

US cuts rates to 40-year low Bid to fire up terrorist-shaken economy

AFP, Washington

Federal Reserve policymakers sliced US interest rates to a 40-year low Tuesday in a relentless campaign to fire up the terrorist-shaken economy.

Battling recession, they lowered the target federal funds rate at which commercial banks lend to each other by a quarter point to 1.75 percent — the lowest rate since July 1961.

The more symbolic discount rate, at which commercial banks can borrow from the Federal Reserve, was also lowered a quarter of percentage point to 1.25 percent.

It was the latest shot in a barrage of 11 interest rate cuts this year aimed at injecting life into the economy, which was fraying even before the September 11 suicide onslaught.

The federal funds target rate, which began this year at 6.50 percent, has so far fallen by the widest margin in 19 years.

Investors had expected rates to be lowered again in response to figures showing the terrorist shockwave wreaked havoc in the labor market, destroying nearly 800,000 jobs in two months.

But any hopes for unbridled optimism from Federal Reserve chairman Alan Greenspan and his colleagues were dashed.

"Economic activity remains soft, with underlying inflation likely to edge lower from relatively modest levels," the Federal Open Market Committee said in a written statement.

"To be sure, weakness in demand shows signs of abating, but those signs are preliminary and tentative," it warned.

"The risks are weighted mainly toward conditions that may generate economic weakness in the foreseeable future," the policymakers said in a well-worn phrase showing their readiness to cut again.

In the two months to November the unemployment rate shot up to 5.7 percent from 4.9 percent and 799,000 jobs evaporated, latest government figures showed.

"How can you say things are brightening when the unemployment rate goes from 4.9 percent to 5.7 percent?" asked Conference Board economist Delos Smith.

Investors took it badly. Wall Street's blue-chip barometer, the Dow Jones industrials index, fell 33.08 points, or 0.3 percent, to close at 9,888.37.

"It seems like the Fed is a little more worried about the prospects of a deeper downturn or a delayed recovery than the market is," Bank of Montreal senior economist Sal Guaterri said.

"Greenspan and Co. are definitely still quite worried about the economy," he added.

The tone was slightly better than in November, when the Federal Reserve had warned of deteriorating business conditions and heightened uncertainty, Guaterri said.

In response to the attacks, US business may have to spend more money on security, tempo-

rarily applying the brakes to productivity gains that helped the US economy bound ahead in the 1990s, the Fed said.

But the horizon remained bright. "The long-term prospects for productivity growth and the economy remain favorable and should become evident once the unusual forces restraining demand abate," it said.

The Federal Reserve had steered clear of declaring victory, however, Salomon Smith Barney economists Peter D'Antonio and Christopher Wiegand said in an analytical report.

"We expect that the Fed will want to take out more insurance by easing in January," they said.

"The rate cuts act as a buffer against the erosion of confidence from job losses. The cuts also support the equity market, which in turn helps to produce the needed financial environment for recovery."

The US economy officially slid into a recession in March, ending an unprecedented 10-year expansion.

Gross domestic product in the world's biggest economy slid 1.1 percent in the July-September quarter, the biggest dive in a decade, and most economists expect a further contraction in this quarter.

But the economy is widely expected to enter an accelerating recovery period next year, fuelled by the lower rates, higher government spending and the need to re-stock dwindling inventories.

S'pore govt to keep stake in business

AFP, Singapore

Singapore's state investment arm will keep its stake in key economic sectors despite fears government equity may be hurting the expansion plans of domestic firms, its chairman said Wednesday.

Temasek Holdings Ltd. chairman S. Dhanabalan said the firm had just completed a five-year plan which would include divestment and reduction of its stake in marginal operations.

But it will maintain its interests in important companies like Singapore Airlines Ltd., ports and telecommunications, said Dhanabalan, who dismissed fears of a political agenda behind such stakes.

While certain companies have "attained maturity" to be able to compete in the global arena, "the developmental role played by Temasek is still crucial," Dhanabalan told the foreign correspondents association.

Commenting on criticism that perceived government influence on firms through Temasek has affected their attempts to expand beyond the small domestic market,

Dhanabalan said Temasek was trying to deal with it.

