

IMF favours more US rate rises to tame inflation

WASHINGTON, July 13: The Federal Reserve should keep pushing interest rates higher to ensure US inflation remains tame in the best interests of the global economy, the International Monetary Fund said in a statement released yesterday after consultations with the Treasury Department, says Reuters.

The international lending agency said it was worried that US consumer demand was so robust that it risked triggering wage and price inflation unless it was reined in quickly. But the fund stopped short of recommending another hike in short-term rates when Fed policymakers next meet on Aug 22.

The IMF staff believes a further tightening of monetary policy will be required to ensure that inflation remains under control, the fund said, adding "decisive policy action" was needed because the United States could not count on restraint in wages and import prices forever.

It said that sustaining current high US stock prices also depended upon bringing demand back into line with increases in output. "If not reined

in such rapid demand growth threatens to undermine the prospects for sustained non-inflationary growth," the IMF said.

The IMF said the Fed had "acted appropriately" in raising interest rates in May — the sixth rate rise since mid-1999 — and noted that while it did not raise rates at the conclusion of its most recent policymaking session on June 28, it did warn about continued inflation risks going ahead.

While the IMF said it considered more US rate rises necessary, it did not specify how soon, or to what extent, it thought rates should increase. That would largely depend upon how the economy responds to past and future tightening in credit costs, it said.

Most economists expect the Fed to raise the key federal funds overnight bank lending rate by a quarter percentage point to 6.75 per cent next month.

While higher US rates will spill over and raise financing costs in other countries, "the impact would be even more detrimental for these countries if the US authorities were to

delay a policy response and subsequently needed to tighten monetary policy more sharply once inflationary pressures had strengthened," the IMF warned.

It noted that a strong US expansion played a critical role in supporting the global economy during the turbulence of 1997-98, when Asia entered a financial crisis, and said world growth patterns still were uneven.

"Signs of stronger growth in the euro area are encouraging, but prospects for a significant pickup in demand in Japan are still unclear, and appropriate policies in these countries will be needed to promote the sustained expansion of their economies," the IMF said.

On balance, it credited the United States with pursuing "sound monetary and fiscal policies (that) have contributed to making the current US economic expansion the longest on record." But it emphasised the United States' "principal policy priority... is to ensure that the pace of aggregate demand growth is brought back into line" with growth in goods and services output.



Mohammad Faiz, Managing Director of the City Bank Limited, and Ashfaq U Chowdhury, Managing Director of Union Capital Limited, exchange documents after the signing of a Tk 6.50 cr credit agreement in the city on Wednesday. —City Bank photo

G-8 to work with Third World on poverty issue

MIYAZAKI, July 13: The world's richest countries made a commitment to collaborate with the Third World on alleviating poverty during talks with developing nations Thursday on the sidelines of the G-8 foreign ministers conference, says AP.

The meeting with senior officials from Bangladesh, Colombia, Nigeria, South Africa and Thailand — leaders of major organisations of developing nations — was the first such dialogue in the context of a G-8 gathering.

The countries discussed debt relief, bridging the digital divide, negative aspects of globalisation, stamping out deadly epidemics like AIDS, and conflict prevention.

The G-8 and developing nations agreed "on a very clear agenda and reached a consensus on issues so we can build a strategic partnership," said South African Foreign Minister Nkosazana Clarice Dlamini-Zuma.

For the United States the impact is harder to gauge. US companies like shoe maker Nike Inc. and agribusiness giant Cargill Inc. stand to benefit from increased access to the Vietnamese marketplace, but analysts said the gains may be slow to materialise.

The signing would come nearly 12 months after Washington announced an "agreement in principle" only to have Hanoi back away, arguing that certain provisions were unfair.

Analysts believe Vietnam balked last year because it feared the loss of economic control that would come with market opening. The delay darkened the mood among investors, fed up with Vietnam's closed economy and high costs.

But US officials and business leaders said Vietnam was emboldened to complete the pact in part because of US House of Representatives approval of a trade agreement with China. Beijing is expected to join the WTO later this year, and Vietnam has similar aspirations.

The representatives of the Non-Aligned Movement and the G-77 emphasised that relieving Third World debt was essential to bringing about democratisation and prosperity in poor nations.

"How can we give democracy if we can't even feed ourselves?" said Nigerian Foreign Minister Aliji Sule Lamido. "Debt relief is very important."

Lamido described a corrosive cycle in which African countries spend half of their budget to pay off debts, which aggravates poverty, stirs rebellion and forces governments to clamp down on human rights.

The Third World officials said helping needy countries is not only about charity but about maintaining the global security balance.

"It is in the interest of the G-8 to have a secure, stable, prosperous South so the threat to peace can be minimized," Lamido said.

City Bank gives Tk 6.50 cr credit to Union Capital

The City Bank Limited has sanctioned a credit line of Tk 6.50 crore to Union Capital Limited.

