

Indian, Pak markets soar on Kashmir deal

BOMBAY, July 12: Financial markets in India and Pakistan shot higher today as militants began withdrawing to the Pakistani side of the military Line of Control, reports Reuters.

Indian share and bond prices soared in early trade, while the rupee brought up the rear with a short, early burst of strength.

The benchmark Bombay index vaulted over three per cent to move above 4,500 for the first time since August 7, 1997, and by noon it was 155.82 points up at 4,518.69.

The bullish sentiment unleashed by a winding down of the conflict in Kashmir has brought the market within range of the all time high of 4,643.31 struck on September 12, 1994.

The economy is looking in better shape than it has been in the last few years. We are seeing the bottoming out of commodity prices and a lot of economy sensitive stocks are doing much better," Dileep Madgavkar, chief investment officer at Prudential ICICI Asset Management told Reuters television.

"The market has had strong resistance at the 4,600 levels, which it has touched twice or three before. One could see this being overcome in the short run," he said, but he also warned the market looked ripe for a correction.

In Karachi, relief that the Kashmir powderkeg had been defused helped the index add over 3.24 per cent, or 35,21.39 points, to stand at 1,120.27 by late morning. Islamic groups and Kashmiri militants in Pakistan were organising demonstrations to protest against the Kashmir withdrawal pact, just hours before Prime Minister Nawaz Sharif was due to make a state broadcast justifying it.

Salman Ahmed, a dealer at Finex Securities said investors in Karachi were anxiously awaiting Sharif's speech.

Indian government bond prices also posted strong gains as the fears of a financially costly confrontation dwindled. The Indian rupee sprinted to 43.17/22 per dollar at the open, but stopped dead in its tracks. By midday it had stepped back to 43.24/25, less than 0.1 rupee

firmer than Friday's close, and a long way of pre-crisis levels of 42.80.

The rupee, which is only convertible on the current account, is expected to resume a weaker trend due to a nagging trade deficit, dealers said.

The end of fighting has led to optimism in the markets. But the impact has only been on market sentiment. This does not mean a substantial shift in the flows just yet. The market's concern will now shift to politics," said Ravi Pal, vice president, foreign exchange, HDFC Bank.

As Kashmir moves off the markets' radar screens India's general election looms large. The Election Commission announced on Sunday voting will take place in five phases between September 4 and October 1.

Investors must assess how much Prime Minister Atal Behari Vajpayee's Hindu nationalist Bharatiya Janata Party will benefit from the diplomatic and military successes since the Kashmir crisis erupted in mid-May.

India has been locked in a phase of weak coalition governments which has slowed the process of economic liberalisation begun at the start of the 1990s.

Analysts believe if a stronger government emerges from the next election many of the policy logjams will be broken.

In Pakistan, investors need to assess how Sharif's government fares in the wake of the withdrawal from Kashmir.

A Reuters report from Karachi adds: Pakistani stocks rallied today, rising over three per cent as a surge of optimism greeted an agreement between India and Pakistan to end their confrontation in Kashmir.

"Obviously, the future direction of the market hinges upon how smooth the withdrawal is," said Shuja Alvi, research head at brokerage firm UBS Securities. "If it goes well, the index will also climb steadily."

Australia, China sign agri research deals

BEIJING, July 12: Australian foreign minister Alexander Downer met his Chinese counterpart Tang Jiaxuan in Beijing today and signed an agreement to research agricultural problems in wheat, wool and brassica vegetables, says Reuters.

The three research projects would receive substantial funding from the Australian Centre for International Agricultural Research (ACIAR). Downer said at the signing ceremony.

Downer did not give the value of the three deals but the Australian embassy in Beijing said the ACIAR spends about 17 per cent of its research budget in China, or A\$ 6.0 million (\$4.0 million) in 1998-1999.

The projects were aimed at raising the output and quality of wheat in China's southwestern province of Sichuan, improving yarn-spinning in both China and India, and upgrading pest management in brassica vegetables such as cabbage, the embassy said in a statement.

