

US stocks hit record highs

NEW YORK, Dec 4: US stocks surged to record highs and bonds rallied on Friday, after news that US wages barely rose in November eased investor worries the Federal Reserve would hike rates aggressively to head off inflation, reports Reuters.

Europe's single currency barely stayed above \$1. Wheat prices sank to 22-year lows amid forecasts for rain and snow in parts of the dry US Plains growing region.

"We're having a feeding frenzy today, but really it's just a continuation of the bull market," said Alfred Goldman, the technical analyst at AG Edwards & Sons in St. Louis. "Concerns about the Fed were reduced. Concerns about inflation were reduced."

The Dow Jones industrial average DJI was up a solid 247.12 points, or 2.24 per cent, at 11,286.18, with strong gains in banking and technology issues.

The Dow set its eighth-highest single day point gain ever, and during the session flirted with its record high close of 11,326.04 set on Aug. 25. For the week, it was up 297.27 points.

The broader gauge of the Standard & Poor's 500 index, SPX, jumped 24.26 points, or 1.72 per cent, to 1,433.30 surpassing its Nov 18 record close of 1,424.94. For the week, it was up 16.68 points.

The technology-heavy Nasdaq composite index, IXIC, set another record high for the second consecutive session.

SWIFT training begins at AB Bank academy

A training programme of SWIFT (Society for Worldwide Inter Bank Financial Telecommunication) Users' Group began at the training academy of Arab Bank Ltd. in Dhaka, says a press release.

The Training Programme started on November 27 and will conclude on December 6.

So far, a total of seven commercial banks have participated in the training programme while nine other banks have enlisted their names as the member of SWIFT Users' Group in Bangladesh.

This is the first time in Bangladesh that all sorts of fund transfers, information communication, business proposals etc. will be communicated through SWIFT mechanism all over the world.

A total of 29 participants from seven commercial banks are taking part in the workshop.

Debbie YS Lee, an expert and Senior Education Specialist of the Office of Society for Worldwide Inter Bank Financial Telecommunication of Hong Kong, is the only instructor of the session. The programme was inaugurated by MA Awal, former DMD of Arab Bank Ltd. and Chairman of SWIFT Users' Group in Bangladesh, while CM Koyes Sami, DMD who is also in-charge of International and IT Division spoke on the occasion and pointed out the arrangement as a milestone for Information Technology arena in Bangladesh suited for the next millennium.

Abu Hanif Khan, DMD and Managing Director, Vice President of Arab Bank Ltd. and Chairman of SWIFT Users' Group in Bangladesh, attended the function as guests.

Ashrafullah, Executive Secretary of Bangladesh Foreign Exchange Dealers' Association (BAFEDA), is the Chief Coordinator of the session who is assisted by Iftekhar Ahmed, Officer, International Division, Head Office, ABBL.

Rouble slides despite central bank support

MOSCOW, Dec 4: The Russian rouble sank against the dollar yesterday after staging a brief recovery in the previous session, although the central bank intervened to keep the rate above this week's record low, dealers said, reports Reuters.

The rouble averaged 26.7408 in the morning unified trading session of eight exchanges after a previous 26.6796. The central bank set its official next day exchange rate at 26.74 roubles per dollar after a previous 26.68. "Only the central bank's presence supported the market and held the dollar from rising further," Alexander Timofeyev, Mosnftekhimbank resource management department head, said.

Dealers said the central bank apparently sold about \$40-50 million at 26.75-26.77 roubles per dollar.

The central bank wants to save its reserves and is allowing the rouble to slide gradually. Its reserves are not big enough to intervene heavily in the market," Timofeyev said.

The central bank said on Thursday its gold and foreign exchange reserves fell to \$11.6 billion on November 26 from \$11.8 billion on November 19.

The rouble sank to a record low of 26.75 per dollar on Wednesday as the central bank withdrew from the market in a bid to save its gold and foreign exchange reserves ahead of foreign debt payments.

It has promised to let the rouble depreciate in line with inflation, repeatedly signalling its determination to control any declines.

Timofeyev said the rouble could fall further in afternoon trade and may hit a new low on Monday before rebounding. "The rate of 26.80 (roubles per dollar) can be a level where the central bank will stop on Monday. Then we may roll back to 26.70," Timofeyev said.

China for keeping issue off WTO agenda

Labour proposal draws howls of 'No' from developing world

SEATTLE (Washington), Dec 4: A compromise proposal on the thorny issue of labour rights has failed to shake developing countries' resolve to keep the issue off the WTO agenda, the Japanese delegation spokesman said yesterday, reports AFP.

