

# Pakistan-IMF loan tranche pact likely on Sept 1

ISLAMABAD, Aug 25: Pakistan's Finance Minister Ishaq Dar said yesterday he expected to sign a letter of intent with the International Monetary Fund by September 1 for the release of a further part of a \$1.6 billion loan programme, reports Reuters.

Dar told a news conference that talks with a visiting IMF team were going "fairly well." He did not say how much Pakistan would receive, but Pakistani officials have previously said it would be \$280 million.

"We hope to conclude our final discussions and they would conclude their spare work, hopefully, by the end of this week," he said.

The IMF team arrived in Islamabad on August 14 and has

held regular meetings with government officials on various aspects of the economy, which, according to Dar, was showing signs of recovery in the last few months.

"Economic activity is picking up and I hope to see further pick up in the first six months of this year."

IMF lending to Pakistan was halted for several months in 1998 after the international community imposed sanctions following the country's May 1998 nuclear tests.

Disbursements started again in January this year and Pakistan is slated to receive \$460 million in loans between now and October 2000, provided it meets promises on reform made

to the IMF. In May, Pakistan secured a tranche of \$51 million.

Dar said the government would also decide next month whether or not to reschedule its Eurobonds.

"It is right now being debated at the Paris Club and other forums. We are taking legal advice. I think I will be able to give you a clear answer in about two weeks time," Dar said.

The Paris Club, which rescheduled \$3.3 billion of Pakistan's bilateral debt repayments in February, has asked Islamabad to reschedule the Eurobonds.

The request is seen as a test-case of how to handle complex

national debt, and issue that could have ramifications for other heavily indebted countries, notably Russia.

"Pakistan has two floating rate notes and two sovereign bonds outstanding worth a total of \$750 million but three of them are maturing in the period of rescheduling that ends in December 2000."

Dar said if Pakistan decided to reschedule the bonds, it would apply uniform rate on the three instruments and offer similar terms.

Dar said the first was to mature in December this year, the second in May 2000 and the third in December 2000 but with options it could extend to the year 2001.

## China to resume WTO entry talks with US in Sept

HONG KONG, Aug 25: China will resume talks with the United States early next month on its bid to join the World Trade Organisation (WTO), a Hong Kong newspaper reported today, says AFP.

An official from the US trade representative's office will go to Beijing for "technical negotiations" on China's entry, the independent Chinese-language Hong Kong Economic Times quoted unidentified sources as saying.

The sources said negotiators from both sides would start final negotiations in late September with an agreement expected to be concluded by the end of October, the daily said.

China cut off bilateral talks following the NATO bombing of the Chinese embassy in Belgrade on May 7.

A successful conclusion to the talks with the United States could assure China's entry as Washington has been holding out for the most concessions.

The main focus of the technical negotiations would be a timetable for liberalising China's market, according to the sources quoted by the Hong Kong newspaper. They said the United States wanted China to speed up the opening of the services sectors, including finance and insurance.

The United States wanted China to allow foreign banks to set up regional branches without restrictions and allow them to expand their Chinese currency business.

## Dow ends down as investors hail move Dollar dips on Fed rate hike

NEW YORK, Aug 25: The dollar turned mostly lower in volatile trading Tuesday as the Federal Reserve raised short-term interest rates for a second time this summer but also signaled that rates now may hold steady in the months ahead, reports AP.

In late New York trading, the euro was quoted at \$1.0529, up from \$1.0505 late Monday. The dollar also was quoted at \$1.0529, up from \$1.0505 late Monday. The dollar also was quoted at \$1.0529, up from \$1.0505 late Monday.

As expected, inflation fighters at the Federal Reserve raised interest rates by a quarter point for the second time in two months in an effort to cool the economy by making it more difficult for Americans to borrow money.

Higher rates make returns more attractive on investments denominated in dollars. But the Fed also signaled that rates may stabilise. It said the two interest rate increases over the past eight weeks "should markedly diminish the risk of inflation going forward."