The ACIAR operates 26 projects in China and will soon add seven more, including the three agreed on Monday, Downer said.

Downer began a five-day official visit to China on Sunday with Beijing and Canberra embroiled in a diplomatic row with Papua New Guinea, which recognised China's diplomatic rival Taiwan last week.



Ema Suzuki, Japan's Pioneer employee shows off the company's XGA Hi-Vision 50-inch wide screen plasma display panel PDP-502HD at the company's headquarters in Tokyo Monday. The PDP-502HD, which has only 9.8cm depth of thin body, is targeted to sell 500 units of month with a price of 1.68 million yen (14,000 USD).

Filipino economy on way to meet govt's growth target

MANILA, July 12: The Philippine economy is on track to meet the government's growth targets for this year, including an increase of up to 3.7 per cent in the gross national product, a senior economic official said Monday, reports AP.

"It looks like we will meet our economic growth targets because initial results of leading indicators, particularly agriculture, are good," Socio-Economic Planning Secretary Felipe Medalla said.

Medalla said in a radio interview that agricultural production may have expanded by up to 7 per cent in the second quarter because of strong growth in rice and corn production after harvests were decimated last year by droughts followed by devastating typhoons.

Agricultural production rose 2.69 per cent in the first quarter because of good weather after output contracted 6.6 per cent in 1998.

Medalla said money sent home by Filipinos working overseas is also expected to help stimulate economic growth this year. Some 4.5 million Filipinos work abroad, sending home more than \$6 billion last year.

The government predicts that the gross domestic product, which does not include the remittances from overseas Filipinos, will expand by between 2.6 per cent and 3.2 per cent after contracting 0.5 per cent in 1998.

New JB branch premises at Barisal Medical College

A new branch premises of Janata Bank has been opened at Barisal Medical College recently.

It will provide better customer services and help expand the bank's business, says a press release.

Deputy Managing Director of the bank MA Yousoof, inaugurated the branch.

He urged the clients, business community and others to avail themselves of all sorts of facilities from the branch for the development of trade, industry and agriculture.

Saudi economy in 'solid' shape despite crises

JEDDAH, Saudi Arabia, July 12: The economy of Saudi Arabia is in "solid" shape and its oil policy has led the way to the recovery in prices on the world oil market, King Fahd said yesterday, reports AP.

"Thank God, the Saudi economy is solid despite the crises and changes which surround us," he said in a speech to a new session of the kingdom's shura (consultative) council in the Red Sea city of Jeddah.

"We are optimistic but remain cautious to avoid any negative impact" on the economy, said King Fahd, who was shown on Saudi television and whose speech was carried by the official news agency SPA.

He said Saudi Arabia had worked "inside and outside OPEC" to enable the oil market to recover its equilibrium. But the kingdom, as the world's top oil producer and exporter, insists on keeping its "fair production quota" within the Organisation of Petroleum Exporting Countries, he said.

At the same time, "we are determined to continue our policy and our cooperation with friendly countries, producers and exporters, to maintain price stability," he said.

Saudi Arabia and Venezuela

together with non-OPEC member Mexico initiated oil production cuts in March 1998 and again this year that led to the recovery in oil prices.

