

EU mellow on euro tumble as finance ministers meet

Single currency sinking fast against dollar

BRUSSELS, Jan 30: If there's a theme song to the European Union's first finance ministers' meeting of 2000 today, it might as well be "Don't Worry, Be Happy".

Their beloved euro — the single European currency, launched a year ago amid much fanfare — is sinking fast against the US dollar, closing in London and New York on Friday at a record low of 97.46 cents.

That's down a dizzy three per cent in one week, and 17 per cent from the euro's January 1, 1999 birthday level.

But the European Central Bank (ECB), the 11 euro-zone nations and the European Commission insist there is nothing to worry about — inflation is still relatively low, they argue, and Europe's long-lagging economy is firmly on the rebound.

"If there is a statement, in my opinion, it would be to reaffirm this common position," said Gerassimos Thomas, spokesman for EU Economic

and Monetary Affairs Commissioner Pedro Solbes Mira.

An EU diplomat agreed: "What is obviously likely is that, as part of the discussions of the 'euro 11,' there may be a reference to monetary conditions, of which the exchange rate of the euro and the dollar are part."

ECB officials have kept quiet on the euro's tumble, despite a feeling among forex traders that the Frankfurt-based central bank can keep mum for only so long before at least trying to talk the euro back up.

For his part, European Commission President Romano Prodi, in Paris on Friday, dismissed the downside as "unimportant."

"The exchange rate is not a measure of the strength of a currency," Prodi said. "I wait for the time when Europeans say, 'the currency is too strong, and that is bad for exports.'"

Euro supporters also point out that the dollar has yet to match the muscle it flexed back in June 1989, when it hit 2.048

per German mark. In euro terms, that would be 95.5 cents per greenback.

In its 2000 economic forecast, the European Commission anticipated inflation this year at 1.5 per cent, presuming a forex rate of 1.06 euros per dollar and a base interest rate of 3.0 per cent.

But even if the euro parks at 96 cents, Thomas said, the effect would merely be to push inflation to around 1.7 per cent — still below the two-per cent level where, financial analysts reckon, the ECB's alarm bells would finally go off.

Euro woes aside, Monday's meeting in Brussels is likely to be a tame affair, starting with an open debate on the economic priorities of the Portuguese EU presidency, which runs through June.

Finance ministers tried hard but failed last year to get a consensus, mainly due to Britain's demands that its euro-bond market be exempt from the levy lest it pack up and move its billions of dollars of business to New York.

Following a decision at the EU summit in Helsinki in December, the ministers will Monday cobbler a high-level working committee to thrash out the matter again, probably at the junior ministers' level.

"It'll be merely procedural work," an EU diplomat said. "Don't expect progress on the issue itself."

Leaders of the far-right party have stated, as they negotiate a coalition government in Vienna with conservatives, that they expect to control the finance portfolio.

If that comes to be, and given the distaste in EU circles over the ideas of Freedom Party leader Jörg Haider, the next finance ministers' meeting could well get even more attention than usual.



Allayar Hasanov, Country Manager of Uzbek Airways, presents a Dhaka-New York-Dhaka air ticket to the first prize winner of the raffle draw held at the reception hosted by US Ambassador in Bangladesh, John C. Holzman in connection with the just-concluded US Trade Show. Forrest E. Cookson, President, and A. Gafur, Executive Director of American Chamber of Commerce in Bangladesh, are also seen in the picture.

— Uzbek Airways ph: 0

Bumpy ride seen ahead for NZ dollar

WELLINGTON, Jan 30: Economists today warned of a rocky ride for the New Zealand dollar after it plunged more than two US cents to a 17-month low on Friday, says Reuters.

The Kiwi, belted around by a huge trade deficit at home and a resurgent US dollar, touched bottom at \$0.4839 in late US trade on Friday before a late bounce to close at \$0.4930.

Strong US fourth-quarter growth data drove the US dollar up against most currencies and dealers said this triggered stop-loss selling in the New Zealand and Australian dollars.

The Aussie sank to a nine-month low of around \$0.6225, before ending the week on \$0.6345.