The developing countries are reacting negatively to the greatly watered-down proposal for an informal standing forum on the issue, he said, citing discussions during an informal meeting here.

"There are saying that the issue of labour standards was finalised at the end of the Singapore conference," he said in a reference to the World Trade Organisation's first ministerial meeting in 1996.

Developing nations seemed firmly against any re-opening of the issue, he added.

The comments signal failure of the attempts to forge a com-

promise on the issue of whether labour rights should be included in the World Trade Organisation's ambit.

But delegates said negotiations on the issue appeared to be complex and still in motion.

"One thing is clear — the US has backed away from its working group," an Australian delegate said, referring to Washington's abandoned demand for a fully empowered WTO group to draw up global "core" standards for labour rights.

The United States had been pushing to include the standards in a new round of world trade liberalisation talks, charging that some countries enjoy advantages like low wages on the global market because their laws tolerate exploitative labour practices.

"Ensuring the rights, the basic rights, of labour is central to our mission here in Seattle,"

President Bill Clinton said during his visit to the conference site.

But such initiatives, backed by industrialised countries including the European Union, have been viewed by the developing world as an excuse for renewed protectionism.

Critics say the WTO should leave the issue to the International Labour Organisation (ILO).

But latest compromise text — put forward by the US and the chairman of the relevant working group, Costa Rican Vice Trade Minister Anabel Gonzalez — stressed that the forum would be totally informal and open to participation by the ILO, the World Bank and the UN Conference on Trade and Development.

Tokyo originally opposed WTO linkage of trade and labour, but the spokesman said if the forum would be linked to

the ILO, "then it is worth serious consideration."

"My assessment is the new proposal is an interesting idea from the Japanese standpoint," he said.

India is viewed as the most outspoken opponent of WTO labour-standard initiatives.

Meanwhile, China has urged the World Trade Organisation to keep the contentious issue of labour rights standards off its agenda and boost the role of developing countries in its "unbalanced" decision making.

Speaking with renewed clout because of the Asian giant's imminent entry as a full member, Trade Minister Shi Guangsheng bluntly warned Washington that Beijing would weigh in against any proposed linkage of labour to trade.

"The new round of multilateral trade negotiations should focus on discussing issues related to trade," he said.

City Bank shifts Nawabpur branch to new premises

The City Bank Limited yesterday shifted its Nawabpur branch to new premises at 219-220 Nawabpur Road, says a press release.

The new premises was inaugurated by A H M Nazmul Quadir, Executive Vice President of the Administration and Development Department of the bank.

A milad mahfil was arranged to mark the occasion. Nurul Akbar Khan, Executive Vice President of Advance Department, M Shafiqul Alam, Executive Vice President of Central Accounts Department, Mirza Farid Ahmed, Administration Department Vice President, officers of the bank as well as businessmen and elite attended the function.

Canada jobless rate slips to 6.9pc in Nov

OTTAWA, Dec 4: A surge in Canadian full-time employment in November prompted a surprise drop in the unemployment rate to 6.9 per cent, the lowest level since 1981, from 7.2 per cent in October, the government said on Friday, reports Reuters.

Overall employment climbed 59,000, more than double analysts' expectations of a gain of 23,825 jobs in the month. Statistics Canada said full-time jobs ballooned by 88,800, while part-time work declined by 28,900.

Economists, who had expected the jobless rate to remain at 7.2 per cent, said November's surge in jobs would add momentum to Canada's already robust economy.

"I would say we are in the midst of a boomlet," said Doug Porter, senior economist at Toronto. "Obviously, strong growth in the third quarter has continued into the fourth quarter. This sets up a very strong Christmas spending season."

With November's rise, Canadian employment is now up a whopping 313,000, or 2.1 per cent, since the end of last year, Statistics Canada noted.

Employment gains were concentrated in construction and transportation, which grew by 29,800 and 21,500, respectively.

Manufacturing jobs, often considered a bellwether of the economy, slumped by 22,100, partly offsetting October's 55,000 increase.

Jeffrey Cheah, financial market analyst at Standard & Poor's MMS in Toronto, downplayed the sector's decline.

"Manufacturing numbers showed a slight pullback, but through most of this year, the manufacturing trend has been going up. In fact, nearly two-thirds of the job creation this year came from the manufacturing sector," he said.

"The full-time employment trend is going up. That suggests that the economy will continue to expand at a robust pace. Overall it's a strong number," Cheah added.

