

Australia's trade deficit hits a record of \$1.2b in April

SYDNEY, May 31: Australia's goods and services trade deficit hit a record 1.9 billion Australian dollar (1.2 billion US) in April as exports fell to a two-year low, the Australian Bureau of Statistics said today, reports AFP.

But Treasurer Peter Costello said the data reflected pressures from the Asian economic downturn and low export prices and the domestic economy remained strong.

"At a time when your export prices are at historical lows, you will get pressure on your trade position," Costello told parliament. "The Australian economy is still a strong domestic economy, growing at one of the fastest rates in relation to the developed world."

Australia's trade deficit ballooned by more than 400 million dollars in April from just under 1.5 billion dollars in March, surprising economists who had expected only a slight increase.

The Australian dollar suffered a sell-off following the release of the figures after losing

ground already ahead of the data.

The currency fell to 64.70 US cents, having traded at 64.93 cents just ahead of the release. But it recovered some ground in the hours afterwards.

Foreign exchange dealers said they expected worse news for the Australian dollar ahead with the statistics bureau set to release current account deficit data Tuesday and economists forecasting an increase in that number as well.

Economists have forecast first-quarter current account data to show the deficit exceeding six per cent of gross domestic product.

But the trade data could bode badly for that and lead to a level approaching seven per cent in the next quarter, they said.

The blowout in the trade deficit came as exports plunged 5.8 per cent in April to their lowest level since April 1997 — 8.8 billion dollars — while imports fell just 1.1 per cent to 10.7 billion in the month.

Economists said the unexpected blowout served as a

warning that the Australian economy was vulnerable on the external front.

The deterioration in the trade deficit to a new record high served as a timely reminder that despite strong growth in the domestic economy, the external accounts remain a weak spot," Bankers Trust economist Kieran Davies said.

Part of the fall in exports was caused by cuts in iron ore and coal prices negotiated late last year with Japanese steel producers and were to be expected, Davies said.

Colonial State Bank economist Craig James said financial markets had reacted relatively calmly to the data, despite the surprise blowout, possibly because of an anticipated bounce back in the coming month.

The market digested them quite well as these were a bit of an aberration, and we are likely to see a rebound next month," James said.

James said the trade data did nothing to change his upbeat

outlook for the Australian dollar in the months ahead with recovering Asian economies and low interest rates in Europe to support a recovery in commodity prices.

The Australian Bureau of Statistics said April's merchandise exports to 10 major trading partners in southeast and north Asia fell by 14 per cent while exports to other countries fell 11 per cent.

Sales to Australia's largest market, Japan fell 17 per cent to their lowest level since February 1994.

There were also significant falls in exports to Korea (down 32 per cent) and Hong Kong (down 35 per cent).

But exports to Indonesia surged by 28 per cent while those to Singapore rose by 11 per cent.

Overall, exports to the group of 10 Asian countries fell 7 per cent in the 10 months to April 1999 compared with the 10 months to April 1998.

During the same period, exports to all other countries rose nine per cent.

More flights cancelled No thawing signs yet in Cathay-pilot deadlock

HONG KONG, May 31: An escalating sickout by pilots forced Cathay Pacific Airways to cancel more flights Monday, as neither the company nor its pilots appeared willing to reopen negotiations on proposed pay cuts, reports AP.

The government's Labour Department has stepped in to help mediate, but John Findlay, secretary-general for the Hong Kong Aircrew Officers' Association, told government-owned Radio Hong Kong early Monday that no progress had been made.

"The ball's in their court," Findlay said.

The two sides have been locked in a dispute since Cathay asked its senior pilots in March to take an 8 per cent pay cut in exchange for stock options.

After nine weeks of talks, Cathay abruptly pulled out last week and gave its pilots a June 11 deadline to decide whether to accept a revised pay offer, including a smaller pay cut and better stock options resign or be fired.

The Hong Kong carrier said the pilots' counter offer, which includes annual pay increases after two years of cuts and a year of pay freeze, was unac-

ceptable, and that it would not reopen talks until the pilots agree to forgo the guaranteed pay rises.

Pilots have been calling in sick en masse since Friday, claiming they are under too much stress because of the layoff threats. Cathay has canceled a total of 97 flights since Friday.

The airline said more flights could be canceled later Monday as many pilots called in sick only at the last minute.

But Tony Tyler, Cathay's director of corporate development, told Radio Hong Kong that the "situation has stabilized" as more planes from associated airlines were flying in to help transport Cathay passengers.

Over 10,000 passengers had been affected by the pilots' action, which the union denied it had organized. Findlay said Hong Kong law allows pilots to stay home because of stress.

Hong Kong television reported that many passengers at the airport were frustrated with the chaos.

Cathay has also stopped taking bookings since late Friday for flights flying from now to June 11.

