

Narayanan tells budget session

Indian economy under severe strain

NEW DELHI, Feb 22: India's president foreshadowed a tough budget Monday, saying it was "critically important" that the government reduce its deficit, reports AP.

President KR Narayanan, during his traditional address opening the budget session of parliament, said government finances were under "severe strain."

"It is therefore critically important for both the central and state governments to restore health to their finances by reducing the revenue and fiscal deficits," he said in a speech seen as the government's policy statement for the fiscal year.

Restoring financial health "calls for tight control over

wasteful and low-priority expenditure and determined efforts to mobilise resources," Narayanan said.

Narayanan's comments were the latest in a series from government leaders that appear meant to prepare Indians for spending cuts and higher taxes. Prime Minister Atal Bihari Vajpayee's government presents its budget for the 1999-2000 fiscal year on Saturday.

Early in January, Finance Minister Yashwant Sinha said the deficit for the current fiscal year could be slightly off its target of 5.6 per cent of the gross domestic product, but he did not set a figure. The independent National Council for Applied Economic Research has pre-

dicted the fiscal deficit could be 6.1 per cent.

In his speech, the president backed away from the growth target of 6.5 per cent of gross domestic product the Vajpayee government had earlier set out. Though Narayanan did not say by how much the government would fall short, he warned India's economy had been affected by a general global slowdown.

A dependent analyst has estimated growth for the fiscal year ending next month at around 5 per cent.

Reform of India's socialist economy was launched in the early 1990s, with pledges to encourage private enterprise and sell off huge state-owned companies.



Mir Zahir Hossain, Chairman of National Credit and Commerce Bank Limited, delivers his inaugural speech at the annual branch managers' conference at a hotel in Chittagong Thursday. Yakub Ali, Vice Chairman, Mohd Sajidul Haq, Managing Director, and Directors Principal M Wazhiullah Bhuiyan, KZ Mahmud, Mostafizur Rahman, Mohammad Ali, Tofazzal Hossain, Md Nurun Newaz and M A Quasem were present. —NCCB photo

Malaysia's barter trade with neighbours on rise

KUALA LUMPUR, Feb 22: Malaysia's barter trade with its neighbours is on increase, reports Xinhua.

The total value of barter trade in Malaysia increased from 815.5 million ringgit (214.605 million US dollars) in 1996 to 1,216 million ringgit (320 million US dollars) in 1997 and for January-September 1998, the figure rose sharply to 1.14 billion ringgit (300 million US dollars). International Trade and Industry Minister Rafidah Aziz said Friday.

Although barter trade was not as large as international trade, such trading system increased tremendously, she said during a visit to Malaysia's first integrated barter trade complex at the North Port, Port Klang near here.

Malaysia's barter trading partners are mainly Thailand, Indonesia and the Philippines.

The total value of Malaysia-Thailand barter trade increased from 536.7 million ringgit (141.24 million US dollars) in 1996 to 741.7 million ringgit (195.18 million US dollars) in 1997 and for the first nine months last year, the figure stood at 784.1 million (206.34 million US dollars).

The total value of barter trade between Malaysia and Indonesia increased to 132.8 million ringgit (34.94 million US dollars) in 1997 from 67.4 million ringgit (17.73 million US dollars) in 1996 and between January and September 1998, the value was estimated to reach 168.1 million ringgit (44.24 million US dollars).

With the Philippines, Malaysia's barter trade rose from 105.1 million ringgit (27.66 million US dollars) in 1996 to 237.1 million ringgit (62.39 million US dollars) in 1997, and up to September last

year, the barter trade was valued at 90.9 million ringgit (23.92 million US dollars).

Malaysia's barter trade with these neighbours involved, among others, food products, wood products and clothing.

According to the Malaysian national news agency Bernama, Rafidah looking at the good potential of barter trade in Malaysia, urged the private sector to open up more barter trade complex at ports and commercial centres.

She said the private sector could expect profitable returns if they become barter trade entrepreneurs.

Rafidah stressed the development of integrated barter trade complexes where all government agencies involved in the enforcement of trade laws and import and export could be located "to ensure proper management of barter trade."

NCCB branch managers' confce held in Ctg

The Annual Branch Managers' Conference of National Credit and Commerce Bank Ltd was held on Thursday at a hotel in Chittagong, says a press release of the Bank issued yesterday.

Mir Zahir Hossain, Chairman of the Board of Directors of the bank, inaugurated the conference as chief guest while Yakub Ali, Vice Chairman, was present as special guest.

