, (share price) levels are hard to justify and they run the risk of a correction," he added.

The growth in the US share market has fuelled six years of boom times for the domestic economy. But with shares widely held by private investors, a slump stock prices is likely to lead to falling consumer spending.

The US is the lynchpin in the global economy, sucking in huge imports from around the

world. A slowdown in growth would hit company profits and could exacerbate the decline in stock prices.

That said, share prices should get a boost if President Clinton can maintain his grip on power and the Iraqi crisis is resolved quickly.

Thin trading

Share trading volumes remained thin but Wall Street held on to modest gains to rise 27.81 points or 0.3 per cent to close at 8,903.63.

Then there is the ongoing threat of more economic turmoil in developing nations. With at least a third of the world already in an economic recession, the turmoil we have already seen in Asia, Russia and Latin America could continue to spread around the world.

If there is a crisis of confidence among share investors, it will have huge ramifications for the world economy.

-- BBC Internet



Recipients of Emirates Top Agents' Award for Sylhet are seen with Edris Taher, Manager-Bangladesh, Emirates, K Z Qyum, Sales Manager, Emirates, Syed Ali Murad, Director-Operations, ABC Air Ltd, and Navid Haider, General Manager, ABC Air Ltd, GSA for Emirates in Bangladesh. — Emirates photo

WB to delay \$1b loan to Indonesia

JAKARTA, Dec 19: The World Bank has decided to delay a planned one billion dollar loan to Indonesia until after elections in June of 1999, a report said Friday, reports AFP.

The Jakarta Post daily quoted the bank's country director for Indonesia, Dennis De Tray, as saying in an interview that the decision had been taken because the country's budget deficit in fiscal 1998-99 was narrowing faster than anticipated.

The budget deficit for the fiscal year ending March 1999 was expected to be around six per cent of gross domestic product, instead of 8.3 per cent as earlier forecast, he said.

The timing of the disbursement of the bank's two billion dollar component of the IMF package, of which 600 million dollars has already been disbursed, would depend on the Indonesian government's progress in implementing economic reforms, De Tray was quoted as saying.

Discussions with the Indonesian government on the release of 400 million dollars of the bank's commitment were still underway, he said, adding that a number of "uncomfortable issues" remained to be dealt with.

New chairman of Insurance Assoc



Star Business Report

M A Samad, Chairman and Managing Director of Bangladesh General Insurance Co Ltd, has been elected Chairman of Bangladesh Insurance Association.

The election followed the 11th Annual General Meeting of the Association held at a city hotel on Thursday, says a press release.

M Haider Chowdhury, Chairman of Eastern Insurance Co Ltd, was elected vice-chairman of the association.

The meeting unanimously elected a nine-member executive committee for the year 1999-2000.

The members of the executive committee are: Md Samul Alam, Managing Director of Reliance Insurance Co Ltd, Prof Md Rezaul Karim, Chairman of Mercantile Insurance Co Ltd, Manzoor-Ul-Karim, Chairman of Prime Insurance Co Ltd, Nizam Uddin Ahmed, Chairman of Meghna Life Insurance Co Ltd, Maj Gen (Retd) Abdul Mannan Siddiqui, Chairman of Phoenix Insurance Co Ltd, Enamul Hoq, Chairman of Federal Insurance Co Ltd and Hosain Akther, Chairman of City General Insurance Co Ltd.

BPL to end deal with Bachchan

NEW DELHI, Dec 19: He became a household name as the angry young man in Hindi blockbusters and today, in his middle age, Amitabh Bachchan remains a big draw even if he is merely endorsing household goods in television commercials. But all good things must come to an end, even the former superstar's four-year-long association with Indian electronics leader BPL.

Bachchan's contract with BPL will come to an end on March 31, 1999 and it will not be renewed, say company executives.

BPL used Bachchan to launch its 'Believe in the Best' campaign for its range of products which includes washing machines, refrigerators and microwave ovens. Sanjay K Prabhu, brand management head of BPL Telecom Business group, told the Economic Times newspaper: "We are not saying that we will have no association at all with Bachchan. It is just that the phase of activity with him has come to an end."

India Abroad News Service

Marketing confce of Butterfly ends

The three-day 11th marketing conference of Butterfly concluded at the Parjatan hotel, Rangpur, on Friday, says a press release.

Chairman and Managing Director of the company MA Mannan presided over the conference which was attended by managers of all show rooms, sales agents and senior officials of Butterfly.

The conference reviewed the over all business performance of the company for the year 1998.

MA Mannan in his speech urged the company officials to prepare their business programmes for the coming century. He also announced the new business schedule for the year 1999.

