

Rate cuts have eased global recession threat: IMF

WASHINGTON, Dec 22: Interest rate cuts in the United States and other industrial countries have eased the threat that the Asian financial crisis will trigger a global recession, the International Monetary Fund said in an updated economic outlook, reports AP.

But the 182-nation lending agency still found plenty of things that could go wrong in the new year ranging from a sudden plunge in US stock prices or the value of the dollar to the failure of Japanese authorities to aggressively battle their own country's worst recession in 50 years.

Accordingly, the IMF trimmed its forecast for world growth in 1999 to just 2.2 per cent, down by 0.3 percentage point from a report issued just two months ago.

The 2.2 per cent performance would match the expected output for this year and would be the slowest world growth rate since a 1.8 per cent increase in 1991, when the United States was emerging from its last recession.

The crisis that began in Thailand in 1997 has spread to a number of other Asian countries, pushing them into deep recessions and in August lev-

eled the Russian economy. Russia's announcement that it was defaulting on billions of dollars in foreign loans sent shockwaves through financial markets from New York to Buenos Aires and raised the specter that the 40 per cent of the globe now in recession would soon be joined by many other nations.

In response, the Federal Reserve Board led the way in cutting interest rates three times over a seven-week period beginning September 29. That led to a rebound in financial markets and more optimism about economic prospects.

"The worst of this crisis probably is now behind us," said IMF economist Flemming Larsen. "But we are not completely out of the woods."

Larsen said that while those Fed rate cuts were appropriate to restore confidence to financial markets, the IMF did not believe the central bank should provide further rate relief when it meets Tuesday out of concern that more monetary easing could trigger inflationary pressures in the United States.

"While the danger of a worldwide recession does seem to have diminished, the supply of funds to most emerging mar-

ket economies is still sharply reduced and conditions in financial markets remain fragile," the IMF report said.

For the United States, the IMF's updated forecast predicted growth of 3.6 per cent this year, slightly better than the 3.5 per cent forecast in October. But the IMF predicted a sharp slowdown in 1999 with growth of just 1.8 per cent, 0.2 percentage point lower than the October forecast.

The IMF predicted that the Japanese economy would shrink by 2.8 per cent this year and another 0.5 per cent in 1999. The 1999 forecast is a full percentage point below its October assessment and IMF officials said it would have been even lower if not for recent Japanese government steps to revive growth and deal with falling banks.

In addition to the threat posed by Japan's recession, the IMF also expressed worries that developing countries will have increasing trouble attracting the foreign capital they need as investors look for less risky opportunities elsewhere.

Also listed as threats were the possibility that the US stock market, which has climbed to new highs after its

August swoon, could be caught in another down draft. That could prompt American consumers to pull back on their spending. Or the dollar, which has been weakening, could suddenly dip if foreigners become worried about the increase in the US trade deficit.

The IMF has assembled more than \$100 billion in emergency loans for Thailand, Indonesia, South Korea, Russia and Brazil. But the agency has come under attack from critics who charge that its brand of belt-tightening has made the economic recessions in the crisis countries worse and failed to halt the spread of market turmoil.

Asked about the criticism, IMF chief economist Michael Mussa noted that financial markets and currencies in Thailand, Indonesia and South Korea have rebounded in recent weeks, an outcome he said showed the IMF formula is working.

"Not only have exchange rates appreciated but interest rates have come down," Mussa said. The agency's executive board will release a formal review next month assessing how it handled the economic turmoil of this year and last.

Most Asian currencies fall against dollar

SINGAPORE, Dec 22: Most Asian currencies fell today against the US dollar in line with the yen, which was hit by tumbling Japanese government bond prices, dealers said, reports AFP.

Regional units also weakened as the greenback turned bullish following a strong Wall Street finish overnight with markets shrugging off fears of US President Bill Clinton quitting.

Despite Clinton's impeachment by the US House of Representatives at the weekend, analysts do not believe he will resign even with his upcoming trial in the Senate over his behaviour in a sex-and-licences scandal.

The dollar was also supported by the overwhelming belief among investors that the US Federal Reserve policy-setting committee will not lower interest rates at Tuesday's meeting, dealers said.

The yen ended Asian trading at 116.95 against the dollar, down from New York's close of 116.00 and Singapore's 115.45 close a day earlier.

The Japanese currency was slightly higher against the greenback in early trading but lost ground after a crash of the Japanese bond market triggered selling of shares and the yen.

Currencies are not really caught up with the weakness of the yen," said Joanne Chong, analyst with British financial consultancy Idea in Singapore.

"I'm not sure why but it could be problem of liquidity due to the holiday season," she said.

Chong said fundamentally, the yen should go down further. "It will now probably track the bond market for the rest of the year," she added. "Into the new year, the bias will be more yen weakness."