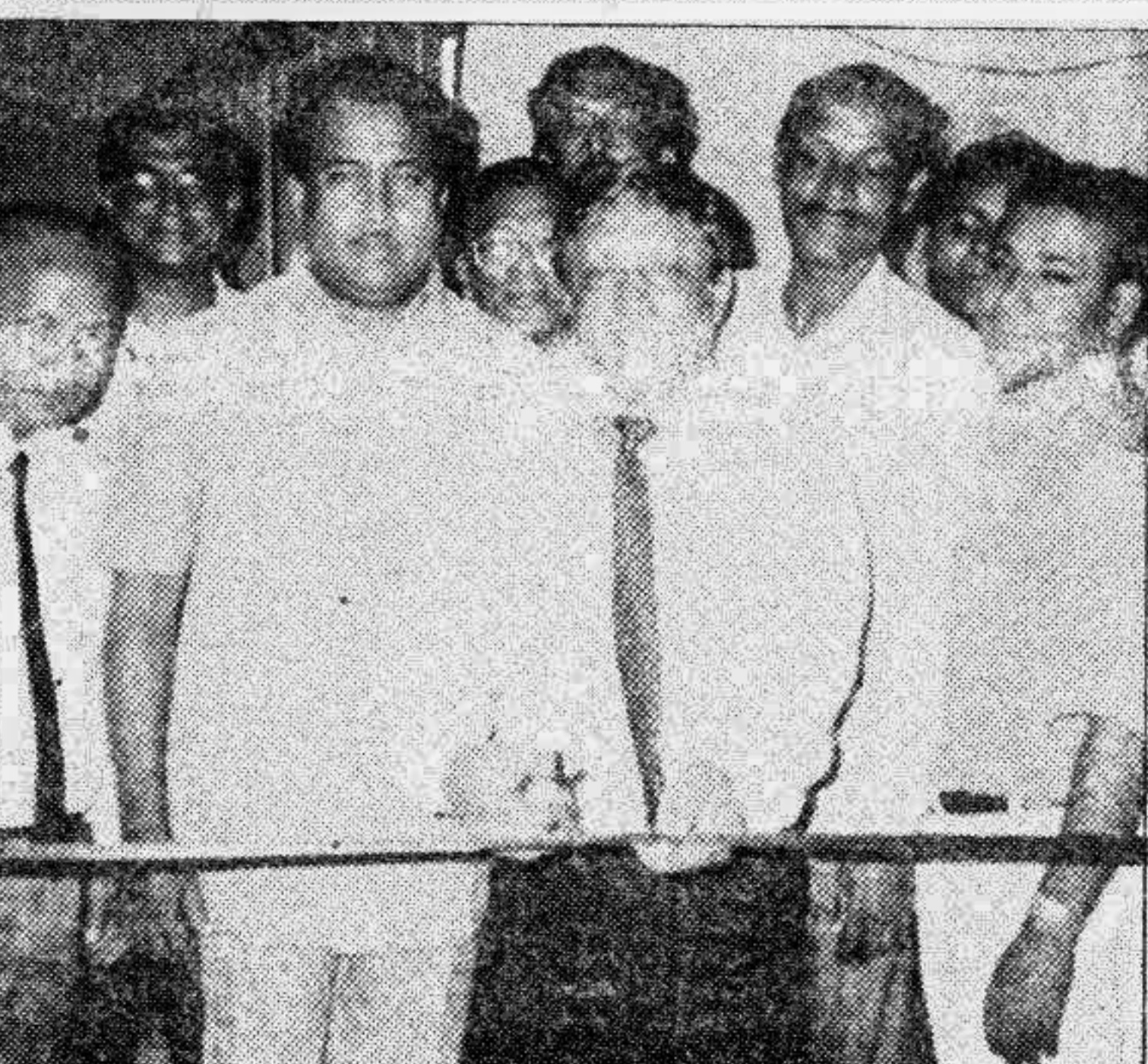
King Fahd said his country would use "every means at our disposal" to eradicate the reasons for the fallings on the oil market and ensure its stability in the interests of producers and consumers.

On Monday, oil prices surged above 18 dollars a barrel in London for the first time since December 1997. A barrel of Brent crude for delivery in August fetched 18.12 dollars in early afternoon trading.

The king also said the Saudi private sector had proved itself "capable of dealing with the economic changes" to guarantee development, strengthen the economy and train the local workforce.

In May, he urged the private sector to "increase its investments and expand its activities in such a way as to take over some of the services provided by the government."

Riyadh plans to privatise sectors such as electricity and railways in the hope that they will be improved by the removal of layers of bureaucracy.