The conference was presided over by Mohd Sajidul Haq, Managing Director.

Principal M Wazhiullah Bhuiyan, KZ Mahmud, Mostafizur Rahman, Mohammad Ali, Tofazzal Hossain, Md Nurun Newaz and M A Quasem, Directors of the Bank, were present.

The Chairman of the bank Mir Zahir Hossain inaugurated the conference.

In his address, the Chairman advised the Managers to equip themselves to face the challenge of the millennium.

The Vice Chairman, Yakub Ali, spoke of the success achieved by the bank during the year 1998.

The Managing Director dwelt on the performance and plans for the bank.

Principal M Wazhiullah Bhuiyan, KZ Mahmud, Mostafizur Rahman, Tofazzal Hossain and MA Quasem, Directors of the bank, spoke on the occasion.

In the concluding session, the bank's performance was reviewed and business plans for 1999 were discussed and approved.

Euro crashes to all-time low in London

LONDON, Feb 22: The euro crashed down to an all-time low here early today as economists feared for the growth prospects inside the euro-zone, reports AP.

The single European currency fell below 1.10 dollars in early trading on the London market to its lowest level since the market launch of the euro on January 4.

At 0855 GMT, the currency was being traded at 1.0987 dollars, it had fallen as low as 1.0972 dollars in opening trading, compared with a price of 1.1080 dollars late on Friday.

An analyst at ABN Amro Bank, Tony Norfield, said that "the weakness of the euro is largely a growth issue."

The latest data showed that the European powerhouse economy in Germany contracted at its fastest rate for six years late in 1998. Government growth in the fourth quarter fell by 0.4 per cent, official figures showed.

Some analysts think that lower interest rates are ended inside the 11 euro countries to spur flagging growth rates.

In contrast, the US economy continues to power ahead.

The US economy is performing extremely well compared to a sluggish European economy which obviously needs a weak currency," said Norfield.

The analyst said that signs of political discord over European monetary policy were also hitting the currency.

"There's confusion on European policy. Some European finance ministers, such as Oscar Lafontaine (of Germany), are in dispute with the ECB on what should be done on interest rates," said Norfield.

HSBC takes controlling stake in Seoulbank

SEOUL, Feb 22: HSBC Holdings PLC, the British banking giant, plans to take a controlling stake in debt-ridden Seoulbank for about \$700 million, says AP.

HSBC and South Korea's Financial Supervisory Commission signed a memorandum of understanding Monday under which HSBC would acquire a 70 per cent stake in Seoulbank.

The deal was announced simultaneously in Seoul and Hong Kong, home of HSBC's flagship, the Hong Kong and Shanghai Banking Corp.

The South Korean government will keep a 30 per cent stake in Seoulbank and receive warrants equal to 19 per cent of the shares outstanding in the bank.

The commission said the government also promised HSBC that it would take over all existing non-performing loans and any loans that go bad over the next year.

The government hopes to recoup some of its money later by

selling off its minority stake when the bank's rock bottom share price rebounds, it said.

The government invested 1.5 trillion won (\$1.34 billion) in Seoulbank and Korea First Bank last year, taking a 93.75 per cent stake in each and effectively nationalising them.

It also poured 3.6 trillion won (\$3.22 billion) in Korea First Bank and 3 trillion won (\$2.68 billion) in Seoulbank to write off half of their bad loans.

The banks were also forced to shed thousands of workers and close down dozens of retail branches across the country in a restructuring programme.

Sale of the two troubled banks was among conditions laid down by the International Monetary Fund in exchange for its \$58 billion bailout of South Korea's sinking economy in late 1997.

A US investment group led by Newbridge Capital Ltd agreed to take a 51 per cent stake in Korea First Bank on Dec 31.



Itekhkar Ahmed, Managing Director (CC) of Eastern Insurance Company Limited, addresses the Branch Managers Conference of the Company at Hotel Purbani recently. The conference evaluated the performance of the company. Chairman M Haider Chowdhury and Chief Advisor ER Khan are also seen in the picture. — Eastern Ins photo

HK unemployment holds steady

HONG KONG, Feb 22: Unemployment held steady at a record 5.8 per cent in the three months ending in January, the government said Monday in a report that offered up a gloomy outlook for the Chinese New Year, reports AP.

The Census and Statistics Department said 202,000 people were out of work in the November-January period, compared with 201,200 in October-December.