The South Korean won fell to close at 1,204 against the dollar from Monday's close of 1,193 after the Korean unit's rapid appreciation caused worry in Seoul.

South Korea's ruling camp planned to intervene in the foreign exchange market to prevent further fall of the won, a top ruling party policy-maker said today.

The South Korean unit sharply strengthened against the US dollar on hopes of an upgrade of Seoul's sovereign ratings.

The won-dollar exchange rate is falling so fast as to become a burden on our economy," Kim Won-Kil of the ruling National Congress for New Politics was quoted as saying by Yonhap news agency.

Exchange Rates

American Express Bank Ltd foreign exchange rates against the Taka to clients.					
Currency	Selling TT & OD	Buying H Clean	Selling EC	Buying OD Sight Export Bill	Buying TT & OD
USD	48.7050	48.7450	48.3100	48.1570	48.0850
GBP	82.2384	82.3059	81.0400	80.7834	80.6626
DEM	29.2400	29.2640	28.8229	28.7316	28.6886
SFR	36.0031	36.0327	35.4231	35.3109	35.2581
JPY	0.4218	0.4221	0.4144	0.4131	0.4125
NLG	26.0051	26.0265	25.5149	25.4341	25.3961
DKK	7.7231	7.7294	7.5374	7.5135	7.5023
AUD	30.4601	30.4851	29.2227	29.1302	29.0866
BEF	1.4216	1.4228	1.4052	1.007	1.3986
CAD	31.7400	31.7660	30.8690	30.7712	30.7252
FRF	8.8258	8.8330	8.5664	8.5392	8.5265
HKD	6.3009	6.3061	6.2249	6.2052	6.1959
ITL	0.0313	0.0316	0.0275	0.0274	0.0274
NK	6.3828	6.3880	6.2759	6.2560	6.2467
SGD	29.8767	29.9012	28.9074	28.8158	28.7727
SAR	13.0192	13.0299	12.8399	12.7992	12.7801
AED	13.2972	13.3081	13.1167	13.0751	13.0556
SEK	6.0884	6.0938	6.0116	5.9926	5.9836
QAR	13.4229	13.4339	13.2320	13.1901	13.1704
RWD	167.1701	167.3074	155.1132	154.6219	154.3908
THB	1.3467	1.3479	1.3310	1.3268	1.3248
ECU	58.0320	58.0797	56.0734	55.8958	55.8123

Bill Buying Rates:

TT Date	30 Days	60 Days	90 Days	120 Days	180 Days
48.2112	47.9074	47.5048	47.1023	46.6667	45.8945

US dollar London Interbank Offered Rate (LIBOR) as of December 22, 1998

Cash	3 Months	6 Months	9 Months	12 Months
48.0850	48.7050	48.7050	48.7050	48.7050

Exchange rates of some Asian currency against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
42.522/42.530	50.60/50.90	36.30/36.40	3.7997/3.8003	7720/7820	1200/1204

Amex notes on Tuesday's market

USD/BDT market was moderately active on Tuesday. Most of the USD/BDT transaction was done at 48.6500-48.6515 level in the interbank market.

Call money market was steady and came down a bit. Average call rates ranged between 6.50% and 7.00%. In the international market on Monday, the US dollar was stronger against the Japanese yen by late Tokyo trade on concerns that the sharp rise in Japanese government bond yields would have a negative impact on the economy. Sentiment in the market towards the rise in the yen bonds yields has reversed. The benchmark Nikkei stock average closed down 2.64 per cent at 13,779.45.

The yen made a week start in Europe on Tuesday and slipped to a one week low of 117.40 against the dollar overnight after the Bank of Japan said the Ministry of Finance's Trust Fund Bureau would halt its outright Japanese government bond purchases from January.

At 8.57 GMT in the international market, the USD traded at 1.6706/6711 DEM, 116.89/116.94 JPY, 5.6025/6035 FRF, 1.3586/3596 CHF, and GBP at 1.6792/6802 USD.

Shipping Intelligence

Chittagong port

Berth position and performance of vessels as on 22.12.98.

