

# US Fed meets tomorrow to revitalise faltering economy

AFP, Washington

Federal Reserve policymakers will hold one of their most closely watched meetings in recent memory Tuesday, with investors, consumers and government officials around the world looking for relief from collapsing share prices and stagnant economies.

Under Chairman Alan Greenspan, the Federal Open Market Committee will go behind closed doors to decide by how much short-term interest rates need to be reduced in order to revitalize faltering US economic momentum and check a frightening plunge in global stock markets.

After a week of steep declines on markets in New York, Europe and Asia, and amid fresh signs that recession looms in the United States, there was mounting speculation the committee would approve a whopping 0.75 percentage point cut.

That would reduce the federal funds rate to 4.75 per cent, its lowest level since November 1998. The rate, which affects the cost of short-term credit throughout the economy, is a target used by commercial banks making overnight loans among themselves.

As the US central bank, the Fed is charged with using monetary policy to secure conditions that allow for inflation-free economic growth. What it is not mandated to do is to prop up collapsing stock markets and to feather the nests of investors.

But as more than half the households in the United States now hold equity investments, in many cases to finance retirement, the Fed cannot be indifferent to what happens on Wall Street.

A more direct connection between the Federal Reserve and the stock market is consumer confidence and by extension consumer spending, which accounts for two

thirds of US gross domestic product.

When the market was booming in 1998 and 1999, Greenspan spoke often of the "wealth effect," the feeling of confidence and prosperity enjoyed by consumers who were scoring big gains with their equity investments and who were willing to spend them.

The fear now is that with share prices plummeting, people will cut sharply back on spending and growth will shrivel further.

"Relentless stock market declines put both the consumer and business confidence at risk of shattering," noted Merrill Lynch chief economist Bruce Steinberg.

adding that since early 2000 an estimated 3.1 trillion dollars in household net wealth has been wiped out.

Even in the face of such arguments, analysts at the beginning of last week were anticipating a rate cut Tuesday limited to half a percentage point.

But following the release of several government reports Friday, showing even more erosion in the economy, sentiment began to change.

Analysts at SalomonSmith Barney on Friday said "an uncomfortable array of downside risks... has revived the possibility of a 'super-sized' rate cut of 75 basis points

by the Fed next week."

Among several worrisome indicators, the most disturbing for US officials was a report from the Fed itself that US industrial output declined 0.6 per cent in February after a 0.6 per cent fall in January, with weaknesses detected in all three major sectors -- manufacturing, utilities and mining.

"While there is no single data point that would definitely signal that the Fed may lower rates by 75 basis points instead of 50, ... the pervasive weakness in this key report should certainly keep that prospect on the front burner," said David Orr, chief economist at First Union in North Carolina.

# BOJ may return to zero rates today

AFP, Tokyo

The Bank of Japan is to stage a dramatic reversal of policy and return to zero interest rates, belatedly recognising that deflation in the depressed economy imperils any hope of recovery, analysts say.

Monday's board meeting will see the central bank under governor Masaru Hayami return to the policy controversially abandoned last year despite the likely damage to its credibility, they believe.

"Although Hayami had strongly ruled out the possibility of returning to the zero-rate policy until recently, he has changed his mind," according to JP Morgan chief economist Masaaki Kanno.

The change of heart was the result of "continued stock price falls, which threaten the stability of the banking system, and a more pessimistic economic and price outlook, which may cause deflationary spirals," he said.

The Bank of Japan twice cut interest rates last month amid fierce political pressure on the central bank to do more, after it ended the zero-rate policy last August in the face of bitter government opposition.

In its latest monthly verdict on the economy, the government on Friday added to the pressure by

belatedly acknowledging that Japan was mired in deflation after two years of falling prices.