US stocks gyrated after the decision was announced and the dollar followed that pattern. The Dow Jones industrial average, which closed at a record high Monday, initially rose on the Fed's decision, then retraced only to regain much of the lost ground at the close of trading.

Bonds gained ground. The dollar was slightly higher

against the yen and slightly lower against the euro after the Fed's action.

The dollar also was quoted at \$1.0529, up from \$1.0505 late Monday. The dollar also was quoted at \$1.0529, up from \$1.0505 late Monday.

Currencies of the 11 countries participating in the euro are no longer traded separately and are tied to the euro by a fixed rate. Based on Tuesday's euro rate, the dollar was worth: 1.8575 German marks, down from 1.8620; 6.2297 French francs, down from 6.2443; and 1.8393 Italian lire, down from 1.843.

Meanwhile, after some initial confusion, investors Tuesday welcomed the Federal Reserve's long-expected decision to raise interest rates, sending most stocks higher even as blue-chips fell back slightly.

The Dow Jones industrial average closed at 11283.30 on a loss of 16.46 points, or 0.15 per cent. The Fed's announcement sparked a volatile afternoon on Wall Street, as the index jumped more than 65 points from Monday's record high close, then tumbled as much as 105.43 points before regaining ground.

Broader stock indicators ended higher.

The Standard and Poor's 500 rose 3.28 to 1363.50. The Nasdaq composite index rose 32.79 to 2752.36.

Declining issues outnumbered

advertisers by a 4 to 3 margin on the New York Stock Exchange, with 1,714 down, 1,291 up and 563 unchanged.

NYSE volume totalled 719.00 million shares as of 4 pm vs 673.77 million in the previous session.

The Russell 2000 index of smaller companies fell 0.27 to 436.98.

The Fed surprised few with its quarter percentage point increase in the federal funds rate, the interest banks charge each other on overnight loans. Fed policy-makers had already boosted the rate on June 30, and chairman Alan Greenspan made it clear that any signs of inflation would prompt the Fed to raise rates again.

But some market players were thrown off guard by the Fed's decision to also raise the discount rate — the interest that it charges for direct loans to banks — also by a quarter point.

The Fed funds increase "was the second most widely anticipated change in monetary policy in years," said Peter Canelo, US investment strategist at Morgan Stanley Dean Witter, noting that the June increase was also widely expected. "It has been taken very well by stock and bond markets."

Bond prices, which have improved steadily over the past week, rose again. The yield on the 30-year Treasury bond fell to 5.93 per cent, from 5.98 per cent late Monday.

## Exchange Rates

Following are yesterday's Standard Chartered Bank rates of major currencies against Taka:					
Central bank USD/BDT rate: Buying—BDT 49.35/Selling—BDT 49.65			Buying—BDT 49.35/Selling—BDT 49.65		
TT/OD	BC	Currency	TT Clean	OD Sight	OD Transfer
49.7300	49.7700	USD	49.3200	49.1566	49.0707
0.4605	0.4608	JPY	0.4323	0.4308	0.4301
32.8728	32.8993	CHF	32.2500	32.1432	32.0242
30.1650	30.1893	SGD	28.5153	28.4208	28.3711
34.2257	34.2533	CAD	32.1617	32.0551	31.9367
6.0425	6.0473	SEK	5.9314	5.9117	5.8993
33.4932	33.5201	AUD	29.2468	29.1498	29.0517
12.2264	12.2371	MYR	12.8434	12.8009	12.7685
6.4553	6.4604	HKD	6.3030	6.2821	6.2688
13.3694	13.3801	SAR	13.0455	13.0223	12.9993
13.6516	13.6626	AED	13.1361	13.2719	13.2388
0.0417	0.0418	KRW	0.0410	0.0409	0.0408
79.6824	79.7465	GBP	78.0144	77.7558	77.4728
52.7784	52.8209	EUR	51.5049	51.3342	51.2115