Berth No.	Name of vessels	Cargo	L. Port call	Local agent	Date of Leaving
J/1	Yasmina	CI	Yang	SMSL	7/12 22/12
J/2	Dalmacija Frigo	Onion	Turk	MSA	R/A 25/12
J/3	Lynx	Wheat(P)	Mars	Rainbow	15/12 27/12
J/5	Sea Phoenix	Wheat(P)/CI	Vans	AASS	14/12 28/12
J/6	Hainan No.1	C. Clink	Sing	MBL	9/12 25/12
J/7	Ken Pan	Wheat(G)	Nor	OWSL	9/12 28/12
J/8	Marine Union(48)	CI	Sing	RML	19/12 22/12
J/9	Yong Jiang	CI	Col	Bdship	12/12 23/12
J/10	Seoril Lake	GI (Peas)	Wall	AASS	17/12 26/12
J/11	Golden	Wheat(G)	K. Dia	Rank	R/A 25/12
J/12	Kota Chhaya	Cont	Sing	Pil (Bd)	14/12 22/12
J/13	Nazling	Wheat(G)	Tilb	SSST	16/12 22/12
CCT/1	Makassar Express	Cont	Col	Baridhi	11/12 22/12
CCT/2	Hiliscus	Cont	Col	QCSL	11/12 22/12
CCT/3	Acala	Cont	Sing	RSL	30/11 23/12
RM/14	Al Swamuz	C. Clink	Clea	ASLL	30/11 25/12
CJ/1	Al Quamar	C. Clink	Taje	PSAL	12/12 28/12
CSJ	Aghia Sophia	Wheat(G)	Leba	OWSL	10/12 24/12
TSP	Suthathip Naree	Repair	Ham	Move	10/12 25/12
RM/5	Umadzi	L. Oil	Sing	EOSL	21/12 23/12
DOJ	Pranedyta Dwitya	F. Oil	Sing	EOSL	18/12 23/12
DDJ/1	Tanary Star	Idle	Para	PSAL	- 31/12
RM/8	Al Muztaba	Repair	-	Cla	R/A 28/12
RM/9	Banglar Mamata	Repair	-	ISC	R/A 24/12
CUFUJ	Mingzhou-3	Urea	Sing	Seacom	13/12 28/12
KAFUO(U)	Viva Ocean	Urea	Mong	ANCL	15/12 23/12

Vessels due at outer anchorage

Name of vessels	Date of arrival	L. Port call	Local agent	Cargo	Loading port
Asean Jumbo	22/12	-	-	Oil	CI
Kota Berjaya (Cont)14/12	22/12	Sing	Pil (Bd)	Cont	Sing.
Martina	23/12	-	-	USTC	-
Sea Gallant (Cont)9/12	23/12	Sing	Pil (Bd)	Cont	Sing.
Diligence (Cont)Cont	23/12	Sing	QCSL	Cont	Sing.
Jaami	25/12	CAL	Royal	Rice(G)	-
AA Venture	28/12	-	-	CIA Rice(19)GI	-
Orion Glory	23/12	-	-	Proq	CI
Bunga Mas Lapan (Cont)	24/12	Sing	EOSL	Cont	Sing
Innan	24/12	Cana	SSSL	Wheat(G)	-
Mut Jiang	25/12	-	-	Bdship	CI
Banglar Shikha (Cont)	25/12	Sing	Pil (Bd)	Cont	Sing
Pulau Mawar	25/12	Sing	QCSL	Cont	Sing
Xing Ye	25/12	-	-	Rice(G)	-
Maple Arles (48)	25/12	-	-	CI	Cal Sing
Ryong Gang	25/12	-	-	Ustc	Cement
Chalkidion	25/12	Mumb	Owsl	CI	-
Xpress Padma (Cont)	24/12	Sing	RSL	Cont	-
Mary bay	26/12	-	-	Lamps	Wheat(G)
Fu Shan	26/12	-	-	Baridhi	Cont
Abuja	26/12	-	-	Baridhi	Cont
Golden Rose	26/12	Kemb	Ancient	Wheat(G)	Cont
Kota Naga (Cont)	27/12	Sing	PIL(Bd)	Cont	Sing
Orange Moon (Roro)24/3/12	27/12	P. Kel	BBA	Vehi	-
Sin Hat (Cont)	29/12	Sing	RSL	Cont	Sing
Bunga Mas Enam (Cont)20/12	27/12	Sing	EOSL	Cont	Sing
Banga Birol (Cont)10/12	31/12	Sing	Bdship	Cont	Sing
Qc Pintail	28/12	Sing	QCSL	Cont	Sing
Banga Biraj 17/12	28/12	Sing	Bdship	Cont	Sing
Prima Cynthia	29/12	-	-	Proq	CI
Great Fortress	27/12	Turk	Owsl	Vehi	-
Vishva Kaumudi	30/12	-	-	SSSL	Rice(G)
Budi Aman (Cont)21/12	1/01	Sing	Rsl	Cont	Sing
Qc Teal 20/12	3/1	Sing	QCSL	Cont	Sing
Oscar Venture (Roro)24/	4/01/99	-	-	BBA	Vehi

Tanker due

Belgallantry	23/12	Sing	MSTPL	HSD
Ussuriysk	23/12	Pil/Rainbow	CFO	-
Cleio Di Salerno	25/12	-	Seacom	CDSO

Vessels at Kutubdia

Name of vessels	Cargo	Last port	Local agent	Date of arrival
Seabulk Command	-	-	IBS	R/A(30/11)