However, the slide in the Kiwi started hours before its bigger neighbour, due to surging imports that delivered a NZ\$1.1 billion (\$548 million) trade deficit in December — almost twice the average market expectation.

Analysts said the latest slide in the Kiwi was overblown because of technical selling. But they warned the previously widespread market belief that the Kiwi was beginning an upward track on higher commodity prices was now not so certain.

"It's a pretty nervous market. I guess the soft tone is likely to continue. ANZ Bank's chief New Zealand economist, Bernard Hodgetts, told Reuters.

The next set of trade data in a few weeks would be crucial as investors tried to gauge how much worse the trade balance and current account would get, Hodgetts said.

Deutsche Bank chief economist, Ulf Schoeferich, forecasts a current account deficit ballooning to 8.1 per cent in the December 1999 year, from 6.5 per cent in the year to September.

"The longer this lacklustre performance continues the more people will lose confidence in this currency," he warned.

On January 19, the Reserve Bank of New Zealand (RBNZ) raised its official cash rate 25 basis points to 5.25 per cent — citing inflation fears in a growing economy — but monetary conditions have since weakened because of the Kiwi's retreat.

Prior to Friday's trade data most in the New Zealand market expected a further 25 bp rise by the RBNZ in March.

Now there is a growing feeling that a 50 bp rise may be on the way as the central bank is forced to take a more aggressive stand to boost the Kiwi, or at least compensate for its weakness.

ROK to keep inflation below 3pc

SEOUL, Jan 30: South Korean Finance Minister Lee Hwan-jai today vowed to keep inflation at below three per cent this year but he said that may mean slightly slower economic growth, says Reuters.

The three per cent inflation and the six per cent gross domestic product growth for this year are targets that must be met, but the priority of our macro-economic policy would go to prices," Lee said on a nationally televised talk programme.

"We will do the best to keep prices stable although that may mean a slightly slower growth for the economy."

Strong economic growth for 1999, estimated at around 10 per cent, has led to widespread fears of spiralling inflation in 2000.

As one of its counter-measures, Lee said the government would release oil from its stockpile and lower oil-related taxes if global oil prices continued to rise. But he said the prices at present were not at a worrying level.

South Korea relies wholly on oil imports.

Uncertainties dog Malaysian bank mergers

Financial institutions to submit plans today

KUALA LUMPUR, Jan 30: Malaysia's 55 financial institutions have to submit their merger plans tomorrow under a nation-wide consolidation programme and the central bank is expected to take at least a month to decide on the proposals, says Reuters.

Some analysts expect the exercise to proceed smoothly but others are less optimistic, saying financial institutions were struggling to finalise merger proposals with the January 31 deadline looming.

"There are still a lot of uncertainties in the plan, and not all the proposals may be approved," said a foreign broker-analyst.

Analysts said Bank Negara will take four to six weeks to evaluate the merger proposals.

The central bank said that as of Thursday, it had received 10 merger applications and the deadline would not be extended.

Analysts have said up to 10 banks could emerge as anchor banks — core institutions at the

nucleus of the new groups.

But most expect the number to be trimmed, perhaps to eight.

"After looking at the proposals, there's now a lot of speculation as to the future of some of the banks," said the head of research at a local brokerage.

In July, the central bank ordered all 55 commercial banks, finance companies and merchant banks to consolidate into six core groups.

Bank Negara chose the six: Malayan Banking Bhd (MBBM), Multi-Bumiputra-Commerce Bank Bhd (COMMB), Perwira-Affin Bank Bhd (AFIN), Kuala Lumpur Public Bhd (KLPB) and Public Bank Bhd (PBBM).

But the government backtracked after banks complained about their partners and ethnic Chinese said the plan favoured Malays.

In October, the government gave the banks the freedom to choose their own partners, and extended the deadline for the

mergers to be completed to the end of 2000 from the end of March.

Banks must submit the names of their proposed partners and win initial approval from their directors by the end of January.

The market has identified four others — RHB Bank Bhd (RHB), KONG Bank Bhd (KONG), EON Bank Bhd (EON) and Arab-Malaysian Bank Bhd (AMMB) — as possible anchor banks.