Joseph Wong, the secretary for education and manpower warned there were no signs that the situation would improve soon. Hong Kong's economy shrank by 7 per cent in the third quarter of 1998 and is believed to have contracted by 5 per cent for all of last year. Nobody is predicting a quick recovery.

"The economic situation in the coming months remains uncertain," Wong told a press conference.

Unions warn more people would be thrown out of work during the Chinese New Year,

when many companies traditionally review their books and lay off unneeded staff after giving them their year-end bonuses.

"At present, it would probably be fair to say a lot more companies will be thinking of downsizing more than anything else," said Tang Kwong-yiu, the government economist.

Hong Kong people greet each Chinese New Year with wishes of prosperity, but with the new year less than a week old, prosperity doesn't seem to be in the cards as the territory struggles through its deepest recession in decades.

"Basically, the trend will continue," said Anthony Chan, chief regional economist at HSBC Securities. Chan added that unemployment may hit 6.5 per cent by midyear — "emphasized by corporate downsizing at small and medium-sized enterprises."

Others predict the jobless figures could hit 7 per cent — or 240,000 people out of work — by year-end.

Asian Currency Roundup

Most units down with yen

SINGAPORE, Feb 22: Asian currencies tumbled with the yen today after what the markets saw as a tacit endorsement of a weaker Japanese currency by Tokyo's partners in the Group of Seven (G7), says AFP.

The yen dipped to 122.43 per dollar in Singapore trading, but profit-taking pulled it up to 121.85 mid-afternoon, (0600 GMT), still lower than its close in New York last Friday on the eve of the G7 talks in Bonn.

The impact of the yen's fall was felt sharply by the currencies of Taiwan and South Korea, which compete with Japan in key export sectors.

Dealers said Taiwan's central bank intervened to shore up the local dollar, which recovered from its lows to trade around 33.135 mid-afternoon, up from its previous close of 33.257.

The South Korean won was lower at 1,220 from 1,204, and so were the Singapore dollar at 1,7145 from 1,7075 and the Thai baht at 37.70 from 37.50 per US dollar.

The Indonesian rupiah was trading around its Friday close of 8,900 after briefly falling to 9,000 to the dollar.

The Philippine peso closed one per cent down in half-day trading at 39.26 to the dollar, from its close of 38.88 pesos Friday.

The regional opened much weaker in response to the stronger dollar-yen said a chief dealer with a European bank in Singapore.

But he said profit-taking later reigned in the dollar.

The yen had stood at 121.10 yen in New York Friday afternoon and has slumped from its level of less than 112 to the dollar on February 3, with the blessings of Japanese authorities. G7 finance ministers and central bank governors who met Saturday in Bonn set aside a German proposal to set "target zones" for the movements of the dollar, yen and euro. They agreed instead to set up a financial stability forum.

Analysts said Monday that the lack of a G7 statement on the yen's recent weakness was seen as a tacit endorsement of the situation.

One Tokyo dealer said investors were reacting to com-

ments by Bank of Japan Governor Masuro Hayami in favour of a weaker yen following the G7 talks.

Japanese officials, under pressure to stimulate the economy, have clearly signalled their preference for a weaker currency to boost exports and have relaxed monetary policies.