U S companies warned not to leak sensitive info

WASHINGTON, Dec 19: A group representing the nation's biggest companies on Friday backed calls by federal regulators for corporations to stop leaking sensitive financial information to Wall Street analysts and major investors.

In an apparent bid to ward off stronger steps by federal regulators, the National Investor Relations Institute warned its members not to leak such information before releasing it to the public or the media. It said such practices may spark problems with watchdogs in Washington.

The group's warning comes as more companies have been offering market-moving information to savvy institutional investors and Wall Street

analysts before releasing it to the general public.

"Whether intentional or inadvertent, disclosure of material nonpublic information in restricted forums is inappropriate," the institute, an association of corporate information officers, warned its members.

Selective disclosure of sensitive and often confidential information, whether to institutional investors, securities analysts or others, the group said, not only raises concerns about the fairness of the disclosure but raises the specter of liability to the company.

Its warning echoed statements made repeatedly by Securities and Exchange Commission Chairman Arthur Levitt, the chief regulator of nation's

stock and bond markets.

"While the SEC does not now appear to be enforcing the insider trading laws in these instances, companies are nonetheless still liable for selective disclosure," the group said.

Levitt repeatedly has voiced concern that analysts and other Wall Street professionals are trading illegally with this confidential corporate information.

"The selective disclosure of material information is always a concern to the commission," an SEC spokesman told Reuters.

Often companies tell analysts and selected institutional investors sensitive news before that information is made public.

-- Reuters Internet



Chairman and Managing Director of Butterfly M A Mannan (C) speaks at the company's 11th annual conference at Rangpur Porjatan Hotel. On his right are Asaduzzaman, Director and M M Ferdouse, Manager (Admin), and on the left are Mustafizur Rahman Sajid and L R Khan, Directors of the company. — Butterfly photo

Campaigners hold anti-euro meeting

As the countdown to the launch of the new European currency gathers pace, UK anti-euro campaigners have gathered in London to start a co-ordinated effort against monetary union.

Eleven EU countries, not including the UK, are joining the new currency from 1 January 1999.

In a drive to rally opposition to EMU, campaigning Eurosceptics have united from across the political spectrum to form the Congress for Democracy. The organisation aims to develop a collaborative and coordinated opposition.

From trade unions to Tory

MPs, from the Labour backbenchers to environmentalists, the message was unanimous: loss of the pound means a loss of national sovereignty.

They issued a draft statement saying that joining the euro would threaten the UK's democracy by giving power over interest rates, exchange rates and, ultimately, tax rates to unaccountable EU institutions.

Speakers included former Tory Cabinet minister Michael Portillo, Shadow Foreign Secretary Michael Howard, ex-Labour Cabinet minister Lord (Peter) Shore and Labour MP Austin Mitchell.

Howard said the single cur-

rency was part of the drive towards a federal superstate. He added: "What we are undoubtedly seeing at the moment is a move across the continent of Europe to create a single European state."

Lord Shore, a former Labour cabinet minister, insisted the debate was not just an internal dispute within the Tory party, but "about the great national issue of who governs Britain. We in the Labour party are as involved in that as any other party in the land," he said.

More than 40 organisations attended, from the right-wing Freedom Association to special-interest groups such as British

Housewives' League, the British Weights and Measures Association and Save Britain's Fish.

The government has said it will recommend that the UK join the single currency if and when it is in the country's economic interests to do so.

In the House of Commons earlier this week, Prime Minister Tony Blair told Tory leader William Hague that Conservative policy on the issue was in the hands of "lunatics".

Hague has ruled out membership for the duration of the next Parliament.

-- BBC Internet

Euro — an old European idea for greater prosperity

BRUSSELS, Dec 19: The single European currency, which becomes a reality on New Year's Day, is a 19th century idea that 20th century politicians hope will lead them to even greater prosperity in the 21st, reports AP.

The euro, as the European Union has decided to call the new money, is the most concrete — and monumental — step yet taken to forge real union among the peoples of Europe.

On Jan. 1, Europe enters a new dimension," German Foreign Minister Joschka Fischer said recently. "For the first time, a key part of national sovereignty is being transferred to the Union."

Monetary union will, among other things, provide a huge unified market better able to trade efficiently with the United States, Asia and elsewhere and give Europe more economic and political clout.

It will make the lives of American and other tourists infinitely easier, sparing them the constant exchange of German marks, French francs, Spanish pesetas and Italian lire. It will make continent-wide comparison shopping less difficult. It will simplify international business and banking, and it will protect enterprises and consumers against fluctuating exchange rates.