Bank Negara says core banks must have shareholders' funds of at least two billion ringgit (\$526 million).

Maybank, Bumiputra-Commerce, RHB Bank and Public Bank — the four biggest banks in terms of assets — meet that condition.

"I think there will be eight anchor banks," said an analyst with a Malaysian brokerage. "RHB and Hong Leong may lose the race to become anchor banks despite their size."

Some analysts have said RHB and Hong Leong might fail to win anchor status because of their owners' past ties to jailed former finance minister Anwar Ibrahim.

Markets consultancy firm IDEA said Multi-Purpose — one of the smallest of the original six core banks but with political links to Finance Minister Daim Zainuddin — seems set to

retain its core status.

"The freedom-of-choice tag camouflages the political wrangle that may yet prove overpowering again."

The government has reiterated that if commercial banks, merchant banks and finance companies fail to clinch their own deals, it will intervene and select the core banks and their partners.

Another report from Paris says: Malaysian Prime Minister Mahathir Mohammed reiterated yesterday that he had no intention of lifting a package of controls on cross-border capital flows in the near future.

He also indicated that, while Southeast Asian countries are moving towards a regional common market, a single currency was something which would need a great deal of thought and planning.

"The Malaysian economy is recovering but it is recovering because we have certain controls in place. We are not certain that if we lifted those controls attacks on the currency would not be mounted again," Mahathir told reporters following talks with French President Jacques Chirac.

"Today people don't look at currency as a means of exchange, they see it as a commodity you can buy or sell to make money and it doesn't matter if you destroy it in the process," he said.

Government of the People's Republic of Bangladesh
Office of the Executive Engineer
Public Works Maintenance Division
1st 12-storey Govt Office Building
Segun Bagicha, Dhaka
4th Call Tender No 121 (99-2000)

Tender invitation notice for sale of various useless goods seized from abandoned house

Tenders in sealed cover are invited from Public Works Directorate enlisted valid contractors/traders/solvent individuals for sale of various types useless goods seized during eviction of illegal occupants of abandoned houses under Public Works Maintenance Division stored at Tejgaon Central Stores, 7/1, Tejgaon Area, Dhaka of Al-Baraka Bank Bangladesh Ltd on as it is where it is basis. Tender will be received by the undersigned as well as Divisional Commissioner, Dhaka Division, Dhaka; Superintendent Engineer, Public Works Maintenance Circle, Dhaka; Executive Engineer, Public Works Division-1/2/3/4/City Public Works Division/Public Works Eden Building/Medical College/Motijheel/Azimpur/Resources/Sher-e-Bangla Nagar Public Works Division-1/2/3/4/City Public Works Division, Mohakhali/Savar/Mirpur, Dhaka/Executive Engineer (Staff Officer), Dhaka Public Works Zone, Dhaka & Chittagong Public Works Maintenance Division, Chittagong on 8-2-2000 up to 12:00 Noon and the tender will be opened on the same day at 12:15 PM in presence (if any) of the tenderers.

(1) Name of : Sale of various types of useless goods work seized from abandoned houses during eviction of illegal occupants (kept at Tejgaon Central Godown, 7/1, Tejgaon Industrial Area, Dhaka) on as it is where it is basis through tender.

(2) 10% (ten per cent) of the quoted amount as earnest money in Pay-Order/Bank Draft/Pratirakha Sanchayapatra/5(five)-year BD Sanchayapatra (from any scheduled bank in Bangladesh) in favour of Executive Engineer of Dhaka Public Works Division must be deposited with the tender. Its description must be stated in the designated space of schedule. In case of permanent security money deposit with the Public Works Directorate, a certificate in this regard from the Executive Engineer in whose favour the money is lying with must be submitted with the tender (the certificate must not be older than 1(one) month from the date of receiving tender). If the amount of permanent security deposit does not cover the required amount of earnest money then the balance should deposited in Pay-Order/Bank Draft as above.