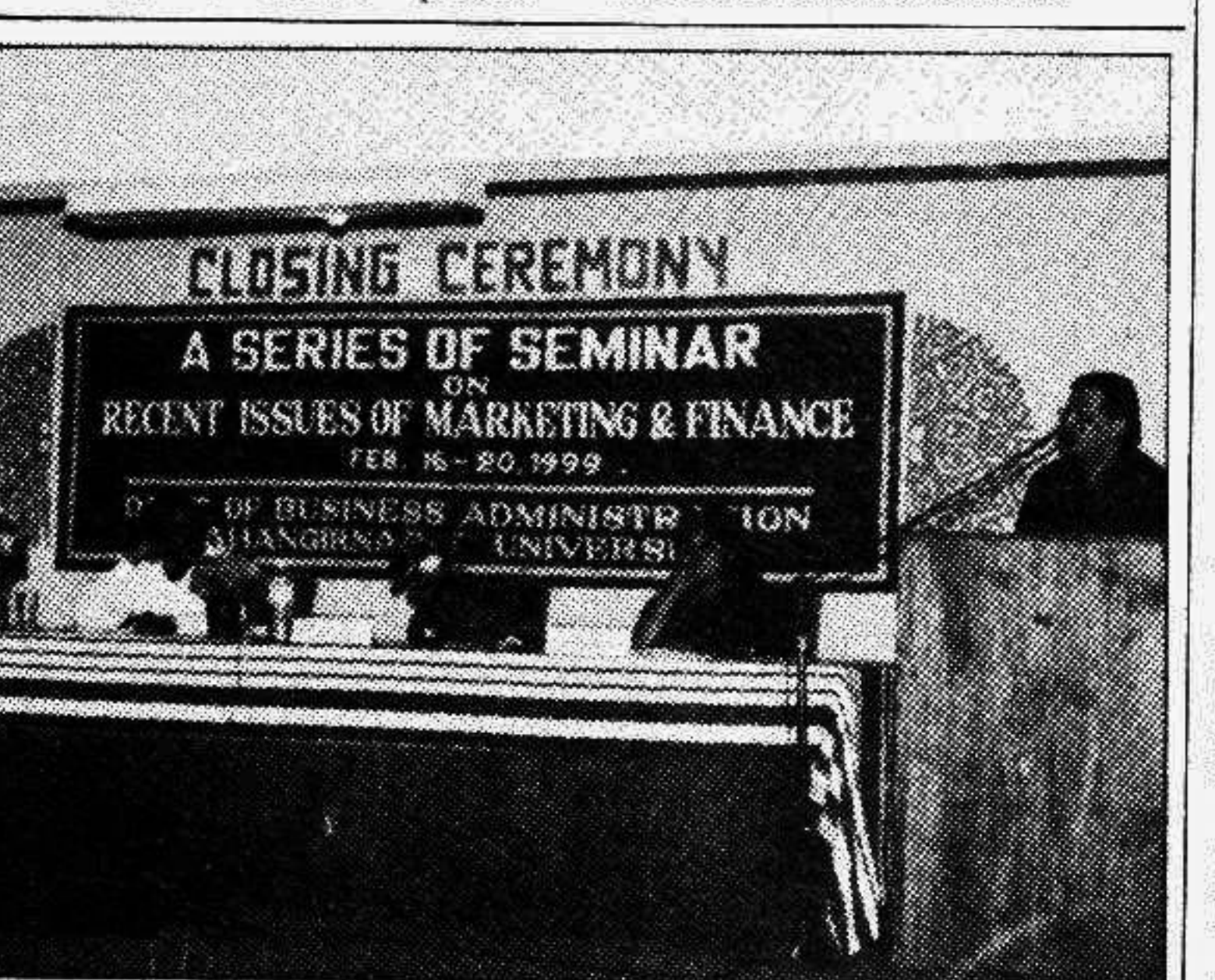
As Asian currencies fell, share prices in the region were mixed, with domestic factors setting the tone.

Share prices in Tokyo closed 1.1 per cent higher, supported by gains in export-linked issues. The Nikkei stock average of 225 leading issues rose 158.63 points to end at 14,256.67.

Taiwan share prices soared four per cent on expectations of a cut in the securities transaction tax, further lifting sentiment already buoyed by stimulus measures announced last week, analysts said.

The Taiwan stock exchange weighted price index shot up 241.30 points to 6,313.63 following a 4.7 per cent surge on Saturday.

Philippine share prices



Prof Abdul Bayes, Pro-Vice Chancellor of Jahangirnagar University (JU), speaks as chief guest at the concluding ceremony of a four-day seminar on "Recent Issues of Marketing and Finance" recently.

Toyota, Honda cars most stolen vehicles in '98

DETROIT, Feb 22: Toyota and Honda make some of the United States' best-selling cars. And the country's thieves have noticed, says AP.

Last year, 21 of the 25 most-stolen vehicles were made by the Japanese automakers; nearly all were Toyota Camrys and Honda Accords. For the first time, the top 10 most-stolen vehicles were all Toyotas and Hondas.

The good news for owners of all makes is that claims for major vehicle thefts were down about 22 per cent last year, according to CCC Information Services Inc., which tracks trends in theft and other vehicle damage claims for the insurance industry.

"That's very significant," said Jack Rozint, senior vice

president of CCC. He credited police agencies' heightened focus on stolen car parts and manufacturers' increased practice of marking many parts with the vehicle's identification number, which makes tracing stolen parts easier.

According to CCC's annual list, to be released Monday, the most-stolen car for the second straight year was the 1989 Camry, followed by the '88 and '90 Camrys. The most-stolen Honda was the '94 Accord EX at No. 4. Thirteen Accords ranked among the top 25.

The formula that put Camrys and Accords atop the list is simple: They were a lot of them sold, they last a long time and, as a result, their parts are in high demand.