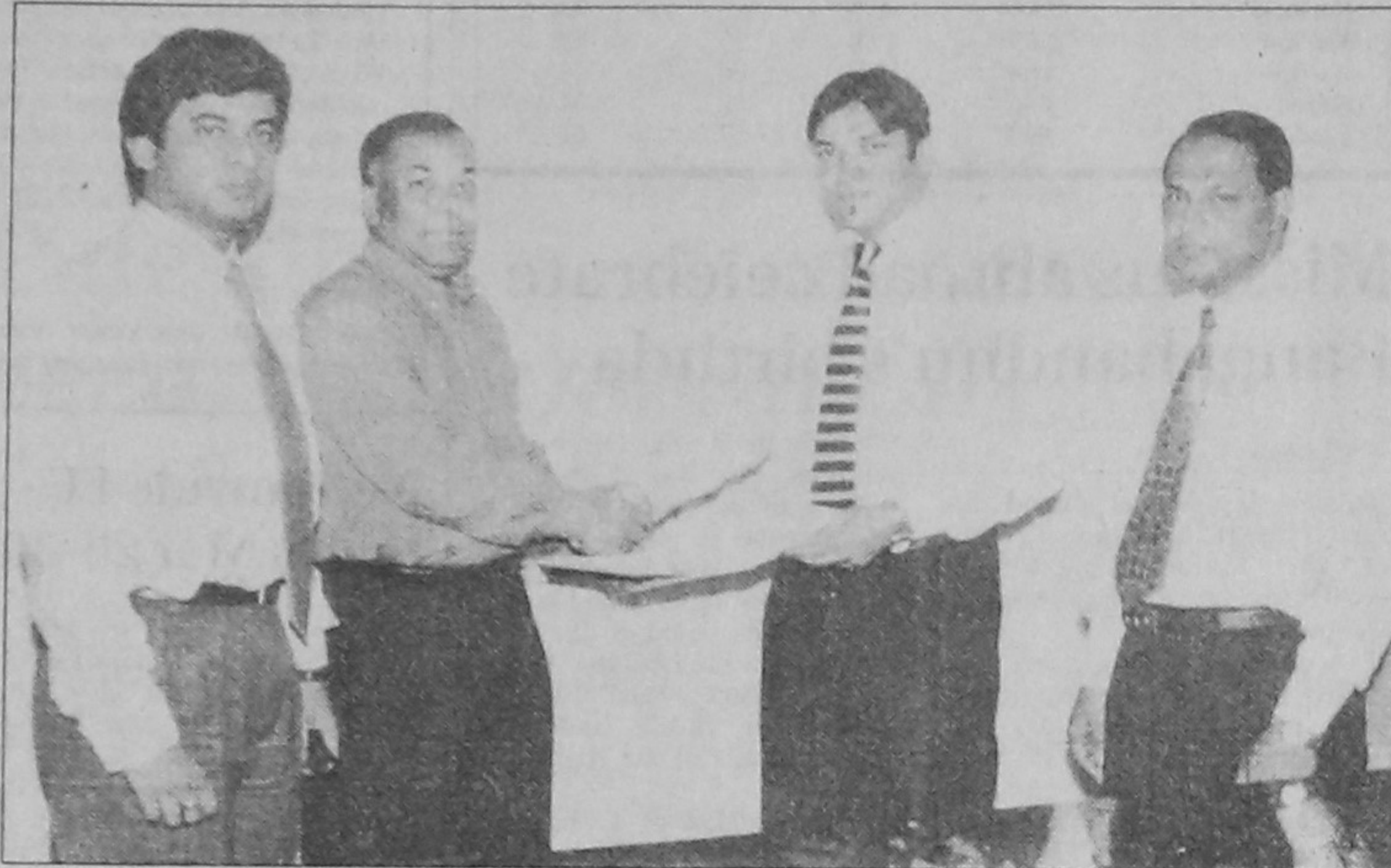
It was carefully timed admission ahead of the BOJ board meeting which sought to rebut Hayami's contention that deflation was as much the result of corporate restructuring as anaemic demand, analysts believe.

Hayami himself said Thursday the BOJ would prevent the economy falling into a deflationary spiral, which could discourage consumers and hammer corporate earnings even more.

"The BOJ needs to watch closely future price movements, as prices are continuing to weaken moderately," the governor told a financial committee meeting in parliament.

The more dovish stance from Hayami -- who consistently carries seven of the eight other BOJ board members for his board meeting proposals -- coincides with a stock market slump that is destroying the value of banks' shareholdings.

Japanese banks have been booking the unrealised gains on their large equity portfolios to count towards writing off their mountainous bad loans, the legacy of the "bubble economy" collapse in the early 1990s.



Brigadier General M Shah Jalal psc (2nd left), Managing Director, MiiT, exchanges documents of a franchisee deal with Tanvir Mustafa, Managing Director, Nebula Technologies Limited, at Mantrust Head Office in Dhaka recently. Md Nazrul Islam, Chairman, Mantrust Software and Multimedia Systems Limited (MSMSL), and Shah Miraj, Director, MSMSL, were also present on the occasion.

# Argentine crisis tops today's IDB meet agenda

AFP, Santiago

The political and economic crisis that threatens to derail Argentina will figure prominently in discussions beginning Monday at the annual assembly of the Inter-American Development Bank here.