(3) Terms & conditions of tender notice, schedule of items etc can be seen & purchased on payment of usual price Tk 400/= (four hundred) only per set & Tk 25/= (twenty-five) only for other related papers per set, i.e. total Tk 425/= (four hundred twenty-five) only (non-refundable) from the office of the undersigned as well as all Public Works Divisions mentioned in, the first para above including other offices on all working days during office hours.

(4) Contractors/traders/solvent individuals participating in the tender can inspect the seized useless goods kept in godown, as it is where it is, prior to participating in tender on permission consent of the authority concerned.

Md Motiur Rahman Molla
 Executive Engineer
 Public Works Maintenance
 Division, Dhaka
 DFP-1239/201
 G-172
 Phone: 9352276

বাংলাদেশ অভ্যন্তরীণ নৌ-পরিবহন কর্তৃপক্ষ
হাইড্রোগ্রাফিক বিভাগ, ঢাকা
বিজ্ঞপ্তি

এতদ্বারা সর্বাঙ্গীণ সকলের অবগতির জন্য জানানো যাচ্ছে যে, বাংলাদেশ অভ্যন্তরীণ নৌ-পরিবহন কর্তৃপক্ষ কর্তৃক পরিচালনাধীন ডেকাচেইন সিস্টেমের স্থলে অত্যাধুনিক ডিজিপিএস প্রতিস্থাপন হতে যাচ্ছে। ডিজিপিএস সিস্টেম স্থাপনের লক্ষ্যে ডেকাচেইন স্টেশনসমূহের প্রয়োজনীয় বেরামত, সংস্কার ও সংরক্ষণ কাজের জন্য গত ১১-১-২০০০ ইং তারিখ হতে ৩০শে এপ্রিল ২০০০ পর্যন্ত ডেকাচেইনের সম্পূর্ণ বন্ধ থাকবে। ইতোমধ্যে সর্বাঙ্গীণ সকল প্রতিষ্ঠানসমূহকে পত্রের মাধ্যমে বিষয়টির ব্যাপারে অবহিত করা হয়েছে। ডেকাচেইনের পরিবর্তে ডিজিপিএস স্টেশনসমূহ চালু করার পর বিজ্ঞপ্তির মাধ্যমে পুনরায় সর্বাঙ্গীণ সকলকে অবহিত করা হবে।

ডেকাচেইন সিস্টেম বন্ধ রাখার কারণে ব্যবহারকারী প্রতিষ্ঠানের অসুবিধার জন্য অত্র কর্তৃপক্ষ আন্তরিকভাবে দুঃখ প্রকাশ করছে।

তারিখঃ ২০-১-২০০০ইং এ কে এম নূরুল আলম
 জিডি-৮৫ পরিচালক (হাইড্রোগ্রাফিক)

BCIC Tender Notice

Managing Director, Chittagong Urea Fertilizer Ltd, Rangadia, Chittagong invites sealed tender in 2 (two) envelope system against tender No. CUFL/PUR/99-2000/5 (269) dated 17-1-2000 for purchase of Induction Motor. Tender documents are available at the cost of Tk 25.00 (twenty-five) (non-refundable) per set up to 27-2-2000 during office hours in the following offices (1) BCIC, 30-31, Dilkusha C/A, Dhaka, (2) BCIC Branch Office, 06, Agrabad C/A, Chittagong & (3) CUFL, Rangadia, Chittagong. Tender will be received in the Purchase Section, CUFL, Rangadia, Chittagong and BCIC Branch Office, 06, Agrabad C/A, Chittagong up to 11:30 AM on 28-2-2000 and the technical offer will be opened simultaneously at both the places immediately thereafter. CUFL Management reserves the right to accept or reject all tenders. Due to any unavoidable circumstances if the tender can not be opened in the schedule date, this will be opened on the next working day in the same time.

BCIC-41-231/2000 Nousher Uddin Ahmed
 DFP-1471-25/1 Manager (Purchase)
 G-170 for Managing Director

Indian stocks may dift this week

BOMBAY, Jan 30: Fears of a tough federal budget and disappointing third-quarter earnings will sideline most investors in Indian shares this week but analysts said infotech stocks are expected to shine as local funds step up buying, reports Reuters.