A agreement was signed between the two organisations at the Board room of the City Bank in the city on Wednesday, says a press release.

Managing Director of the City Bank Limited, Mohammad Faiz, and the Managing Director of Union Capital Limited, Ashfaq U Chowdhury, initialled the agreement and exchanged the document.

Executive Vice Presidents of the bank, Satya Gopal Podder, A H M Nazmul Quadir, Nurul Akbar Khan, M Shafiqul Alam, Habibur Rahman, Law & Tax Consultant M Maniruzzaman Khondaker, Secretary Manash Kumar Ghosh and Senior Vice President of Union Capital Limited Mustafizur Rahman, Senior Associate (Finance & Accounts) Mushfiq U Quayum and Manager (Corporate Finance) A A M M Shamsuzzaman, were present on the occasion.

Summers urges Congress to fund debt relief for poor nations

WASHINGTON, July 13: US Treasury Secretary Lawrence Summers urged Congress yesterday to fund debt relief for poor nations, saying the issue was "a defining moral, diplomatic and economic choice" for the United States, says Reuters.

In this year's bill for foreign appropriations, House Republican leaders have slashed to just \$82 million the administration's request for \$472 million to fund debt relief.

The move undermines Washington's ability to meet its obligations under the Heavily Indebted Poor Countries plan, a scheme aimed at cutting the debt burden of the world's poorest nations in half in return for pledges to use the savings on social programmes such as health and education.

"Does the United States stand for collecting every dollar possible of debt from countries where more than half the young population faces the threat of death from AIDS?" Summers asked at a news conference on Capitol Hill.

"Does the United States stand for the idea of collecting every possible dollar of debt from countries that are able to spend less than \$10 a year per person on health?"

"It is imperative for our country economically, morally and diplomatically to provide this debt relief," he said.

Foot-dragging in Congress has already stalled debt relief in Latin America and could likewise imperil debt relief to African nations, he said.

Legislation approved last year by Congress also failed to provide money for the United States to pay its share of HIPC debt relief costs.

Some lawmakers want to tie the aid to reforms at the World Bank and International Monetary Fund — the institutions that manage the HIPC programme.

Summers said President Bill Clinton would veto the current bill before Congress, which he said left "grossly inadequate funds" to help poor nations fight poverty and disease.

"We are richer than ever before and we are growing faster than ever," he said. "Yet the Achilles heel for the United States is our reluctance to engage adequately in the world."

Lanka committed to holding rupee-dollar band

COLOMBO, July 13: Sri Lanka's Central Bank has said it is committed to holding its new rupee-dollar trading band as improved exports will offset a rising import bill and help stabilise the exchange rate, says Reuters.

"They are insisting that no adjustment will be made to the top of the new range," said a foreign exchange dealer at a local bank when asked to describe the central bank's stance at their weekly meeting held yesterday.

Other dealers also said the Central Bank had reiterated its expectation that the local currency would tend towards the middle of its expanded dollar buying and selling band of 76.60 rupees to 79.47 rupees in the near-term.

Turkey announces 10pc second half public sector pay rise

ANKARA, July 13: Turkish Finance Minister Sumer Oral Wednesday announced a second half public sector pay rise of 10 per cent, in line with the terms of a three-year, \$4 billion International Monetary Fund disinflation accord, says Reuters.

The rise will mean the pay of some 1.6 million public sector workers will increase by a total of 31 per cent in 2000, against targeted year-end inflation of 20-25 per cent.

The second half figure may be adjusted upward in the event of higher than expected second half inflation, Oral said.

Oral said first half pay rises which had been targeted at 15 per cent had been increased retroactively to 19.1 per cent to compensate for higher-than-targeted inflation.

Exchange Rates

Following are yesterday's Standard Chartered Bank foreign exchange rates (indicative) against major currencies to Taka					
Central bank USD/BDT rate: Buying-BDT 50.85/ Selling-BDT 51.15					
Selling	TT/OD	BC	Currency	Buying	TT Clean
51.2500	51.2800	USD	50.8650	50.8954	50.8279
0.4799	0.4801	JPY	0.4631	0.4616	0.4610
31.2310	31.2492	CHF	30.5312	30.4300	30.3889
29.8747	29.8922	SGD	28.7942	28.6988	28.6600
34.8948	34.9152	CAD	34.0530	33.9402	33.8943
5.8113	5.8147	SEK	5.7113	5.6923	5.6846
31.3291	31.3475	AUD	28.5251	28.4306	28.3921
13.6318	13.6397	MYR	13.2447	13.2008	13.1830
6.6079	6.6117	HKD	6.4904	6.4889	6.4602
13.7750	13.7831	SAR	13.4535	13.4089	13.3908
14.0692	14.0775	AED	13.7362	13.6906	13.6721
0.0462	0.0462	KRW	0.0454	0.0453	0.0452
77.6181	77.6636	GBP	75.9669	75.7151	75.6128
48.7593	48.7878	EUR	46.8467	46.6914	46.6263