Vessels at outer anchorage

Ready on

Xia Men	CI	Sang	Bdship	11/12
Artis Grace	CI	Tian	Bdship	16/12
Artis Grace	CI	Sing	Seacom	16/12
Banglar Shikha	Wheat(G)	K. Dia	BSC	R/A(16/12)
Banglar Shikha	Cont	Sing	Bdship	17/12
Banglar Robi (Cont)	Cont	Sing	ISC	18/12
Ranginul	CI	Sing	IPL	18/12
Prosrich(Cont)	Cont	Sing	QCSL	18/12
Ocean-1	CI	Yang	SMSL	18/12
Kota Singa(Cont)	Cont	Sing	Pil (Bd)	18/12
Donglong-1	Rice(p)	Cal	MSL	19/12
Jurong Balsam (Cont)	Cont	Sing	NoI	20/12
Sea Birli	Wheat(G)	K. Dia	Frank	R/A(20/12)
Richmond(Cont)	Cont	P. Kel	QCSL	20/12
Mansul (Cont)	Cont	Sing	RSL	21/12
Cosmic	Wheat(G)	K. Dia	EASL	R/A(21/12)
Pamunshir	Urea	Mong	ANCL	21/12
Yick Hua	Wheat(G)	Roum	-	19/12
Banglar Asha	Wheat(G)	-	ISC	-

Vessels not ready

Adventure	Wheat(P)	-	Seagory	19/12
Apj Anand	Urea	-	MBL	R/A(19/12)
Undok-1	Cement	Sing	Apex	20/12

Vessels awaiting instruction

Karya Sentosa	Rice(G)	-	USTC	R/A(18/9)
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The above are shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.



A day-long seminar on South East Asian crisis organised by Bangladesh Bank Training Academy under the executive development programme was held yesterday at the bank conference room. Dr Mohammad Farashuddin presided over the seminar where IMF economist Dr Shahabuddin M Hossain was the key-note speaker. The seminar was attended, among others, by Ronald P Hicks, IMF Resident Representative, Dr Mohammad Sohrabuddin, Deputy Governor of Bangladesh Bank, and other high officials. — BB photo

Diplomatic staff expulsions won't matter: Pakistan Lahore-Delhi trial bus service within a couple of days

By Muhammad Najeeb

Islamabad, Dec 22: The diplomatic staff expulsions by India and Pakistan will not affect the planned bus service between the two countries.

Pakistani officials said. The officials said a trial run of the bus from Lahore to Delhi would be done in a couple of days.

"We are absolutely ready for the trial run and are just waiting for the green signal from higher authorities," Pakistan Tourism Development Corporation (PTDC) managing director Imtiaz Syed told IANS.

Syed said that he would lead an official delegation to New Delhi to finalise the route, time, custom arrangements, stopovers and other modalities with the Indian authorities.

He hoped that the regular service between Lahore and Delhi would start by the middle of January. Syed said that they were trying to start the service before Eid-ul-Fitr on January 20 so that people who want to celebrate Eid with their relatives living across the border can do so.

Initially Pakistan Tours Limited (PTL), a subsidiary of the government-owned PTDC, would start the service from Lahore. "Later we may allow private parties to invest in the project," Syed said.

The bus is intended to supplement the twice-a-week train, the Samjhauta Express, between Lahore and Amritsar and

to promote confidence between the two nations. The train passengers are swapped at the Wagah border (Atari on the Indian side). The bus, however, would start at New Delhi or Lahore and stop only for refuelling.

Asked when he would leave for New Delhi, Syed said, "Now much depends on the Ministry of Communication, which had asked us to make preparations for the service. As soon as we get the signal from the ministry, we would leave for Delhi."

Syed was one of the members of the Pakistani team that negotiated the protocol for the bus service which was signed earlier this month. According to press reports, Indian authorities had already conducted a trial run but it was only till the Atari border, which is 35 kilometres from Lahore.

In 1985 a similar protocol was signed between India and Pakistan. That was not a regular bus service rather it was planned to send groups of tourists. Pakistan did send six groups till October 1987 but later we stopped as no group from India visited Pakistan throughout this period," Syed said.

Although the bus would start from Flattis Hotel in Lahore, Syed said, the exact place in New Delhi where they would disembark was not yet known. "That is to be decided by the Indian authorities," Syed said.

Syed said special arrangements would be made for passengers who want to go to other areas in Pakistan from Lahore and advance bookings on trains and buses for onward journey towards Karachi or Islamabad made. "This facility would be available at our desk in New Delhi," Syed said.

Three tentative stopovers during the 14-hour journey to New Delhi have been earmarked, two of them being Pipli and Kartarpur. He said special arrangements would be made at the Wagah border for quick immigration and customs facilities