All the excitement about the New Year's launch of the euro is

a bit artificial, however, because real euros won't be jingling in the pockets of ordinary Europeans for three more years. During that period, the euro will exist only as a sort of virtual money alongside existing currencies.

Some retailers, in an effort to educate the public, have begun showing prices in both local currencies and euros, but that's something of a gimmick since no one will be able to pay cash for retail purchases in euros.

And the exact value of the currency won't be known until New Year's Eve when finance ministers from euro-bloc nations fix the rates.

However, barring some last-minute market rumbling, the euro will be worth about 6.6 French francs, 14 Austrian schillings and 2 German marks. As American dollar will be worth about 80 euro cents.

As a virtual money, the euro will trade on international markets against the dollar and other currencies. Stock and bond prices will be set in Euros. Consumers will be able to pay in euros by credit or debit card, or by check, but only at those retailers that choose to switch early.

Sharing a single currency also means sharing monetary sovereignty, under the new European Central Bank, something that worries many Euro-

peans, even many of those who are attracted by the benefits. In effect, the 11 euro governments have surrendered their capacity to use monetary policy for domestic political, economic and social ends in exchange for a number of clear positives.

How euro came into being

This is not the first time Europeans have tried out put all their eggs into the same basket. Victor Hugo thought it was a terrific concept way back in 1855.

"A continental currency underpinned by the entire capital of Europe and driven by the free labour of 200 million people!" the French poet and novelist wrote in a letter to exiles from a failed coup d'etat.

"This single currency would replace and absorb the absurd monetary variety we have today... that amounts to so many causes of impoverishment."

In 1865, France created the Latin Monetary Union with Belgium, Italy and Greece. They agreed to regulate their currencies uniformly and make them interchangeable. It was finally abandoned in 1927, lamed and eventually killed by fluctuating gold and silver prices, and finally World War I.

The idea, however, lived on. The 1957 Treaty of Rome creating the predecessor of the

European Union did not specifically mention monetary union, but it stressed the need to coordinate policy and abolish restrictions on the movement of capital.

In the 1960s it became clear the Bretton Woods system of global fixed exchange rates was coming to an end. As the efforts to control fluctuating currencies within the European trade bloc turned to jelly, Pierre Werner of Luxembourg laid out a multistage process for economic and monetary union.

Q. How much will a euro be worth?

A. The exact value of the euro will be set Jan. 1, it is expected to be slightly stronger than the dollar, around \$1.10 to \$1.20 to a euro. Another way of saying that is the dollar will be worth between 83 and 91 cents.

Q. What will happen when the euro is launched?

A. The euro becomes the official currency in the 11 nations. That means stock exchanges will trade in euros, and large businesses will keep track of finances in the euro. However, euro notes and coins won't enter circulation until 2002. To ease the transition, bank customers can keep accounts in euros — alongside national currencies — starting Jan 1.

Q. Will Americans and other travellers from outside the 11-nation euro bloc need euros?

A. No. Euro notes and coins won't be available until 2002. For now, the local currency is still good. Travellers checks will be available in euros, but aren't a must.

Q. Will there be any effect on the dollar?

A. That's not yet known, but there could be eventually. The euro could challenge the dollar as the international currency of choice.

Q. Who in the United States will be affected?

A. Managers at firms that buy or sell in Europe or have subsidiaries there. The American Chamber of Commerce in Germany says its 2,600 members in Germany are well-informed about the euro. The trick will be translating the information across the Atlantic to the United States, where awareness is low, said Patrick Wilson, the chamber's manager of trade and investment policy.

Q. What are the advantages for business of the euro?

A. There are many. The size of the new currency bloc — with 290 million inhabitants — will provide a stable economic and business environment. Businesses will save money; the costs of changing currencies from country to country will be sharply reduced. With 11 countries operating a single money system, comparing prices will be quicker, and interest rates will stabilise.

Q. Will the euro affect prices in Europe?

A. A lot of people are asking this. A leading German consumer magazine, Stiftung Warentest, says that when shops switch to the euro "the temptation to secretly raise prices could be big." When converting a price into euros, stores might be tempted to add a few cents. For example, a pair of socks should cost 3.90 euros, but a store might price them at the more traditional 3.99.

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Metal: Weekly Roundup

Gold makes brief gains from Gulf crisis

LONDON, Dec 19: Gold prices only got a slight boost from the metal's traditional safe-haven role as Britain and the United States went to war against Iraq, says AFP.

Prices peaked on Wednesday, but then fell as rapidly as they had risen after the bombings began, with the movement accelerated by producers taking advantage by trying to put more metal on the market and investors selling to take profits.

GNI brokerage said the price gains were not backed by underlying factors and were also the result of squaring of positions by investment funds.