Each of those models also, is

popular because many of its parts are interchangeable over several model years.

"When you can steal a car and the parts can be used across five, six, seven or eight model years, obviously those parts have a high value," Rozint said.

The Camry was the top-selling car in the United States for the past two years, followed by the Accord. McGardless noted that the top Camry on the most-stolen list was 10 years old and said customers shouldn't be wary about buying a new model for fear of theft.

Honda spokesman Art Garner said Accord thefts are "pretty average" if calculated on a per-capita basis. "On total volume, they come out just like the sales figures: the Accord and Camry rise to the top."

US economy seen growing more than expected

PARIS, Feb 22: The US economy is likely to grow more than expected this year, but the Japanese and EU will probably do less well than forecast, the OECD's chief economist said here yesterday, reports AP.

The consensus is now for US growth of 2.5-3 per cent this year following higher than expected growth in 1998, owing to successive rate cuts in the last part of the year by the US Federal Reserve, Ignazio Visco told journalists.

The OECD had forecast 1.5 per cent growth for the United States in December.

Visco said the OECD's forecast of a slowdown in US growth still holds but the timing of the slowdown has now been put back. There will be some evidence of a slowdown if

December year-on-year figures are compared, he said.

After the cut-off date for the December outlook, the FED very quickly cut rates by 0.75 percentage points in order to avoid a financial crisis, whereas the OECD had been looking for a cut of just 0.50 points, Visco said.

Meanwhile, the US goods and services trade deficit surged to a record 168.59 billion dollars in 1998 from 110.21 billion dollars in 1997, the Commerce Department reported.

In December, however, the shortfall narrowed to 13.8 billion dollars from 15.3 billion in November.

Wall Street analysts had expected the deficit to widen to 15.7 billion dollars in December.

Imports fell 2.1 per cent in December to 92.3 billion dollars while the value of exports declined 0.6 per cent to 78.5 billion. It was the first drop in import since July.

The trade deficit with Japan came to 5.88 billion dollars in December, up from 5.78 billion in November and compared with 5.22 billion in December 1997.

For the year, the shortfall with Japan widened to 64.09 billion from 56.11 billion.

While China the December deficit narrowed to 3.98 billion dollars from 5.03 billion dollars in November. In December 1997, the shortfall with China was 3.87 billion dollars.

For the year the deficit with China expanded to 56.90 billion dollars from 49.70 billion.

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to clients					
Currency	Selling TT & OD	Selling BC	Buying TT Clean	Buying OD Sight Export Bill	Buying OD Transfer
US Dollar	48.7300	48.7700	48.3100	48.1570	48.0850
Pound Sig	79.2106	79.2756	78.0207	77.7736	77.6573
Deutsche Mark	27.8453	27.8681	26.8569	26.7718	26.7318
Swiss Franc	33.6929	33.7205	33.1390	33.0340	32.9846
Japanese Yen	0.4004	0.4007	0.3934	0.3922	0.3916
Dutch Guilder	24.7132	24.7335	23.8359	23.7604	23.7249
Danish Krona	7.2806	7.2866	7.1085	7.0860	7.0754
Australian \$	31.5624	31.5883	30.3000	30.2041	30.1589
Belgian Franc	1.3500	1.3512	1.3021	1.2980	1.2961
Canadian \$	33.0642	33.0913	32.1039	32.0023	31.9544
French Franc	8.3025	8.3093	8.0078	7.9824	7.9705
Hong Kong \$	6.3014	6.3066	6.2221	6.2024	6.1932
Italian Lira	0.0281	0.0281	0.0271	0.0270	0.0270
Norway Kroner	6.2078	6.2129	6.1007	6.0814	6.0723
Singapore \$	28.7577	28.7814	27.8364	27.7482	27.7067
Saudi Rial	13.0252	13.0359	12.8426	12.8019	12.7828
UAE Dirham	13.3044	13.3153	13.1167	13.0751	13.0556
Swedish Krona	6.1419	6.1470	6.0584	6.0393	6.0302
Qatar Riyal	13.4261	13.4371	13.2302	13.1883	13.1686
Kuwaiti Dinar	166.0307	166.1670	154.0497	153.5619	153.3323
Thai Baht	1.2914	1.2924	1.2776	1.2735	1.2716
Euro	54.4606	54.5054	52.5275	52.3611	52.2828