US dollar export bills

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
50.7801	50.4489	50.0289	49.5481	49.0255	47.8549

Exchange rates of some Asian currencies against US dollar

Indian Rupee	Pak Rupee	Tha Baht	Mal. Ringit	Indo. Rupiah	NZ Dollar
44.66/44.71	52.20/52.40	39.97/40.10	3.7996/04	9430/9460	0.4613/0.4620

US dollar Libor

Cash notes	Buying	Selling	1 Month	3 Months	6 Months	12 Months
TC	50.6150	51.2600	GBP	6.0825	6.1854	6.2903

Market Commentary

On Thursday, activity in the interbank foreign exchange market was steady and the demand for dollar was range bound. Call money market is insipid and the demand for call money was low. The call rate maintained its downward trend and the call rate fell to 4.90 and 5.10 per cent.

In the international markets, dollar maintained its upward trend on Thursday eyeing five week high against the yen and two week high against the euro amid a rally in the US stocks and concern about the US economy.

The technology laced Nasdaq composite index jumped to 143.17 points, or 3.62 per cent for its highest close in three months.

A more bullish outlook in the US equity performance and US economy contrasted with Japan's second largest bankruptcy ever, of department store operator Sogo Ltd which cast doubt on the possibility of an early end to Japan's zero interest rate policy.

Shipping Intelligence

Chittagong port

Berth position and performance of vessels as on 13.7.2000

Berth No	Name of vessels	Cargo	L Port call	Local agent	Date of arrival	Leaving
J/1	Jin Cheng	Gr	S.Hai	BDSHP	28/6	16/7
J/2	Triumph					
	Kaosiung(48)	Gr(STC)	Hald	RML	9/7	13/7
J/3	Clover Trust	C.Clink	pada	MBL	21/6	13/7
J/4	Shun Cheng	Gr	Bayu	Prog	30/6	19/7
J/5	Asean Premier	Rice(P)	Hochi	Mutual	6/7	17/7
J/6	Hilda	Gr	Sing	Prog	28/5	16/7
J/7	Joanny-L	Wheat(P)	JEDD	OWSL	18/5	14/7
J/8	Pu Cheng	Gr(Maize)	Chin	Prog	10/6	15/7
J/9	Negol Lombok	Gr(DP)	Hako	Litmond	4/6	18/7
J/10	Chong Gen	Ric(P)	Sing	SBS	29/6	20/7
J/11	Banga Birol	Cont	P Ket	Bdship	6/7	15/7
J/12	Kota Berjaya	Cont	Sing	Pil(BD)	3/7	14/7
J/13	Orion	Cont	Sing	BDSHP	4/7	13/7
CCT/1	Banglar Shikha	Cont	Sing	BSC	10/7	14/7
CCT/2	Boxer Capt Cook	Cont	P.Kel	BDSHP	5/7	14/7
CCT/3	Arabella	Cont	Sing	QCSL	1/7	14/7
RM/14	AL Bauraq	Cement	Mala	Seacom	23/6	25/7
RM/15	Lestari Utama	Cement	Indo	ANCL	21/6	15/7
CCJ	Ban ann	C.Clink	Krabi	BML	10/7	17/7
GSJ	North Star-II	Cement	Pada	SBS	28/6	13/7
TSP	Apex	Idle	Saig	Cindy	10/6	14/7
AM/4	Aramour-1	CDSO	Kaki	Seacom	8/7	15/7
DD	Banglar Jyoti	Repair	-	BSC	R/A	13/7
RM/8	Banglar Doot	Repair	-	Bsc	R/A	14/7
RM/9	Banglar Maya	Repair	Jedd	BSC	25/6	14/7