Analysts said expectations of a tough budget in late February and high net outstanding positions were likely to deter investors from buying more shares at present.

Investors would also keep an eye on markets in the United States and the outcome from this week's Federal Reserve policy-setting meeting. The Fed is widely expected to raise interest rates this week after economic data pointed to a booming US economy and mounting inflationary pressures.

Wall Street fell sharply on Friday with the Dow Jones Industrial Average dropping 2.62 per cent and the Nasdaq composite sliding 3.78 per cent on fears of strong Fed action to slow the economy.

"The market should be quite dull this week, with the exception of infotech stocks," said Ashish Mehta, director at local brokerage Mehta, Vakil and Co.

"People are quite disappointed with the financial results of most cyclical, so the index should not be going anywhere," he said.

On Friday, the top-30 share Bombay Stock Exchange (BSE) index ended at 5,335.80. For the week, it fell 1.60 per cent.

Except for a few firms like State Bank of India SBI, BO and Grasim Industries GRAS, BO, earnings of most other index-linked firms, especially in the cement, engineering and pharmaceutical sectors, were below expectations, analysts said.

The market expects the government to take some tough decisions to contain fiscal deficit. There will be some unwinding ahead of the budget, it will make room for a rally after the budget," said a dealer with a foreign brokerage.

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to major currencies.

Currency	Selling TT & OD	Selling BC	Buying T.T	Buying OD Sight	Buying OD Transfer
US Dollar	51.2300	51.2700	50.8100	50.6570	50.5980
Pound Sg	83.4998	83.5650	81.7564	81.5122	81.3683
Deutsche Mark	26.5130	26.5337	25.5111	25.4343	25.3882
Swiss Franc	31.2321	31.2555	30.5882	30.4961	30.4527
Japanese Yen	0.4827	0.4831	0.4695	0.4681	0.4675
Dutch Guilder	23.5308	23.5491	22.8416	22.5794	22.5413
Danish Krona	6.7558	6.7611	6.6103	6.5904	6.5810
Australian \$	32.9409	32.9666	31.8038	31.5087	31.4639
Belgian Franc	1.2855	1.2865	1.2309	1.2332	1.2314
Canadian \$	35.8036	35.8306	34.7561	34.6515	34.6122
French Franc	7.9782	7.9714	7.8005	7.7536	7.7528
Hong Kong \$	6.5977	6.6029	6.5178	6.4980	6.4988
Italian Lira	0.0268	0.0268	0.0258	0.0257	0.0257
Norway Krone	6.2078	6.2127	6.1055	6.0871	6.0785
Singapore \$	30.3046	30.3283	29.3445	29.2591	29.2146
Saudi Rial	13.6960	13.7057	13.5108	13.4701	13.4510
UAE Dirham	13.9669	13.9679	13.7958	13.7543	13.7377
Swedish Krona	5.7975	5.8021	5.7244	5.7072	5.6991
Catalan Riyal	14.1188	14.1298	13.9205	13.8766	13.8589
Kuwaiti Dinar	173.6610	173.7956	161.1481	160.6629	160.4345
Thai Baht	1.3630	1.3641	1.3490	1.3449	1.3430
Euro	51.8550	51.8555	49.8954	49.7452	49.6745

Bill buying rates

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
50.7112	50.3866	49.9632	49.5398	49.1163	48.2695

US dollar London Interbank Offered Rate (LIBOR)

Buying (\$)	Selling (\$)	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
50.5850	51.2300	USD	5.6925	6.04875	6.22250	6.44250	6.65125
81.3963	83.49	GBP	6.00375	6.16797	6.39400	6.60059	6.81281
Cash/TC	Cash/TC	Euro	3.29875	3.48438	3.67750	3.88000	4.05750

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
43.575/43.625	51.870/51.895	37.800/37.650	3.8000/3.8001	7395/7405	1120.0/1121.0

Amex notes on Sunday's market
The interbank USD/BDT market was dull on Sunday. The USD/BDT average rate ranged between 51.1050-1100. Average call rates ranged between 5.25-6.00 per cent.