On the London Bullion Market, gold ended at 292.45 dollars an ounce, down 2.20 dollars on the week.

SILVER: Shiny. Silver managed to remain over the 500 dollar point this week for the first time in a month, winning a boost in mid-week from the rise in gold prices, and managing to hold on to the gains.

On the London Bullion Market, silver ended at 495 dollars an ounce, up 11 dollars.

COPPER: Sinking. Copper prices spent another week in 12-year lows amid over-supply and under-demand, like much of the base metals complex.

Three-month copper contracts closed at 1,475.3 dollars a tonne, down 24.2 dollars on the week. London Metal Exchange warehouse stocks rose a hefty 14,225 tonnes on the week to 558,150 tonnes, further weak-

ening prices.

Copper's trouble is that there is too much of it. The International Copper Study Group said that smelter capacity is to increase by 2.4 per cent on average, or 1.4 million tonnes, each year between 1998 and 2002.

One of the few pieces of good news for copper and other base metals was the relatively steady US housing starts data, although down 2.7 per cent on October.

LEAD: Heavy. Three-month lead prices fell 16.25 dollars to 473.5 dollars a tonne, hit by a 1,800 tonnes increase in London Metal Exchange warehouse stocks to 110,150 tonnes.

ZINC: Dark. Three-month zinc fell 46.25 dollars to 957.25 dollars a tonne, despite a 5,525 tonne fall in LME warehouse stocks to 321,350 tonnes.

PALLADIUM AND PLATINUM: Russian. Speculation that Russian exports will be delayed further next year pushed palladium prices to their highest level in a month.

Prices were also propped up by signs of steady demand for the auto industry in Europe and that the Japanese market is bottoming out palladium is used in the making of catalytic converters for exhaust systems in cars.

ALUMINIUM: Dull. Aluminium prices were hit this week by rumours that US-owned Alcoa, the world's largest producer, is planning to restart some of its 450,000 tonnes per year in idled capacity.

Three-month aluminium closed 17 dollars lower at 1,238.5 dollars a tonne, while LME reserves rose 16,000 tonnes to 605,425 tonnes.

NICKEL: Flat. Three-month nickel fell just five dollars to 3,877.5 dollars a tonne, with LME stocks just six tonnes down to 63,600 tonnes.

The metal was helped by news that Japanese stainless steel mills may raise output in the first quarter of 1999, somewhat reversing drastic cuts made at the end of 1998, GNI brokerage said.

TIN: Beaten. Three-month tin fell 70 dollars to 5,222.5 dollars a tonne.

LME warehouse stocks rose

590 tonnes to 7,755 a tonne.

Government of the People's Republic of Bangladesh

Office of the Executive Engineer (R&H)

Sunamganj Road Division

(R&H) Tender Notice

No. 06/SRD/1998-99

Name of work : Widening of pavement in Sunamganj

Town part at different kms of Sylhet-Sunamganj Road under Sunamganj Road Division during 1998-99 financial year in 5(five) groups. (Head: Repair).

It is hereby notified for general information that under unavoidable circumstances, the above tender invited vide this Division Memo No. A-23/1303 dated 19-11-98, is cancelled.

DPF-26295-13/12

G-2856

Ali Ahmed Chowdhury

Executive Engineer (R&H)

Sunamganj Road Division.

Government of the People's Republic of Bangladesh

Office of the Project Director

Veterinary Preventive Vaccine Production Project

OTI, Savar, Dhaka

Memo No-VPVP/S-1/98/44

Dt: 8.12.98/24.8.1405BS

Re-Tender Notice

Sealed tenders are invited from Directorate of Animal Resources enlisted contractors and bona fide importers/traders for supply of chemicals/re-agents for production of vaccine mentioned in the schedule of Veterinary Preventive Vaccine Production Project for 1998-99 financial year. Tenders will be received in the tender box kept at the office of the undersigned and Directorate of Livestock from 9:00 AM to 2:00 PM of 30.12.98. Tenders will be opened at the office of the Project Director on 31.12.98 at 11:00 AM in presence of the tenderers or their representatives (if any). Tender document can be purchased on cash payment of Tk 400/- (four hundred) only (non-refundable) from the office of the undersigned, Directorate of Livestock during office hours on all workdays from 24.12.98 to 29.12.98. No tender will be sent or received by post. 2.50% earnest money as security must be submitted with the tender through Bank Draft/Pay Order in favour of the Project Director, Veterinary Preventive Vaccine Production Project, Officers' Training Institute, Savar, Dhaka. No schedule will be sold on the date of opening tender. The authority reserves full right to accept or reject any tender without assigning any reason.

Dr Md. Idris Ali