Employment in the natural resource industries — forestry, fishing, mining, oil and gas — rose by 10,700 in November, while utilities employment fell by about 13,700.



A H M Nazmul Quadir, Executive Vice President of The City Bank Limited, opens the new premises of the bank's Nawabpur Branch yesterday. Md Nurul Akbar Khan and M Shafiqul Alam, Executive Vice Presidents, Mirza Farid Ahmed, Vice President, Md Tahir-uz-Jamil, Manager of the branch, and Sk. Monirul Islam, Officer of the Development Department, are also seen in the picture. —City Bank photo

Developing states threaten to scupper WTO deal

SEATTLE (Washington), Dec 4: Latin American, Caribbean and African countries yesterday threatened to refuse to sign on to a new round of global free trade talks unless they were fully involved in the negotiations, reports AFP.

"As long as conditions of transparency, openness and participation" do not exist for all members "we will not join the consensus required to meet the objectives of this ministerial conference," Latin American countries and English-speaking Caribbean countries said in a statement.

Their stance echoed a statement overnight from the 53 countries of the Organisation of African Unity.

The OAU also complained that they were being excluded and said "under the present circumstances, we will not be able to join the consensus required to meet the objectives of the ministerial conference."

Ministers from the 135-member World Trade Organisation were set to start far from agreement on the text of a final declaration agreeing to launch a new global trade round by early

afternoon Friday, the scheduled last day of a four-day conference here.

Developing nations have become increasingly exasperated over the four days at what they say is the refusal of the industrial world to treat them as equal partners in the process.

As negotiations went down to the wire on Friday, discussions went into the "green room" format, where 25 ministers rather than all 135 try to reach progress on the most difficult issues, excluding the majority of developing countries from the process.

The statement also criticised the United States, as host country for the meeting, for its failure to deal with mass protests that delayed the opening of the conference on Tuesday amid

clashed battles between police and demonstrators on the streets of downtown Seattle.

The Latin American and Caribbean countries expressed "their profound surprise and resulting anger at the organisational and lack of concern for providing the high dignitaries and delegates attending this ministerial conference with

minimum conditions of security," the statement said.

"They also condemned the host country for 'allowing, in some cases, physical and verbal aggressions against its distinguished guests'."

But the service industries — like banking, insurance and telecommunications — then only slowly emerging as a major powerhouse in the global economy, was perhaps the biggest breakthrough.

"The problem was," says David Woods, a former British civil servant who was at the time chief spokesman for the GATT and now runs an influential trade newsletter from Geneva, "that none of us had really defined what services were."

Over the second half of the 1980s, negotiators at GATT headquarters in the Swiss city expanded their understanding of this and other new issues that had only scantily mentioned in the Punta del Este declaration.

In December 1989 progress had appeared enough to call ministers in Brussels to wrap up the round.

Pakistan discusses economic policy with IMF team

ISLAMABAD, Dec 4: Pakistan's Finance Minister, Shaukat Aziz, said today a visiting IMF team discussed the goals of the new military-led government, which is seeking to revive a stalled \$1.56 billion loan programme, reports Reuters.

"The IMF came to understand the economic thinking of the new government and to know the new economic team," he told reporters after meeting members of the Islamabad Stock Exchange.

Aziz gave no other details about the two-day meetings with Paul Chabrier, the IMF director for the Middle East, who received detailed briefings from different officials.

Officials were tightlipped about the talks, which signal

western donor willingness to work with Musharraf, who overthrew Prime Minister Nawaz Sharif in a military coup on October 12.

Officials have said that success at the talks for Pakistan might mean that another IMF team would follow Chabrier's to discuss in detail the stalled \$1.56 billion loan programme and release a delayed tranche of \$280 million.

Musharraf says economic revival and reform are his top priority and is due to announce his economic agenda — being prepared by a group of experts — on December 15.

Aziz said priority areas for the government were restoring investor confidence and agricultural growth. "Our focus will

be on agriculture, which can become an engine of growth."

Experts at the government-appointed Economic Advisory Board say that the new government should make agriculture the fulcrum of revival because it can bring immediate financial returns to the government and farmers.

At present some 21.59 million hectares is farmed and 70 per cent of Pakistan's 134 million people are linked to the sector.

Aziz said the government was also considering a previous proposal to switch thermal power generation to gas from imported furnace oil to lessen the country's import bill and to resolve a tariff row with independent power producers (IPPs).