Usance Export Bills					
TT DOC	30 days	60 days	90 days	120 days	180 days
49.2183	48.9146	48.5993	48.0431	47.5364	46.4013
Exchange rates of some Asian currencies against US dollar					
Indian Rupee	Pak Rupee	Thai Baht	Mal. Ringit	Indo. Rupiah	Sing. Dollar
43.53	51.30	38.23	3.5000/01	7580/77610	1.6730/40
43.58	51.30	38.28			

## Market Commentary

The interbank market witnessed limited activities due to technical failures on Wednesday. The demand for Dollar was sluggish as the market was very liquid in Dollar. There is ample supply of dollar in the market and most of the major players are not interested in buying it. On Wednesday, dollar traded in a range of BDT 49.6000 to BDT 49.6300. The call money market was out of its insipid state and the demand for call money increased. The call rate fluctuated in a range of 6.0 and 7.0 per cent.

In the international markets, dollar gained from its lows against yen although sentiment remained damp after muted reaction to US asset markets to Tuesday's well-publicised credit tightening. Although the greenback briefly perked up against yen on rumours of central bank intervention, the gains proved short-lived as a US asset market rally, which the market had anticipated, did not materialise.

The market players commented that the prevailing wariness about intervention would keep dollar over 110-Yen level in the near-term but that the underlying theme continued to be asset relocation into Yen amid growing optimism about Japan's economic recovery.

Meanwhile, Japan's Vice Finance Minister for International Affairs Kuroda declined to comment on intervention and added that Tokyo's foreign exchange policy remains unchanged. Kuroda also said that there was no economic reason for the Yen to rise in the wake of Tuesday's US interest rate hike.

European currencies were also weaker against dollar. The sterling was at its four weeks low against dollar. The market is now focused on Thursday's European Central Bank Policy Council meeting. No ECB interest rate moves are expected now although the traders commented that recent economic data suggested a gradual pick up in the European economy which would eventually fuel talks of an interest rate hike.

## Shipping Intelligence

Chittagong port									
Berth position and performance of vessels as on 25.8.99									
Berth	Name of	Cargo	L Port	Local	Date of	Lea-			
No.			call	agent	arrival	ving			
J/1	Ocean Mist	Caracases	Jedd	Cross	20/8	25/8			
J/2	Revenge	CI	Mumbai	Sunshine	3/8	28/8			
J/3	Banglar Mamata	Rice(P)/GI	Kaki	BSC	19/8	29/8			
J/4	General Mojica	GI(DP)	Sing	Seagull	9/8	30/8			
J/5	Sun Bright	CI	Sing	MSA	12/8	30/8			
J/6	Love Me Tender	GI/Wheat(P)	Vala	Rainbow	12/8	29/8			
J/7	Fontana	Sugar(G)	Darb	Fortune	6/8	26/8			
J/8	Duden	Wheat(P)	Hust	Litmond	1/8	30/8			
J/9	Adhika Adiratra(48)	GI	Jaka	ASA	24/8	26/8			
J/10	Winner	C, Clink(Conf)	Panj	MBL	19/8	30/8			
J/11	Feng	Wheat(P)	Newo	OWSL	6/7	31/8			
J/12	Jurong Balsam	Cont	Sing	NOL	19/8	25/8			
CCT/1	Banglar Shikha(Flag)	Cont	Sing	RSL	20/8	26/8			
CCT/2	Eliza	Cont	Sing	BSC	21/8	25/8			
CCT/3	Ultima	Cont	Sing	BSC	20/8	25/8			
RM/14	Banga Birol	Repair	Sing	Bdshp	18/8	26/8			
RM/15	Phaethon	Idle	Durb	OWSL	10/6	26/8			
CCJ	Ocean Merit	C Clink	Sing	OTL	8/8	2/9			
GSJ	Youngly	Idle		PSALR/A(20/5)	30/8				
TSP	Saigon-1	R Phos	Jibo	Seacom	21/7	25/8			
RM/5	Dignity	HSD/Sko/MS	Sing	ECSL	19/8	25/8			
RM/6	Apj Anand C Clink(Diamond)	Sing	Apex	18/8	4/9				
DM/2	Flag Investor (Cement)/Repair	Lank	BSL	10/8	30/8				
RM/8	Sea World	Repair	CCNL	R/A	30/8				
RM/9	Banglar Shourabh	Repair	BSC	R/A	31/8				