Bill buying rates					
TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
48.2112	47.9074	47.5048	47.1023	46.6997	45.8945
US Dollar London Interbank Offered Rate (LIBOR)					
Buying	Selling	Currency	1 Month	3 Months	6 Months
48.0850	48.7300	USD	4.94	5.00	5.12
48.0850	48.7300	GBP	5.625	5.4375	5.31
Cash/TC	Cash/TC	EURO	3.06	3.05	3.04

Exchange rates of some Asian currencies against US dollars					
Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
42.40/42.402	51.185/51.250	37.67/37.720	3.7998/3.8002	8900/9000	1215/1218

Amex notes on Monday's market

High demand for US dollar kept the USD/BDT rate up in the interbank market. Supply situation of the greenback has improved a little, nevertheless USD is supported around 48.77 by the big market players. Average USD/BDT rate ranged between 48.77 and 48.85.

Call money market was steady with call rates ranging between 7.25 per cent and 7.75 per cent.

The dollar rose by almost two yen and set a fresh high against the euro by late Tokyo on Monday, retaining a bullish tone after Saturday's Group of Seven (G7) meeting decided not to address the weakening of yen. As of 0615 GMT, the dollar stood at 121.77/82 yen compared with 121.03 in late New York on Friday.

In a communique after their meeting in Bonn, finance ministers and central bank governors of the G7 said foreign exchange rates should reflect economic fundamentals and agreed to work together to avoid excessive swings and significant misalignments in currency markets. But the G7 committee did not refer to the recent weakness of the Japanese currency.

The euro fell to a lifetime low against sterling on Monday, undermined by the losses it suffered against the broadly stronger dollar after the weekend meeting of the Group of Seven leading industrial nations. The euro has fallen more than six per cent against sterling and 7.5 per cent against the dollar since it was launched at the start of the year.

At 9.37 GMT the majors traded against the USD at 122.24/122.34 JPY, 1.4548/1.4558 CHF, EUR at \$1.0987/1.0992 and GBP at \$1.6195/1.6200.

Shipping Intelligence

Chittagong Port						
Berth position and performance of vessels as on 22-2-99.						
Berth No	Name of Vessels	Cargo	I Port Call	Local Agent	Date of Arrival	Leaving
1/1	Multan	Rice (P)	Kara	BSC	30/1	27/2
2/2	Orient Bliss	Rice (P)	Kand	AASS	02/02	27/2
3/3	Sea World	Wheat (G)	K Dia	Lams	R/A	24/2
4/4	Norbuk Seraya	G	Taiw	Prog	12/2	25/2
5/5	Bhavabhuti	C	Chinn	BSCIL	14/2	23/2
6/7	Elikon	Wheat (P)	P Said	PSAL	11/1	24/2
8/8	Yang Lin	-	Sing	BDSHP	1/2	26/2
9/9	Banglar Gourab	Wheat (G)	-	BSC	R/A	3/3
10/10	Merak S	TSP/PSSP	Ginz	USTC	8/1	23/2
11/11	Sylvia	Rice (G)	Kand	USTC	30/1	24/2
12/12	Kota Cahaya	Cont	Sing	Pil (BD)	14/2	24/2
13/13	Shin Hai	Cont	Sing	RSL	14/2	24/2
14/14	Dragon Kalimantan	Cont	Sing	Nol	16/2	22/2
15/15	Bunga Biraj	Cont	Sing	BDSHP	21/2	25/2
16/16	Kota Berjaya	Cont	Sing	Pil (BD)	14/2	22/2
17/17	Al Muzuba	Idle	V Pat	CLA	9/2	26/2
18/18	Albatross-III	Rice (P)	Kand	SMSL	16/2	-
19/19	Sunsir	C Clink	-	PSAL	6/2	24/2
20/20	Banglar Mookh	Wheat (G)	K Dia	Frank	R/A	24/2
21/21	Dubai Glory	R Phos	IIANR	Seacom	8/2	22/2
22/22	Cilham Castle	HSD/JF-1	Mina	Atlantic	20/2	24/2
23/23	Banglar Jyoti	-	-	BSC	R/A	24/2
24/24	Tanary Star	Idle	Para	PSAL	-	28/2
25/25	Well Speeder	C Clink	Sing	PSAL	28/1	28/2
26/26	Banglar Robi	Repair	-	BSC	11/2	27/2
27/27	Tung Ocean Silver-8	-	-	ILAPSL	R/A	-
28/28	Major Nour	Cement	Mala	BSL	15/2	26/2
29/29	General Mojica	Urea	-	Everett	R/A	23/2