Exchange Rates

Following are yesterday's Standard Chartered Bank rates of major foreign currencies against Taka:

Central Bank USD/BDT Rate: Buying - BDT 48.35/Selling - BDT 48.65		Buying		
Selling	Currency	TT Clean	OD Sight	OD Transfer
48.7300	48.7700	USD	48.3200	48.1599
041117	041200	JPY	0.3964	0.3951
32.6368	32.6636	CHF	31.0920	30.9889
23.6816	23.7051	SGD	27.4545	27.3656
33.7442	33.7719	CAD	32.1106	32.0042
5.7034	5.7080	SEK	5.8107	5.5921
33.0731	33.1002	AUD	29.8714	29.5762
12.9432	12.9539	MYR	12.5981	12.5246
6.3082	6.3134	HKD	6.2066	6.1728
13.0984	13.1092	SAR	12.7807	12.7383
13.3771	13.3881	AED	13.0461	13.0028
0.0409	0.0409	KRW	0.0405	0.0403
79.0693	79.1342	GBP	76.4229	76.1696
51.9267	51.9693	EUR	49.5328	49.3887

Usage Export Bills

TT DOC	30 days	60 days	90 days	120 days	100 days
48.2204	47.9228	47.5257	47.0690	46.5725	45.4605

Exchange rates of some Asian currencies against US dollar

Indian Rupee	Pak Rupee	THAI Baht	Mal. Ringgit	Indo. Rupiah	Sing. Dollar
42.36/42	50.18/50	37.42/37	3.7999/3.8001	8850/8925	1.723/1.724

US dollar

	Buying	Selling	1 Month	3 Months	6 Months	12 Months
Cash notes	48.15	48.75	USD	5.62875	5.28063	5.15813
TC	48.1	48.7	GBP	65	6.34813	6

Market commentary

On Monday in the interbank market demand for US dollar was moderate and traded in a range of BDT 48.65 and BDT 48.67. Payment against Treasury bills worth of BDT 7.08 billion pushed the call money rate higher at the range of 9 and 11 per cent.

In the kerb market cash US dollar notes traded between BDT 49.90 and BDT 50.00.

In the international markets, Euro traded about half a cent higher against dollar as thin European trading got underway on Monday and dealers on the continent closely monitored the exchanges for any hint of European Central Bank intervention. Euro's slide to a lifetime low last week has prompted ECB officials to voice concern about market trends for the first time since the unit's launch in January.

At 1511 hours local time dollar traded at 121.36/46 JPY, GBP traded at 1.6009/19 USD and EUR at 1.0462/68 USD.

Shipping Intelligence

Chittagong port

Berth position and performance of vessels as on 31.05.99

Berth	Name of vessels	Cargo	L Port call	Local agent	Date of arrival	Leaving
J/1	Rattana Naree	Rice(P)	Sing	USTC	8/5	10/6
J/2	Dubai Orient (48)	GI	Col	Seacom	29/5	1/6
J/3	Yong Jiang	GI	S.Hai*	Bdsip	18/5	7/6
J/4	Banglar Doot	Rice(P)	Pak	DSC	11/5	4/6
J/5	Jublana (PKT)	GI(LO)	Yang	USTC	24/5	3/6
J/6	Handy Islander	GI	Sing	Rainbow	16/5	6/6
J/7	Progres-1	Wheat(P)	Sing	Seaglory	13/5	8/6
J/8	Ocean-1	GI	Yang	SMSL	8/5	3/6
J/9	Wind Fall	GI	Sing	Oil	18/5	1/6
J/10	Sun-II	Wheat(P)	Turk	Rainbow	3/5	10/6
J/11	Vishwa Parimal (N PKT)	Dap	Sing	Litmond	4/5	1/6
J/12	Alam Tegas	Sugar (G)	Koshi	Seaglory	2/5	31/5
J/13	Kota Cahaya	Cont	Sing	Pil (BD)	18/5	2/5
CC/1	Xpress Resolve	Cont	Sing	RSL	23/5	31/5
CC/2	Bunga Mas Lima	Cont	P.Kel	EOSL	25/5	31/5
CC/3	QC Tel (Flag)	Cont	Mong	QCSL	28/5	30/5
CC/4	Budi Teguh	Cont	Sing	RSL	19/5	29/5
RM/14	Humber	Cement	Jaka	Able	7/4	7/6
RM/15	Sea Eagle	Cement	Pada	Unicorn	19/5	5/6
CC/1	Yongli	C Clink	Jaka	PSAL	20/5	6/6
GSJ	Arti	Wheat (G)	Dunk	Lams	18/5	2/6
TSP	Blue Angel	Sulph	Iran	CCNL	21/5	3/6
RM/5	Pratibha Godavari	HSD	Mina	MSTPL	28/5	31/5
RM/6	Kyong Song	Cement	Jaka	USTC	R/A	1/5
DQJ	Trotanu	GI(Bt)	B.Alib	Cla	25/5	10/6
DDJ/1	Jaami	Repair	Kura	Royal	26/4	7/6
DDJ/2	Tanary Star	Idle	Para	PSAL	-	-
RM/8	Unity	Idle	Mong	SSST	17/5	5/5
RM/9	Bangla Urmil	Repair	-	BSC	R/A	11/6
CUEJL	Mary Nour	Cement	Lang	BSL	21/5	6/6
KAPCO(U)	Tia Estela	Urea	-	Uniship	R/A	1/6