Picture shows the inaugural session of the SWIFT Users' Group training programme which is being held at the Training Academy of AB Bank Ltd. — AB Bank photo

Metal: Weekly Roundup

Gold goes down on BOE auction, silver follows

LONDON, Dec 4: Gold prices fell after the third bullion auction from the Bank of England this year, which saw far lower demand than the previous sales, says AFP.

The 25-tonne sale came as part of the central bank's drive to sell more than half of its bullion stocks so as to hold instead higher-earning currency assets.

Oil prices also fell as the market braced for increased supply from producer countries. There were even some reports that Iraq, which spurred prices sharply higher the previous week with an announcement that it had suspended exports, had begun pumping oil once more.

GOLD: Tarnished. The gold price fell sharply in reaction to the Bank of England's latest bullion sale, which saw only muted demand.

The gold spot price fell to 282.40 dollars an ounce on the London Bullion Market, from 297.25 dollars.

A precious metals analyst at Mitsui Bussan Commodities,

Andy Smith, said that "demand is poor, the dollar is strong, and there is no investment interest."

The key to the latest decline of the gold price was the sale on Monday by the Bank of England of 25 tonnes of gold at a price of 293.5 dollars an ounce.

The central bank said that its third auction this year had been over-subscribed by a factor of 2.1, which was far lower than demand seen at the previous two sales.

Smith said that gold prices were low because there was no feeling of crisis on world markets.

"Gold is a reflection of the world economy. If the world had something to worry about, gold prices would be much higher," the analyst said.

SILVER: Slipper. Silver prices followed gold slightly lower.

Prices on the London Bullion Market fell by four cents to 5.16 dollars an ounce.

PLATINUM and PALLADIUM: Split. Platinum prices

fell as dealers predicted a long delay before Russian finally endorsed renewed exports of the metal.

Platinum prices fell by nine dollars to 433 dollars an ounce. In contrast, palladium prices rose by 3.5 dollars to 401 dollars an ounce.

BASE METALS: Dull. The base metals complex foundered amid thin trading volume, which saw most metals fall in price.

Only nickel and aluminium gained from technical factors and strong demand.

Three-month nickel prices on the London Metal Exchange (LME) rose by 62.5 dollars to 8,020 dollars per tonne.

Copper fell by 17.5 dollars to 1,750 dollars per tonne.

Aluminium gained 24.5 dollars to 1,558.5 dollars per tonne.

Zinc fell by seven dollars to 1,170 dollars per tonne.

Lead lost 3.5 dollars to 492.5 dollars per tonne.

Tin fell by 67.5 dollars to 5,800 dollars per tonne.

'European political strains weighing euro down'

VIENNA, Dec 4: Austrian central bank chief Klaus Liebscher said on Friday a decline in political consensus among EU governments since the launch of European monetary union in January was contributing to the euro's fall on currency markets, reports Reuters.

Liebscher, a member of the European Central Bank council, also urged Austria's political leaders to form a new government rapidly to pursue structural reforms and rein in the country's budget deficit.

The fall in the euro, which sank below parity with the dol-

lar overnight and was hovering just above lifetime lows, reflected economic divergence between the 11-nation euro-zone and the United States but other factors were playing a part.

Financial markets were reacting to a perceived decline in political consensus among European governments since the currency was launched on January 1.

"It is clear that in the run up to EMU there was enormous political cohesion among governments," Liebscher told reporters. "Certainly much of that is not so clearly evident as before."

He cited the EU's lengthy debate about a package of tax co-ordination measures, which has been held up by opposition from Britain to a proposed EU-wide withholding tax, and which will be the subject of intense discussion at an EU summit meeting later this month in Helsinki.

Liebscher said on Monday that markets had been exposed to "negative psychological signals" in the form of recent German government intervention in business.

Euro-zone governments also needed to pursue more vigorously reforms.

Global price crash throws Pak cotton growers into uncertainty

ISLAMABAD, Dec 4: Pakistan's food security interests could be affected by the huge losses suffered by cotton growers, particularly small farmers who have been wiped out by the sharp decline in global prices, and the recent import of cotton here, reports IPS.

Millions of farmers in the cotton-belt of Sindh and Punjab provinces were forced to sell bumper harvests at prices well below the cost of production in a market squeezed by a glut in locally-grown and imported cotton.

"Small growers are knee-deep in a financial mess and desperately looking for buyers of their belongings," said Sardar Mohammad, a cotton farmer in the southern Punjab district of Muzaffargarh. Since the cotton picking season began

in September, the price of farm land, tractors, livestock have plummeted.