MA Yousoof, Deputy Managing Director of Janata Bank, inaugurates the bank's new branch premises at Barisal Medical College recently.

New vision or illusion for HK?

HONG KONG, July 12: Since Hong Kong returned to China two years ago its leaders have been seeking a new vision for the former British territory, linking its future to a more diverse economy and the creation of a technology hub, reports Reuters.

But is this the right vision or is the government just grasping at straws as the economy weathers one of its most difficult periods? Some economists think the latter.

"There is a lot of talk about boosting Hong Kong but personally I think they would do well to leave it alone," said Geoffrey Barker, chief economist at Dresdner Kleinwort Benson.

Another silicon valley?

In looking for a vision for its struggling economy, which fell into recession for the first time in 13 years in 1998, Hong Kong may be anxiously watching Singapore which is pushing itself as a financial services centre and an Internet hub.

"I think that the government is looking over its shoulder at Singapore and worrying about it and thinking that it needs to become more proactive in an industrial sense," said Barker.

But as the government sees it, the vision for the future is a more diverse economy, no longer so dependent on galloping real estate prices but focused on new areas of growth like technology.

To that end, a controversial HK\$ 13 billion (US\$ 1.7 billion) "Cyberport" project was announced earlier this year, to which the government will contribute land and the necessary infrastructure in the hope that the high-tech business park

will attract investment from US companies at the cutting edge.

But along with questions of cronyism, which were sparked when development rights were awarded without a tender to the son of Hong Kong property tycoon Li Ka-shing, the project has raised doubts that it will even push Hong Kong in the right direction.

Playing to the strengths of the economy

"I am not certain that the economy is well placed to achieve that. When you look at a lot of Hong Kong businesses there are very, very few companies that are actually high tech," said Robert Rountree, managing director Asia-Pacific research at Prudential Bache Securities.

"I am not convinced that you have got the infrastructure, not the education system which at this point is going to allow Hong Kong to do that big leap into the techno age."

By pursuing its current strategy, Hong Kong risked neglecting the sector which now provides about 85 per cent of its gross domestic product — the service sector, economists said.

"My own view is that it should build on its strengths — one of which is financial services," said Ian Perkin, chief economist at the Hong Kong General Chamber of Commerce.

"Financial markets are concerned that if the government goes along this route it might lose its focus on what is the strength of the economy."

re-exports, has created an expansion of high-value activities for the service sector.

"At the moment Hong Kong is very much dependent on trade and people need to focus much more on what is happening in the traded goods and traded services area," said Barker.

Deregulation, education and value-added services

Defending Hong Kong's role as a service centre has become all the more important now that currency devaluations around Asia have put the costs of those services under the spotlight and with China increasingly able to service its own trade.

The government has to think very seriously how Hong Kong will remain the financial centre for China," said Kevin Chan, head of Greater China economic research at Nomura International.

"I think that is in question when you talk about the next 10 to 15 years."

The key was to provide a higher level of services, said Abhijit Chakraborty, regional strategist at HSBC Securities.

"I think actually what will happen is that Hong Kong will continue to be a very important provider of financial and other services to China but actually the nature of the services will eventually become more and more value added," he said.