Vessels due at outer anchorage

Name of vessels	Date of arrival	L port	Local agent	Cargo	Loading port
Gulf Blader	13/7	Sing	Arafeen	-	-
QC Pintail	13/7	Sing	QCSL	Cont	Sing
(Cont) 2/713/7	13/7	Sing	OTBL	-	-
Monte Oliveto	13/7	Sing	Seacom	C.Clink	-
Oriental Queen	13/7	Sing	Arafeen	P.Equip	-
Britoil-38	17/7	Sing	BSC	Cont	Sing
Banglar Urmi	14/7	Mong	BSC	Cont	Sing
Xpress Makalu	14/7	CBO	Everbest	Cont	Cong
(Cont) 6/7	14/7	Sing	BSC	Cont	Sing
Banglar Robi	14/7	Sing	RML	Gr (CR Coil)	-
Ever Cheer (48/9/7)	17/7	Mong	ASA	Gr (Steel Pipes)	-
Rainbow Jopy(48/9/7)	16/7	-	-	-	-
Jaher Venture	15/7	Fuja	JF	Scraping	-
Bay Fortune	17/7	Sing	PSAL	C.Clink	-
AL Muzuba	16/7	Okha	CLA	Rice(P)	-
Eagle Sky (Cont) 3/7	16/7	Sing	Nol	Cont	Sing
Sunflower	18/7	-	Everett	Gr	-
Banga Biraj (Cont) 6/7	17/7	-	BDSHP	Cont	Sing
Dawel	17/7	-	MTA	Rice(P)	Sing
San Mateo	17/7	-	JF	Vehi	-
(Roro) 24/4/7	22/7	-	Fberett	Gr	-
Kota Singa (Cont) 9/7	17/7	Sing	Pil (BD)	Cont	Sing
Jaami (Cont)	17/7	Sing	Cross	Cont	Sing
Jaya Mars	17/7	Col	Everett	Gr	-
Seletar Hope	18/7	-	Everett	Gr	-
Qc Teal	18/7	P.Kel	QCSL	Cont	Sing
Joy World	18/7	-	SSL	Gr	-
Freedom	19/7	-	Atlantic	Gr(Projmat)	-
Xpress Resolve(Cont)	19/7	Sing	RSL	Cont	Sing
DAFA (Cont) 9/7	20/7	Sing	RSL	Cont	Sing
Dragon	20/7	-	Nol	Cont	Sing
Kallimantan(Cont) 9/7	21/7	Sing	Pil(BD)	Cont	Sing
Kota Naga	21/7	Sing	RSL	Cont	Sing
Osg Alpha	21/7	Sing	QCSL	Cont	Sing
Chu Hong	22/7	Sing	Pil (BD)	Cont	Sing
M Regina (Cont) 9/7	22/7	Sing	-	Cont	Sing
San Pablo	22/7	-	JF	Vehi	-
(Roro) 24/4/7	22/7	-	Fberett	Gr	-
Bago	24/7	-	RSL	Cont	Sing
DA Fu	26/7	Sing	Schi	Mbl	Projcargo
Malta-B	27/7	-	-	-	-

Tanker due

Name of vessels	Date of arrival	Cargo	Last Port	Local agent	Date of arrival
Spiros	12/7	Rast	BSL	Crude Oil	-
Nural Jubail	14/7	Juba	OWSL	Caustic Soda	-

Vessels at Kutubdia

Name of vessels	Date of arrival	Cargo	Last Port	Local agent	Date of arrival
Energy Explorer-IV	-	-	-	BBAL	5/4
Ismaya	-	-	-	BBAL	17/8
Dea Champion	-	Sing	Arafeen	R/A	(8/7)
Ramey Tide	-	Sing	Arafeen	-	10/7
Seadulk Command	-	-	-	IBS	R/A(27/6)

Vessels at outer anchorage

Ready on

Name of vessels	Date of arrival	Cargo	Last Port	Local agent	Date of arrival
Kapitan Petko Volvoda(GI STC)	-	Col	Busa	BBA	1/7
Xiang Jiang	-	Gr	Busa	Bdship	3/7
An da	-	Gr(Strails)	LANJ	Luifal	3/7
Grand Mariner	-	Gr(Teas)	Sing	Rainbow	3/7
Hui Yang	-	Gr	Sing	Bdship	9/7
Kota Cahaya (Cont)	-	Cont	Xing	Pil(BD)	9/7
Jutha Parichart(Cont)	-	Cont	Sing	RSL	9/7
Aetaria	-	Cont	P.KEL	QCSL	9/7
Ocean-I	-	Gr	Sing	SMSL	10/7
Banglar Moni(Cont)	-	Cont	Sing	BSC	10/7
Ventura	-	CDSO	Dafa	Rainbow	11/7
Danga Bijoy (Cont)	-	Cont	PKIL	Bdship	11/7
Cheftinad Glory	-	Wheat(T)	Sing	SRS	19/7
Allegro	-	C.Clink	Pada	Rml	3/7
Marquisa	-	Gr	Sing	Seaglor	6/7
Osg Argosy	-	Cont	Col	Everbest	12/7

The above are shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.

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Tender Notice

Sealed tenders are hereby invited from the manufacturers or their authorised local agent for supply of one no. Cutting, one no. Perfect Gluing, two nos. Stitching Machines and supplementary equipments for Web Press.

The tender schedule containing terms and conditions alongwith detailed specifications of the machineries and supplementary equipments may be obtained from the office of undersigned uptill 22-7-2000 during office hours on payment of Taka 750.00 only per set. Tenders have to be dropped in the tender box kept at the office of the undersigned latest by 3 pm on 29.7.2000. Tenders may also be sent through Postal/Courier Services which must reach the addressee by the afores