"Farmers are even thinking of switching to other crops from cotton, which was once considered very lucrative," he explained in a phone interview. Cotton is the mainstay of Pakistan's agrarian economy.

Farmers, particularly small growers, use the money from sales to maintain their credit cycle for the purchase of agricultural inputs like seed, fertilisers and pesticides.

"Even farm machinery is hired on credit, which is paid after the produce is sold. This time there are no buyers — how would we return our loans and get credit for inputs for wheat, which has to be sown this month?" he asked.

A majority of cotton growers grow wheat in the winter, which

has to be sown by Nov 15 for better produce. However, this year's crisis has delayed the third cotton picking in Multan and Muzaffargarh areas of southern Punjab.

"Since wheat is not being cultivated on time, we should not rule out the possibility of a wheat shortfall next year," warns Rehman Hafiz, agriculture coordinator of the Pattan Development Foundation, a non-governmental group based in South Punjab.

"Although the country was expecting a good yield, the depressed government of Nawaz Sharif allowed textile mills to import two million bales of cotton — a decision that is beyond our understanding," said Dr Shahid Zia, research fellow at the Islamabad-based Sustainable Development

Policy Institute (SDPI).

This and the Sharif government's decision to fix the price at 825 rupees (about 15 dollars) for 40 kg of unprocessed cotton and 1,635 rupees (roughly 35 dollars) per bale of lint have been the ruin of small farmers across the Cotton Belt.

Protests by farmers erupted in the last week of September after the first of the three rounds of picking saw a slide in prices. Sporadic protests continue with groups representing agriculturists demanding that prices should be stabilised.

Growers are not recovering the cost of production. Many have set stocks of cotton on fire in protest not even the government is coming to the rescue of those who are major contributors of the economy," said a spokesperson for the Pakistan Kissan (Farmers) Board that

represents small growers.

The board called a successful three-day hunger protest, from Nov 14-16, in the southern cotton-growing areas of farm-rich Punjab province.

Pakistan is a major exporter of cotton. "Cotton and cotton-based products alone accounted for 60 per cent of export earnings during 1990-98," the Pakistan Economic Survey for 1998-99 released by the government said.

Within the country, the textile industry has been the major buyer. The All Pakistan Textile Mills Association (APTMA) is of the view that the current cotton crisis is artificial and is being used by the strong feudal farm lobby to pressure the government to claim unfair incentives.

The military government had intervened, Nov 12, to an-

nounce that the state owned Trading Corporation of Pakistan (TCP) would act as a second buyer to stabilise the cotton prices since the country's cotton policy disallows monopolistic purchase.

But the farmers want an upward revision of the procurement prices — to 19 dollars for unprocessed cotton and 44 dollars for lint. The trading corporation is paying only 20 per cent of the money upfront and not committing itself for the rest of the money owed, said Hafeez of the Pattan Development Foundation.

Cash-strapped growers need immediate payments to bankroll the wheat crop, whose sowing has already been delayed in the cotton belt, observed Shah Mehmood Quereshi, President of the

Farmer Association of Pakistan of rich-farmers in a press release.

Farm experts are seeing a link between Pakistan's cotton crisis and the World Trade Organisation (WTO) agreements, which enable industry to purchase raw material at competitive rates without government permission.

"What we need are safety valves and cushions for the farming community so that it can enjoy the benefits of free trade rather than become a victim to the new trade regime," commented Dr Shahid Zia, a well-known expert.

"The government," he added, "should devise long-term policies to make the agricultural sector cost effective and efficient — only then can we survive the tough international trade competition."



Mohd Sajidul Haq, Managing Director of NCC Bank Ltd, addresses the Dhaka city Branch Managers' meeting at its head office. Kazi Kabir Ahmed, Akkas Ali Khan and Kazi Md Shafiqur Rahman, Executive Vice Presidents, were present. —NCCBL photo

NCCBL Dhaka city managers' meet held

The managers' meeting of Dhaka city branches of NCC Bank Ltd was held on Thursday at its Head Office. Mohd Sajidul Haq, Managing Director of NCCBL, presided over the meeting.

The newly appointed Executive Vice President Kazi Md Shafiqur Rahman was introduced to the managers and executives.

Md Sajidul Haq expressed his satisfaction over the performance of the bank in the last 11 months. He assessed the overall position of different branches and advised the managers to work hard for achievement of the annual targets of their respective branches.