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to clients					
Currency	Selling TT & OD	Selling B/C	Buying T. Clean	Buying OD Sight Export Bill	Buying OD Transfer
US Dollar	48.7300	48.7700	48.3200	48.1570	48.0850
Pound Stg	75.9677	75.9300	74.7220	74.4700	74.3686
Deutsche Mark	25.7823	25.8035	24.8149	24.7158	24.6789
Swiss Franc	31.0106	31.0360	30.5320	30.4290	30.3835
Japanese Yen	0.4005	0.4009	0.3938	0.3825	0.3819
Dutch Guilder	22.9822	22.9010	22.0236	21.8357	21.8029
Danish Krona	6.7241	6.7236	6.5741	6.5519	6.5421
Australian \$	32.9853	33.0124	31.7172	31.6103	31.5630
Belgian Franc	1.2500	1.2510	1.2031	1.1983	1.1965
Canadian \$	33.4546	33.4821	32.4884	32.3788	32.3304
French Franc	7.6874	7.6837	7.3989	7.3694	7.3584
Hong Kong \$	6.2922	6.2974	6.2144	6.1934	6.1842
Italian Lira	0.0260	0.0261	0.0251	0.0250	0.0249
Norway Kron	6.1511	6.1582	6.0475	6.0271	6.0181
Singapore \$	29.0284	29.0522	28.0979	28.0031	27.9613
Saudi Rial	13.0301	13.0408	12.8487	12.8053	12.7862
UAE Dirham	13.3044	13.3153	13.1194	13.0751	13.0556
Swedish Krona	5.7054	5.7100	5.6323	5.6133	5.6049
Qatari Riyal	13.4209	13.4319	13.2326	13.1879	13.1682
Kuwaiti Dinar	163.9637	164.0963	152.1411	151.6278	151.4011
Thai Baht	1.1317	1.1347	1.1005	1.0961	1.0942
Euro	50.4258	50.4672	48.5337	48.3400	48.2677

Bill buying rates					
TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
46.2112	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	5.1820	5.3100	5.5970
48.0850	48.7300	GBP	5.0618	5.1275	5.2698
Cash/TC	Cash/TC	Euro	2.8248	2.8650	2.8975

Amex notes on Monday's market

The USD/BDT market has been very sluggish this week. Increased incoming remittances kept off pressure from BDT against USD. Increased inflow of USD and steady demand kept the USD/BDT range between 48.6500-48.6550.

Call money market has remained quiet for last one week. Government has accepted T-bills worth BDT 7.38 billion on the auction held on July 11, 1999. Payments were made today against T-bills maturity of BDT 3.035 billion in 28 days and 50 million in 182 days. Mismatch in T-bills maturity and payments could not affect the market as the market was very liquid. The call rates opened at 800 per cent in the morning but later it came down to 7.10 per cent after the first clearing house. Average call rates ranged between 7.10-7.50 per cent.

The dollar was steady against the yen by midday in Tokyo on Monday, capped by Japanese exporter sales, but still underpinned by expectations of possible dollar-buying intervention by the Bank of Japan (BOJ). The dollar edged higher earlier on expectations of commercial demand at the O100 GMD (retail) fixing, but quickly gave up gains on selling by Japanese exporters. Market makers assume that a key Undersecretary for International Affairs Timothy Gethner.

Sporadic euro selling against the yen by Japanese investors was detected, but the euro's fall was limited by market wariness over possible euro-buying, yen-selling intervention by the BOJ or by the European Central Bank (ECB) on behalf of the BOJ.

At around 0609 GMT the exchange rates of major currencies against USD were GBP/USD 1.5516/26, USD/SFR 1.5766/71, USD/JPY 122.03/08, EUR/USD 1.0187/97.