Some 300 anti-globalization protesters have descended on Santiago ahead of the meeting that brings together economy ministers and other fiscal leaders from across the continent.

Chilean police used tear gas and water cannons to disperse the stone-throwing crowd which chanted slogans supporting the argument that the bank, the World Trade Organization and the International Monetary Fund "help capitalists get richer while destroying people and the environment."

Guatemalan Finance Minister Eduardo Weymann, who confirmed Saturday he would attend the fourth annual meeting of the

institution, said the perils besetting his country would also need attention, emphasizing the importance of financial cooperation from the bank on behalf of his country.

But Argentina, where a massive, eight billion-dollar austerity programme was ordered Friday by President Fernando de la Rúa, is sure to dominate discussions among the meeting's expected 5,500 participants from 26 Latin American and Caribbean countries.

"I have much faith in the capacity of Argentina's political leaders to move beyond the situation, to give the programmes an opportunity to work," said IDB president Enrique Iglesias.

Argentina's three-year programme, which cuts government spending on civil servants, slashes federal aid to provinces and guts the budget of the health and education ministries, also received full support Saturday from the Inter-American Development Bank.

## unicef Bangladesh Country Office AUCTION NOTICE

1. Sealed bids are hereby invited from bonafide bidders for auction sale of 16 vehicles and 3 Motorcycles on "as is where is basis." The auction will be carried out as per NBR standing order No. 100/2000 dated July 25, 2000.
2. Bids are to be submitted as per UNICEF desired format and as per terms of the bid.
3. Bid papers and conditions of bid will be available at the ground floor security desk of UNICEF office at BSL complex, 1 Minto Road, Dhaka from 20.03.2001 to 28.03.2001 from 10:00 am to 3:00 pm except holidays.
4. Motor Cycles and 4 vehicles can be inspected at VERC Ananda Bazar, Savar (Opposite Chowdhury Filling Station), Dhaka and rest 12 vehicles can be inspected at UNICEF office at BSL complex, 1 Minto Road, Dhaka from 20.03.2001 to 28.03.2001 from 10:00 AM to 3:00 PM every working day.
5. Bids will have to be addressed to Chief, Administration and must comply with all the terms and conditions laid down in the bid papers.
6. Bids will be received up to 11:00 am on 29.03.2001.
7. Bids will be opened at 11:20 am on 29.03.2001.
8. UNICEF Bangladesh reserves the right to accept or reject any or all bids without assigning any reason.

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## MiiT signs deal with Nebula for Uttara centre

Mantrust Institute of Information Technology (MiiT), a fast-growing local IT education major, signed a franchisee agreement with Nebula Technologies Limited at Mantrust Head Office to further expand the IT education in Bangladesh recently, says a press release.

Brigadier General M Shah Jalal psc (On Lpr), Managing Director MiiT, and Tanvir Mustafa, Managing Director of Nebula Technologies Limited, signed the agreement.

Md Nazrul Islam, Chairman Mantrust Software and Multimedia Systems Limited (MSMSL), and Shah Miraj, Director of MSMSL, were also present on the occasion.

Under the accord, Nebula Technologies will run the MiiT Uttara centre and Mantrust will supply developed course-ware, overall management and international standard educational facilities.

## FBC to develop WAP portal for GP

GreenPhone Limited, the largest mobile phone operator of the country, has entered into an agreement with First Bangladesh Consulting (FBC) Limited, an information technology firm, recently.

Mehboob Chowdhury, Director, Sales and Marketing of GreenPhone, and Feroz Hassan, Chairman, First Bangladesh, signed the agreement on behalf of their respective organisations.

Lutfur Rahman, Head of IT, Kafil HS Mueyed, AGM, Sales & Marketing, Shibly Zaman, Head of Product Development and Management of GreenPhone, and Suman Mahmud Khan, Manager, and Shakil Ahmed Software Engineer of First Bangla Consulting, were also present on the occasion.

## Billiton, BHP to merge

AFP, London

Britain's Billiton and BHP of Australia are to merge, forming one of the world's largest metals and mining companies, a British newspaper reported on Sunday.

According to Sunday Business, the merger would give the combined group a market capitalisation of 20 billion pounds (28 billion dollars, 31 billion euros).

That would allow it to overtake rivals such as Anglo American and Rio Tinto, leaving it trailing only US giant Alcoa.

The new company, provisionally called BHP Billiton, will have listings in Sydney and London. Shareholders in BHP will hold about 60 per cent of the equity, the newspaper claimed.