The dollar hurtled higher against all other major currencies in unusually volatile trade on Friday, hitting record peaks against Europe's embattled currency and touching 3-1/2 month highs against the yen. To the surprise of many in the market, the dollar also launched a dizzying rally against the Japanese yen hitting 107.26 yen, a gain of two full yen from the previous close. "You're seeing the dollar performing in a rare way," said a market strategist. "There's a very uniform pattern against all currencies, including commodity currencies (Australia, New Zealand, Canada) and industrialized currencies."

The euro, hurt by skepticism about Europe's economic outlook and lack of public support from European officials, sank to a record low of 97.36 cents, down 1-1/2 cents on the day and well below the psychologically key 110.00 level pierced a day before. Traders said the dollar's overnight gains against the euro were accelerated by surprisingly strong US economic data, fueling speculation the Federal Reserve will hike rates aggressively to slow growth and rein in inflationary pressures. The data triggered sharp losses in Wall Street stocks, but US Treasuries gained strongly. The euro's steep decline brought the currency to more than 16 per cent below the level at which it was launched with champagne celebrations in January 1999. Traders said there was no reason to believe it would not fall toward 95 cents.

The yen has been persistently strong against the dollar as investors bet on signs of growth in Japan's economy and buoyant Tokyo stocks. Japan's central bank has intervened repeatedly to tame yen strength in recent months, fearing a too-strong yen will hurt economic recovery. But traders ruled out central bank intervention as a possible factor in the yen's drop, citing technical factors and broad dollar strength.

Sterling was steady near record highs against the euro but fell to three-week troughs against the dollar, pulled in opposition directions by the euro's slide to new record lows two cents below dollar parity on Friday. However, it was unable to match gains of over one per cent the dollar made against the euro as the release earlier in the day of weaker-than-expected British gross domestic product deflated independent sterling bullishness. This saw the pound fall as low as \$1.6175, its weakest since January 3, as the euro tumbled below \$0.9779, equivalent to 2.00 dollar/mark terms.

NY close on Friday the exchange rates of major currencies against USD were GBP/USD 1.6191/1.6199, USD/CHF 1.6503/1.6511, USD/JPY 107.13/107.21, EUR/USD 0.974/0.9751.

Shipping Intelligence

Chittagong port

Berth position and performance of vessels as on 30.1.2000

Berth No	Name of vessels	Cargo	L Port call	Local agent	Date of arrival	Leaving	
J/1	Huangyan	TSP(P)	Sing	Unique	27/11	2/2	
J/2	Lord P	Wheat(G)	Sing	SSST	05/01	3/2	
J/3	Shuang Cheng	GI	Xing	Seagull	31/1/2	31/1	
J/4	Shunan	GI	Sing	RML	17/1	30/1	
J/5	Med Hope	Wheat(P)	Sing	Benam	15/1	3/2	
J/7	Terra Adulaw	GI(STC)	Sing	Everett	27/1	3/2	
J/8	Handy Rathbun	GI	Sing	Prog	21/01	3/2	
J/9	Ocean Grace	Wheat(G)	Mong	Benam	6/01	1/2	
J/10	Jesmi	Ureal(G)	Rsva	Royal	29/12	30/1	
J/11	Med Viareggio	Wheat(P)	Odesa	Total	31/12	1/2	
J/12	Unity	Wheat(G)	-	SSS/T	R/A	2/2	
J/13	Achiever	Cont	P Kel	RSL	26/1	1/2	
CCT/1	Bunga Biraj	Cont	Sign	Bjshu	27/1	31/1	
CCT/2	Kotanaqa	Cont	Sing	PV(BD)	26/1	31/1	
CCT/3	Qc Mallard	Cont	P Kel	QCSL	27/1	31/1	
RM/14	Yasmina	Ureal(G)	Rvna	SMSL	11/01	31/1	
CSJ	Al shams	GI	Cont	Kant	RML	25/01	30/1
CSJ	Bangladesh	Wheat(G)	Cont	Andal	R/A	2/1	
TSP	Fair Spirit	R Ph					