Shipping Intelligence

Chittagong Port

Berth position and performance of vessels as on 12.7.99

Berth No	Name of vessels	Cargo	L port call	Local agent	Date of arrival	Date of leaving
J/1	Xiang Cheng	GI	Tanj	BDShip	20/6	29/7
J/2	Michelle	GI (D.F)	Sing	MSC	12/6	17/7
J/3	Banglar Kallol	Wheat(G)	Sing	BSC	14/7	14/7
J/4	Encouragement	Sugar(G)	Maza	Litmond	20/6	17/7
J/5	Phaethon	Sugar(G)	Durb	OWSL	01/6	20/7
J/6	Leona	GI	Taxi	Prog	17/6	16/7
J/7	Vishva Pratulla	Rice(G)	Mong	OWL	24/6	15/7
J/8	Zeynep Kaptanoglu	Wheat(P)	P Said	OWSL	3/5	16/7
J/9	Bwer Brisk	GI	Sing	RML	30/6	15/7
J/10	Karunia Lestari-II	Rice(P)	Kochi	PSAL	22/5	17/7
J/11	Kota Berava	Banglar Roli	Sing	PHIBD	7/7	15/7
J/12	Banglar Roli	Cont	Sing	BSC	6/7	12/7
J/13	Al Swamuz	Wheat(G)	Mong	ANCL	1/7	14/7
CCT/1	Nordkap	Cont	Sing	RSI	4/7	14/7
CCT/2	Sin Hai	Cont	Sing	RSI	3/7	13/7
CCT/3	Eliza	Cont	Col	Baridhi	3/7	14/7
RM/14	Unity	Repair	Mong	SSST	17/5	14/7
RM/15	Sarahi	Rice(P)	Sing	SMSS	R/A	15/7
CSJ	Al Banaq	C Clink	PSA	18/5	25/7	
CSJ	Tarpon Santiago	R Phos	Sing	USTC	29/6	
RM/3	Shannon	CDSO	Sing	Seacom	30/6	14/7
RM/4	BTU	Cement	ABLE	R/A	20/7	
RM/5	Banglar Urmi	Bunker	BSC	R/A	12/7	
DM/1	Tanary Star	GI	Para	Rainbow	14/6	14/7
RM/8	Sea World	Repair	ISL	PSAL	R/A	29/7
RM/9	Banglar Maya	Repair	Aden	RSI	R/A	18/7

Vessels due at outer anchorage

Name of vessels	Date of arrival	L port call	Local agent	Cargo	Loading port
EDMO	12/7	Sing	OTBL	Cont	Sing
Banglar Shikha (Cont)	1/7	Sing	OTBL	Cont	Sing
Karin Cat (48) 28/6	13/7	Sing	Everett	GI(D Cargo)	Sing
Buxmoon (Cont) 5/7	13/7	Sing	QCSL	Cont	Sing
Kemilau	13/7	Sing	PSAL	C. Clink	Sing
Bunga Mas Lapan (Cont) 5/7	14/7	P Kel	EOCL	Cont	Sing
Q Mallard (Cont) 5/7	16/7	Sing	QCSL	Cont	Sing
Cemrlang	14/7	Indo	OLM	C. Clink	Sing
Java Venus (Cont)	15/7	Sing	RLS	Cont	Sing
Joy World (48) 5/7	15/7	Sing	SSLL	GI(St. Coil)	Sing
Achirver	15/7	Sing	RLS	GI	Sing
Revenge	16/7	Sing	Sunshine	Salt	Sing
Jurong Balsam (Cont) 1/7	16/7	Sing	NOL	Cont	Sing
Banga Birai (Cont) 4/7	16/7	Sing	BDShip	Cont	Sing
Banglar Moni (Cont) 6/7	16/7	Sing	BSC	Cont	Sing
Kota Cahaya (Cont) 6/7	17/7	Sing	PHIBD	Cont	Sing
Ocean-1	18/7	Yang	SMSS	GI	Sing
Da Fa (Cont) 11/7	18/7	Sing	RLS	Cont	Sing
Bunga Mas Lima (Cont) 11/7	19/7	P Kel	EOCL	Cont	Sing
Banglar Gourab	20/7	Kara	ISC	GI/Rice	Sing
Roro Slam (Roro/24) 1/7	21/7	Hochi	JF	Vehi	Sing
Banglar Birai (Cont) 11/7	21/7	Sing	BDShip	Cont	Sing
Q Teal (Cont) 11/7	21/7	Sing	QCSL	Cont	Sing
Star Glory	25/7	Sing	PSAL	Cement	Sing
Xpress Makalu (Cont) 11/7	25/7	Sing	RLS	Cont	Sing
Xpress Resolve (Cont) 4/7	29/7	Sing	RLS	Cont	Sing

Tanker due:

Name of vessels	Cargo	L port call	Local agent	Date of arrival
Timur Grace	12/7	-	TSL	CPO
Mekhanik Vrsakov	11/7	Juba	ECSL	HSD