Mehboob Chowdhury, Director, Sales and Marketing, GreenPhone, and Feroz Hassan, Chairman of First Bangladesh, sign a deal on developing WAP portal for GP recently.

# Euro notes, coins threaten exchange rate

AFP, Paris

The launch of euro notes and coins at midnight on December 31 could actually have a negative effect on the euro's exchange rate, economists said.

Experts said the arrival of euro cash also posed an inflation risk, although this was difficult to determine, and was likely to have a mild impact on retail spending.

The euro's exchange rate could be hurt by people jumping out of its component national currencies, Lehman Brothers economist Klaus Baader told AFP financial news affiliate AFP.

Many people would only have limited time to change national currency cash into euros, he said.

People holding large cash hoards from illegal activities or the hidden economy would thus have only a few months to switch into euros, Baader said.

"There is a lot of cash circulating in the euro area and outside the euro area and a lot of it is black money, money that is connected to the underground economy, the shadow economy," said Baader.

"To have to change huge

amounts at once between January 1 and the end of February is likely to make these people pretty nervous, so the only choice that they have is to go into another currency," he said.

Germany has imposed an end-February limit on the changing of national cash into euros by commercial banks, although other countries are generally allowing longer exchange periods.

France, Spain, Portugal and Luxembourg allow the changing of cash by commercial banks up to the end of June 2002, while Belgium and the Netherlands permit such exchanges until the end of the year.

However, the two-month limit on German banks was particularly important, especially for holders of marks in eastern Europe. The Bundesbank reckoned that between a quarter and a third of the marks in circulation are in eastern Europe, said Baader.

After the deadlines had passed for changing national currencies into euros at commercial banks, people would only be able to exchange the old currency at central banks in euro zone countries.

## CURRENCY

Following are yesterday's Standard Chartered Bank foreign exchange rates (indicative) against Taka to major clients: Central bank buying and selling band of USD: BDT 53.85/BDT 54.15

Selling		Currency		Buying	
TT/OD	BC	TT Clean	OD Sight	OD	Transfer
54.2800	54.3100	USD	53.8300	53.6614	53.5929
49.5404	49.6273	EUR	47.7452	47.5618	47.4852
78.1134	78.1554	GBP	76.6340	76.3675	76.3129
27.2854	27.3099	AUD	26.2331	26.1406	26.0605
0.4450	0.4451	JPY	0.4338	0.4336	0.4326
31.8774	31.9019	CHF	31.3377	31.2432	31.1587
5.3451	5.3503	SEK	5.2553	5.2377	5.2217
34.7391	34.7636	CAD	34.1814	34.0877	34.0046
6.9639	6.9652	HKD	6.9002	6.8825	6.8651
30.650	30.6714	SGD	30.2151	30.1713	30.0566
14.9002	14.9178	AED	14.5064	14.5283	14.4879
14.5888	14.6072	SAR	14.2446	14.2079	14.1897

Usance Export Bills

TT Doc	30 Days	14.2446	14.2079	14.1897	180 Days
53.7190	53.3876	52.9451	52.4363	51.8833	50.6444

Exchange rates of some Asian currencies against US dollar

Indian Rupee	Pak Rupee	Thai Baht	Lankan Rupee	Indo Rupiah	NZ Dollar
46.70/46.71	60.39/60.44	44.00/44.07	85.40/85.80	10250/10380	0.4148/0.4155

LIBOR

Cash notes	53.6300	54.3100	USD	500.75000%	4.90000%
TC	53.5800	54.2900	GBP	5.58453%	5.46750%