Vessels due at outer anchorage									
Name of vessels	Date of arrival	L Port	Local agent	Cargo	Loading	port			
Xpress Resolve(Cont)	17/8	25/8	Sing	RSL	Cont	Sing			
Paulina	25/8			AMBL	C Clink				
Xpress Makalu(Cont)	11/8	26/8	Pira	UMTL	Scraping				
Yohfu	26/8		Mong	Baridhi	Cont	Sing			
Tiger River(Cont)	16/8	26/8		Total	Wheat(P)				
Uetina	26/8		Jedd	H&SL	Scraping				
Arktis Hunter(48)	18/8	26/8	B/Abbas	Everett	GI(Cont)				
Althea	26/8		Osaka	Prog	GI				
Martina	26/8		Mong	SMSLSurvey	Purpose				
Karunia Pacific	30/8		Pada	SMSL	Cement				
Annikal	28/8		P Said	Ancient	Wheat(G)				
Banglar Robi(Cont)	10/8	27/8	Sing	BSC	Cont	Sing			
Ja Ja(48)	12/8	3/9	Cal	Royal	GI(Coll)				
Qa Ja(Cont)	17/8	29/8	Vizak	RSL	Cont	Sing			
Qa Ja(Cont)	17/8	29/8	Sing	QCSL	Cont	Sing			
Banga Birol(Cont)	17/8	2/9	Sing	Bdshp	Cont	Sing			
Bunga Mas Enam(Cont)	18/8	28/8	P Kel	EOSL	Cont	Sing			
Banglar Gourab	29/8		Kochi	Bsc	Rice(P)/GI				
Kota Berjaya(Cont)	19/8	29/8	Sing	Phil(Bd)	Cont	Sing			
Eastern Victory	30/8		Hal	Everett	Urea				
Orto(48)	18/8	27/8	Cal	Phil	GI				
Star Glory	30/8			PSAL	Cement				
Jaya Mars(Cont)	23/8	30/8		Baridhi	Cont	Col			
Kota Singa(Cont)	22/8	31/8	Sing	Phil(Bd)	Cont	Sing			
QC Pintall(Cont)	22/8	31/8	Sing	QCSC	Cont	Sing			
Carthou	2/9		Sing	Everett	GI				
Kota Naga(Cont)	22/8	1/9	Sing	Phil(Bd)	Cont	Sing			
Banglar Moni(Cont)	22/8	2/9	Sing	BSC	Cont	Sing			
Jurong Balsam(Cont)	24/8	3/9	Sing	NOL	Cont	Sing			
Bunga Mas Lapan(Cont)	24/8	3/9	P Kel	EOSL	Cont	Sing			
Bunga Mas Lima(Cont)	24/8	4/9	P Kel	EOSL	Cont	Sing			
Dansus	6/9			Everett	Spl Cargo				
Xpress Padma(Cont)	17/8	7/9	Sing	RSL	Cont	Sing			

Tanker due				
Atlantic	26/8	Sing	ECSL	HSD/SKO
Name of vessels	Cargo	Last Port call	Local agent	Date of arrival
Vessels Registered				
	GI	Yang	Everett	22/8
Mandiri Jaya(R)				
Vessels at Kutubdia				
Energy Explorer-IV			BBAL	5/4
Ismaya			BBAL	17/8
Smithlloyd-74			BBAL	R/A(12/8)
Seabulk Eagle				R/A(12/8)
Seabulk Command			IRS	R/A(15/7)