Singapore Telecommunications Ltd. (SingTel) has failed to acquire stakes in Hong Kong and Malaysia largely due to concerns over the degree of influence by the Singapore government, according to analysts.

SingTel successfully acquired Cable and Wireless Optus Ltd. of Australia this year, but not after going through a wringer over fears in Australia that its national security could be compromised if a foreign firm controlled a crucial telecoms carrier.

"This is something we are conscious of and we have to manage that," Dhanabalan said.

"As we go forward and as it becomes more and more clear that our companies are being driven basically by commercial considerations and that they do not have any political and national agenda to pursue on behalf of the government, I think people will become more comfortable."

"But it is something that we need to be aware of and to manage carefully," he said.

China sees more job cuts in 2002

AFP, Beijing

China said Wednesday it expects more people to be out of work next year amid signs its unemployment statistics are gradually moving towards more realistic levels.

The ministry of Labour and Social Security hopes to keep urban unemployment below 4.5 percent in 2002 as it strengthens efforts to solve the jobless problem, the semi-official China News Service said.

The figure is an increase on this year, when it was said to be "below four percent", according to recent remarks by Zeng Peiyan, China's top economic planner.

Zeng's figure, in turn, marked a rise from 2000, when the official figure for urban unemployment was as low as 3.1 percent.

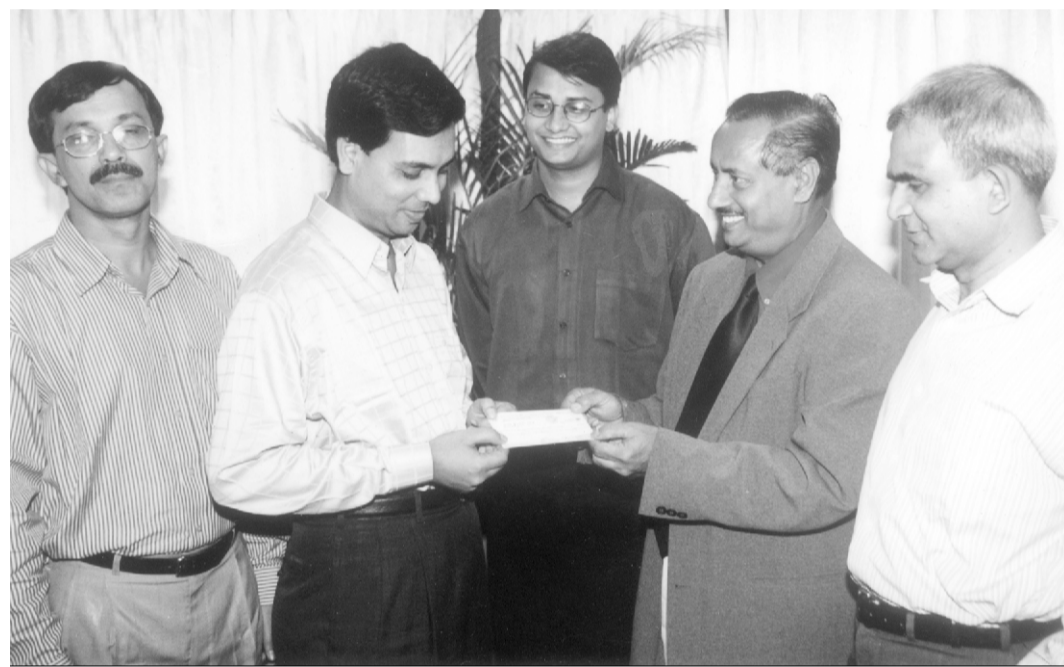


PHOTO: LG
MA Mannan, Chairman and Managing Director of Butterfly Marketing Company Ltd, hands over a cheque for Tk 25,000 to a customer, Sajjadur Rahman of Bogra who won the cash prize under LG Eid festival offer.

Caribbean countries question benefits of hemispheric free trade pact

AP, Port-au-Prince

Caribbean basin nations questioned the benefits of a proposed free trade area stretching throughout the Americas, with summit host President Hugo Chavez arguing that the US-backed plan could further impoverish cash-strapped countries in the region.

At a two-day summit of the Association of Caribbean States on Tuesday, Chavez proposed that the group's 25 member-countries consider an alternative to the Free Trade Area of the Americas.

"Is the FTAA the way? No. In Venezuela, we are convinced," said Chavez, the only hemispheric leader at a recent summit of the Americas

in Quebec to openly criticize the trade pact. "We propose that the Caribbean people begin thinking of an alternative."

The FTAA is scheduled to take effect in 2005, and would extend from Alaska to Argentina. Caribbean leaders at the meeting on Venezuela's Margarita Island said problems could arise from economic disparities in the region, where the average citizen in the poorest country Haiti lives on less than \$4 a day, while the average US citizen earns more than \$90 a day.

Many Latin American and Caribbean countries complain that developed countries maintain trade restrictions to protect their own industries but want greater access for their own products in poor countries.

Barbados's prime minister, Owen Arthur, urged the three largest members of the ACS — Colombia, Mexico and Venezuela — to promote preferential treatment for their more vulnerable associates during FTAA negotiations.

Colombian Andres Pastrana said his country "is and will be supportive of small economies during the FTAA negotiations."

But disagreements emerged. Costa Rican President Miguel Angel Rodriguez, a free trade enthusiast, said eliminating trade barriers would allow his country to export sugar to wealthier markets. Costa Rica expects a recent free trade treaty with Canada to boost its sugar quota with Canada to 40,000 tons within seven years.

That memo, quoted by The Times newspaper on October 4, said the group was "an eight-billion-pound business which is moving into loss" and that it would fail unless it made drastic changes.

Roberts said he hoped the bulk of the cuts would be reached through natural wastage, voluntary redundancies and outsourcing of contracts for activities like cleaning and catering.

John Keggie, deputy general secretary of the Communication Workers' Union, said the figure of 30,000 job cuts was "completely unreasonable" and described it as a "Harry Potter figure" which had come as a bolt out of the blue.

"Cutting 30,000 jobs would be a huge

Mitsubishi seeks Aussie fund to sustain plant

AFP, Sydney

Japan's Mitsubishi Motors Corp. has asked the Australian government to give it 73 million US dollars to prevent the closure of its local manufacturing operations, reports said Wednesday.

Mitsubishi Motors Australia says that without 140 million Australian dollars worth of assistance from the government, its Adelaide car-making plants will close, the Sydney Morning Herald reported.

With at least 3,000 jobs directly at stake and another 20,000 workers indirectly linked via support industries, the Labor opposition party called on the government to agree to the request.

Although the precise terms of the request remained confidential, the Herald reported that Japan's

fourth biggest car maker will close its Adelaide operations if the money is not forthcoming.

Quoting anonymous sources, the Herald reported that the request for federal government assistance comes in addition to 200 million dollars already provided to Mitsubishi's troubled local operation via a government-sponsored new car manufacturing investment plan.

The money would be used to upgrade Mitsubishi's production lines so that a new locally-built Magna model could replace the existing version.

The opposition's Industry spokesman, George Campbell, said the government should dip into an existing scheme to help Mitsubishi restructure its Australian manufacturing operation.

British postal firm to cut 30,000 jobs

AFP, London

Britain's postal company Consignia will cut up to 30,000 jobs in the next 18 months from a workforce of about 200,000, Consignia director general John Roberts said late Tuesday.

The layoffs are in addition to the roughly 10,000 jobs shed this year under a cost-cutting plan aimed at saving 1.2 billion pounds (£1.9 billion euros, 1.7 billion dollars), Roberts told the state Commerce and Industry Commission.

The move by the group, which recently changed its name from The Post Office, surprised unions, which had been expecting a much lesser reduction of around 15,000 jobs already reportedly signalled in an internal memo.

That memo, quoted by The Times newspaper on October 4, said the group was "an eight-billion-pound business which is moving into loss" and that it would fail unless it made drastic changes.

Roberts said he hoped the bulk of the cuts would be reached through natural wastage, voluntary redundancies and outsourcing of contracts for activities like cleaning and catering.

"I do have concerns, but I would have thought we have to give it another 12 months."

The company recorded a 281 million-pound loss in the first six months of this year, with operating losses quadrupling to 100 million pounds.

chunk of the workforce. It is extremely disappointing that the board has refused to share this kind of information with the union.

"It is a Harry Potter figure and it is not on. There is no prospect of the union accepting this level of cuts."

He warned: "Any suggestion of compulsory redundancies will lead to appropriate industrial action."

Asked by commission members what the scale of job losses was likely to be, Roberts said: "We haven't finalised numbers we are looking at if we produce the 1.2 billion (-pound saving).

"We could be looking at anything up to 30,000 redundancies."

Roberts said that, as well as job cuts, money may be saved by transferring mail from trains to road and air transport. Cutting costs by 1.2 billion pounds would bring Consignia in line with its international competitors, Roberts said.

Consignia is a listed company, but its financial difficulties indicated that the semi-privatised status it won last year was not working, Roberts said: "It is too soon to say, after just 12 months."

CURRENCY

American Express Bank Ltd foreign exchange rates (indicative) against Taka to major clients.						
Currency	Selling TT & OD	Selling BC	Buying TT	Buying OD	Sight Export	Buying OD Transfer
US Dollar	57.6500	57.6800	56.5000	56.2970	56.2250	56.2250
Pound Stg	83.4196	83.4630	80.8798	80.5892	80.4861	80.4861
Deutsche Mark	26.5932	26.6071	25.6265	25.5345	25.5018	25.5018
Swiss Franc	35.1954	35.2137	34.0567	33.9343	33.8909	33.8909
Japanese Yen	6.9694	6.9730	6.4451	6.4435	6.4429	6.4429
Dutch Guilder	23.6019	23.6142	22.7440	22.6623	22.6333	22.6333
Danish Krona	6.9694	6.9730	6.7478	6.7236	6.7150	6.7150
Australian \$	30.4680	30.4839	28.7020	28.5989	28.5623	28.5623
Belgian Franc	1.2893	1.2900	1.2425	1.2380	1.2364	1.2364
Canadian \$	37.0883	37.1078	35.6377	35.5097	35.4642	35.4642
French Franc	7.9292	7.9333	7.6409	7.6135	7.6037	7.6037
Hong Kong \$	7.4062	7.4101	7.2297	7.2037	7.1945	7.1945
Italian Lira	0.0269	0.0269	0.0259	0.0258	0.0258	0.0258
Singapore \$	31.8420	31.8586	30.5158	30.4062	30.3673	30.3673
Euro	52.0118	52.0389	50.1212	49.9411	49.8772	49.8772
Saudi Rial	15.4144	15.4225	15.0230	14.9690	14.9499	14.9499

US dollar London Interbank Offered Rate (LIBOR)						
TC Buying (USD)	TC Selling (USD)	Current (USD)	1 Month	3 Months	6 Months	9 Months
56.2250	57.6500	USD	1.94125	1.93000	1.98375	2.18250
Cash Buying (USD)	Cash (USD)	GBP	4.03016	4.03281	4.06563	4.18688
80.4861	83.4196	EURO	3.41750	3.35750	3.27265	3.28275

Exchange rates of some Asian currencies against US dollars					
Indian rupee	Pak rupee	Thai baht	Malaysian Ringgit	Indonesian rupiah	Korean won
47.79/	60.73/	43.72/	3.7995/	10020/	1268.3/
47.80	60.76	43.74	3.8005/	10050	1278.3/

Amex notes on Wednesday market
The interbank USD/BDT market was very active Wednesday. The call money rate rose and ranged between 18.00 and 19.00 percent.

The euro Wednesday reached an eight-month peak against yen and escaping a three-month downturn against dollar. Sterling fell back against a rebounding euro with sentiment further hit by new job loss announcements from industry and more pressure from Europe on a future euro referendum. The Swiss Franc was higher against dollar in early business after the US Federal Reserve's policy-setting body cut its key lending rate by a quarter percentage point late on Tuesday.

At around 0904 GMT the exchange rates of major currencies against USD were GBP/USD 1.4418/1.4426, USD/CHF 1.6501/1.6507, USD/JPY 125.65/125.73, EUR/USD 0.8945/0.8948.

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SHIPPING

Chittagong port									
Berth position and performance of vessels as on 12.12. 2001.									
Berth No	Name of vessels	Cargo	L Port call	Local agent	Date of arrival	Leaving	Import	Disch	
J/1	Spica	GI (Log)	Yang	Royal	6/12	12/12			
J/2	Banglar Mookh	GI(S.Ash)	Pipa	BSC	4/12	-	1662		
J/3	Well Prescadores	GI(BR.Coil)	Sing	Rainbow	6/12	15/12	3376		
J/4	Jubilee	GI(R.Log)	Yang	MSA	7/12	16/12	731		
J/5	Iron-B	WT(P)GI	Sing	MSA	19/11	14/12	751		
J/6	Bright Hope (Liner)	GI	Kore	Prog	5/12	15/12	2398		
J/8	Alam Teladan	GI (Ym/MA)	Sing	Sunshine	1/12	15/12	2141		
J/8	Makmur Bahagia	TSP(P)	Sing	Unique	5/12	12/12	1848		
J/9	Da Cheng (Liner)	GI	P Kel	Bdship	5/12	13/12	573		
J/11	Jaami (flag)	Cont	Col	Everbest	9/12	13/12	1312		
J/12	Kota Berjaya	Cont	Sing	Pil (Bd)	8/12	13/12			
J/13	Kuo Hsiung	Cont	P Kel	QCSSL	8/12	15/12			
CCT/1	Bangashikha (Flag)	Cont	Sing	BSC	10/12	15/12			
CCT/2	Gihook	Cont	Sing	RSL	8/12	13/12			
CCT/3	QC Honour	Cont	P Kel	QCSSL	7/12	12/12			
RM/14	Baglar Robi	Repair	-	BSC	R/A	17/12			
GSJ	Banglar Gourab	Repair	-	BSC	2/11	12/12			
TSP	Balkesir	R Phos	Tiaz	Atlantic	30/11	14/12			
RM/4	Taipan	CDSO	Darb	Bdship	8/12	13/12			
DOJ	Saucon	HSD	Sing	MSTPL	11/12	13/12			
DD	Sonali	Repair	Yang	Angelic	31/10	20/12			
DD/J2	Dea Captain	Repair	K.Dia	Arafren	R/A	-			
RM/9	Banglar Shourab	Repair	-	BSC	R/A	13/12			

Vessels due at outer anchorage					
Name of vessels	Date of arrival	L Port call	Local agent	Cargo	Loading port
Silver Fish	12/12	Kant	BSL	C.Clink	-
K Singa(Cont)/28/11	12/12	Sing	Pil(BD)	Cont	L/Sing
B Explorer	12/12	Kalu	KSA	Wheat(G)	-
QC Teal(Cont)/11/2	12/12	P Kel	QCSSL	Cont	L/P Kel
Aya	12/12	Yang	BNSSHIP	GI(Y Maize)	-
AVA	12/12	Indo	OTBL	For Demolition	-
Eiki	12/12	UAE	OTBL	For Demolition	-
Santosa	13/12	Kosh	ANCL	C.Clink(Cemex)	-
Jaya Mars(Cont)/5/12	13/12	Col	Everbest	Cont	L/Col
Xp Resolve(Cont)/2/12	14/12	P kel	RSL	Cont	L/Sing
Raha	14/12	Yant	Litmond	Urea in Bag(MJ)	-
Gaspic	13/12	ILYC	Litmond	Mop In Bulk	-

Vessels at Kutubdia					
Name of vessels	Cargo	L Port call	Local agent	Date of arrival	
Kent		Rast	SSST		Crude Oil
Monalisa		11/12	Batt	Seacom	CPOL(RM/3/8)
Wan Ning Hai		14/12	SNO	TA	
Gaz Master		14/12	Veza		
Horizon		14/12	Sing		

Vessels at outer anchorage					
Vessels ready					
Name of vessels	Cargo	L Port call	Local agent	Date of arrival	
Sea Sky Line	GI	Kaba	Seacom		6/12
Yong Jiang	GI	Sing	Bdship		8/12