## SHIPPING

### Chittagong Port

Berth position and performance of vessels as on 18.3.2001

Berth No	Name of Vessels	Cargo	L Port Call	Local Agent	Date of Arrival	Leaving
J/1	Southern Queen	GI (Copro)	Sing	AEKA	28/11	-
J/2	Le Chang Ling	C Clink	Koshi	RML	3/3	21/3
J/3	Mergui	Rice(P)	Yang	MTA	9/3	21/3
J/4	Eltanin	GI(Log/Ma)	Yang	SMAL	5/03	21/3
J/5	Oriental Queen	C Clink	Kant	BSL	6/03	22/3
J/6	Enos	GI(Y Ma)	Yang	SMSL	1/03	23/3
J/7	Sungriang-9	Urea (B/CIC)	Sing	PSAL	28/2	25/3
J/8	Samsun Honour	Rice (G)	Naga	SSST	15/3	-
J/9	Banglar Maya	GI	PIPA	BSC	8/3	19/3
J/10	Storm Wind	C Clink	Jaka	MBL	3/3	22/3
J/11	Kota Cahaya	Cont	Sing	Pil(Bd)	10/3	19/3
J/12	OSG Alpha	Cont	Sing	RSL	9/3	-
J/13	Banga Bijoy	Cont	P Kel	BDShip	11/3	22/3
CCT/1	Kota Naga	Cont	Sing	Pil (Bd)	12/3	19/3
CCT/2	Banga Bonik	Cont	Col	BDShip	15/3	19/3
CCT/3	Orient Independence	Cont	P Kel	TTL	11/3	20/3
RM/15	Banglar Urmi	Repair	-	BSC	R/A	25/3
CCJ	Togo Charm	C Clink	Kushi	Seacom	8/3	21/3
GSI	Banglar Kallol	Repair	X Dia	BSC	27/1	19/3
TSP	Patchara Naree	R Phos	Phos	Atlantac	1/3	20/3
DOJ	Banglar Jyoti	C Oil	-	BSC	R/A	1-
DD	Banglar Robi	Repair	Sing	BSC	19/2	21/3
CUFLJ	Mary Nur	Cement	Lang	BSL	4/3	21/3
Kafco(U)	United Santosh	Urea	Hald	Everett	10/3	15/3

### Vessels Due at Outer Anchorage

Name of Vessels	Date of	L Port Call	Local Agent	Cargo	Loading Port
Xpress Resolve (Cont)	11/3	19/3	CBO	Everbest	Cont Col
Jaami (Cont)	9/3	19/3	-	Cross	Cont Sing
QC Lark (Cont)	11/3	18/3	Kara	QCSSL	Cont Sing
Al Muztuba	19/3	19/3	Kara	CLA	Rice(P)
Kabirdas(E/L)	4/3	20/3	MGL	SSLL	E/I
Agia Kyriaki	18/3	18/3	Dunk	KSA	Wheat(G)
Axon Andriand	18/3	18/3	Busa	Prog GI	(St. Cparr)
Clover Trust	21/3	21/3	Karavi	Uniship	C Clink
Ocean-1	19/3	19/3	Cal	SMSL	-
KM Armada Ternak	18/3	18/3	Jaka	OTBL	Demolition
Hope Glory	16/3	16/3	Sing	OTBL	-
Stavri	18/3	18/3	UAE	OTBL	-
Phaethon	18/3	18/3	Yang	OTBL	-
Phaethon	18/3	18/3	-	Simmi	Scraping
Triumph Kaohsiung	19/3	19/3	Hald	RML	HRSt. Coil
Ocean Pride	19/3	19/3	-	PSAL	Log+Maize
Banga Birol (Cont)	9/3	19/3	P Kel	Bdship	Cont Sing
Kengtung	22/3	22/3	-	Everett	GI (St.C)
Kota Singa (Cont)	11/3	20/3	Sing	Pil (Bd)	Cont Sing
Happymann	19/3	19/3	Khom	Cont	-
San Pablo (Roro)	24/4/3	19/3	P Kel	JF	Vehi
KS Prince	20/3	20/3	Kohsi	ASLL	C Clink
QC Pintail (Cont)	4/3	23/3	P Kel	QCSSL	Cont Sing
Nadia J	20/3	20/3	Chaina	Everett	Spl Cargo
Xpress Nuptse (Cont)	11/3	21/3	Sing	RSL	Cont Sing
Jurong Balsam (Cont)	11/3	21/3	-	Nol	Cont Sing
Jin Cheng (Liner)	21/3	21/3	-	Bdship	GI
Pathein	21/3	21/3	Yang	MTA	Rice(P)
Boxer Capt Cook (Cont)	15/3	22/3	-	Bdship	Cont Sing
Banga Biraj (Cont)	12/3	22/3	-	Bdship	Cont Sing
Salzach (Cont)	13/3	22/3	-	Bdship	Cont Sing
Kota Bintang (Cont)	13/3	23/3	Sing	Pil (Bd)	Cont Sing
Acturia (Cont)	14/3	30/3	-	QCSSL	Cont Sing
Xpress Renown (Cont)	15/3	24/3	-	Everbest	Cont Col

### Tanker Due

Performance-9	17/3	-	Seacom	CPO
Name of Vessels	Cargo	Last Port Call	Local Agent	Date of Arrival

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

## SITUATION VACANT

### SENIOR DEVELOPMENT PROGRAM MANAGER

A foreign diplomatic mission in Dhaka, is seeking a full time Senior Program Manager for its Development Section. The incumbent will be required to: