

Consumer confidence rebounds strongly Worst of US recession may be over

AP, New York

A big rebound in consumer confidence and a surge in sales of homes and big-ticket items suggested that the worst of the US recession may be over and better days lie ahead.

The Conference Board said Friday that its Consumer Confidence Index climbed in December for the first time in six months to 93.7 from 84.9 in November, the biggest monthly increase in nearly four years.

Separately, the Commerce Department reported that new-homes sales soared 6.4 per cent in November, the largest increase in almost a year, helped out by mild weather and low mortgage rates.

The Commerce Department also said orders for many big-ticket items, including appliances, autos

and electronic equipment, posted solid gains in November.

Economists were encouraged, saying the reports indicate a recovery could come as early as next year.

"Consumers are once again feeling better and will become the locomotive pulling the economy out of the current recession," said Sung Won Sohn, chief economist at Wells Fargo & Co. "What's amazing to me is really how resilient the American economy and consumers have been. Frankly, after the terrorist attacks, most of us had expected much worse."

Sohn and others said that success in the war in Afghanistan, rebounding stock prices, the steady drop in interest rates over the past year and optimism that employers have put their heaviest job cuts

behind them contributed to Americans' improved sense of well-being.

"The deterioration in current economic conditions appears to be reaching a plateau, led by a stabilizing employment scenario," said Lynn Franco, director of the Conference Board's research center.

The news initially sent stocks higher, but a wave of last-minute sales by investors seeking to take tax losses for 2001 reversed early gains.

On Wall Street, the Dow Jones industrial average edged up 6 points to close at 10,137 and the Nasdaq composite average rose 11 points to 1,987.

The Conference Board's index, based on a monthly survey of some 5,000 US households, is closely

watched because consumer confidence heavily influences consumer spending, which accounts for about two-thirds of the nation's economic activity. The index compares results to its base year, 1985, when it stood at 100.

The November figure was the lowest since January 1994, when the index reached 82.6. The surge was the biggest jump since February 1998, when the index rose 9.1 points from the previous month to 137.4.

That far higher figure for consumer confidence lends some perspective to the current state of the economy.

"We're not out of the woods yet," Sohn said. "Historically the level is still low."

Furthermore, many companies have yet to release their fourth-

quarter earnings, which are widely expected to be weak.

"There's a good chance we've seen the lion's share of economic problems, but we haven't turned the corner," said Gary Thayer, chief economist at AG Edwards & Sons Inc. in St. Louis.

Another report by the Labour Department said new claims for unemployment insurance rose last week by a seasonally adjusted 7,000 to 392,000.

"The slew of data all paint a complimentary picture of at least some rebounding," said Stuart Hoffman, chief economist for PNC Financial Services Group. "The data don't say the recession ended in November and December, but there are some precursors for an end to the recession in the winter."



PHOTO: SBL

The 6th meeting of the Board of Directors of Shahjalal Bank Limited (SBL) was held at Dhaka Sheraton Hotel on Thursday. Presided over by bank Chairman Sajjatuz Jumma, the meeting discussed various issues relating to banking policies. Members of the Board and Managing Director Matin Uddin Ahmed were present at the meeting.



PHOTO: INPAGE

Mahfuz Rahman, Managing Director of Multiink Int'l Co Limited, and Mostafa Shamsul Islam, Director of Flora Distributions Ltd, conduct the HP Autumn Festival 2001 lucky draw at IDB Bhaban in the city on Thursday.

Dow reaches highest level since Sept 11 attacks

AFP, Washington

The Dow Jones industrials reached their highest level since the September 11 terror strikes this week, as better-than-expected economic data Friday appeared to indicate a rosier future for the US economy next year.

The Dow advanced 1.01 per cent on the week to close at 10,136.99 points Friday. The Dow industrials have gained more than 23 per cent from their late-September lows, reducing their losses for the year to six per cent.

The tech-heavy Nasdaq also ended the week on solid footing, adding 2.13 per cent in the week to

close at 1,987.26 points. The index has gained some 40 per cent since its late-September slump.

The broader Standard and Poor's 500 index gained 1.41 per cent in the week, ending at 1,161.02 points, up 20 per cent since September 21.

Since the beginning of the year, the Dow has dropped six per cent, the Nasdaq has shed 20 per cent and the S and P has ceded 12 per cent.

Meanwhile, a series of better-than-expected economic data out Friday seemed to indicate a brighter future for the US economy in 2002.

The most important was the consumer confidence index, which

rose an unexpected 8.8 per cent in December to 93.7 points after slumping to a seven-year low the previous month.

The jump in the closely watched index, calculated by the Conference Board, surprised many analysts, perhaps suggesting that the worst for the US economy, in recession since March, could be over.

"Deterioration in current economic conditions appears to be reaching a plateau, led by a stabilizing employment scenario," said Lynn Franco, director of the Conference Board's Consumer Research Center.

Economic integration tops Gulf meet agenda

AFP, Muscat

Foreign ministers of the oil-rich Gulf Arab monarchies were meeting here Saturday to finalise draft resolutions, notably on implementing a customs union, to be adopted by their heads of state during their first post-September 11 summit.

Deliberations of the Gulf Cooperation Council (GCC) states in the Omani capital will focus on "economic cooperation, chiefly the implementation of a customs union in January 2003," two years earlier than previously planned, said its secretary-general, Jamil al-Hujailan.

Omani Foreign Minister Yusef bin Alawi bin Abdullah told reporters

that the discussions will also cover GCC plans for monetary union and a single currency by the target date of 2010.

The two-day summit of Gulf heads of state starting on Sunday will mark "a turning point for cooperation" among GCC members

Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, said Omani Trade and Industry Minister Maqbul bin Ali bin Sultan.

It will help turn the GCC into "an economic bloc that can deal with its trade partners on an equal footing," he said.

CURRENCY

Following is yesterday's foreign exchange rate statement by Standard Chartered Bank

Selling		Currency	Buying		
TT/OD	BC		TT Clean	OD Sight Doc	OD Transfer
57.6500	57.6800	USD	56.5000	56.3314	56.2629
51.6774	51.7643	EUR	49.2488	49.0654	49.9888
84.3691	84.4111	GBP	81.2432	80.9767	80.9221
30.1745	30.1990	AUD	28.1456	28.0531	27.9730
0.4430	0.4431	JPY	0.4276	0.4274	0.4264
34.6773	34.7018	CHF	33.4803	33.3858	33.3013
5.5300	5.5351	SEK	5.3213	5.3037	5.2877
36.4412	36.4658	CAD	35.3050	35.2113	35.1281
7.4009	7.4022	HKD	7.2417	7.2240	7.2066
31.540	31.5611	SGD	30.6297	30.5859	30.4713
15.8253	15.8429	AED	15.2494	15.2275	15.2090
15.4933	15.5117	SAR	14.9524	14.9157	14.8975

Usance bills	TT Doc	30 days	60 days	90 days	120 days	180 days
USD	56.3835	56.0356	55.5712	55.0372	54.4567	53.1564
EUR	49.1552	48.8519	48.4470	47.9814	47.4754	46.3418
GBP	81.0682	80.5680	79.9003	79.1325	78.2979	76.4283

The local interbank foreign exchange market was moderately active Saturday. Demand for dollar was steady. Demand for taka for overnight borrowing at call was slightly sluggish and the call rate ranged between 5 and 6 per cent.

On Friday, yen snapped back from this week's 3-year lows against dollar. Yen's recent fall against dollar was intensified by the news of Japanese unemployment rising to a record 5.5 per cent in November coupled with a nationwide consumer prices falling to 0.8 per cent year-on-year. The news only confirmed the deepening recession in Japan though the monetary authorities apparently seem set on letting the currency fall further nonchalance by the universal concern expressed by its Asian neighbours like South Korea and China.

At New York closing on Friday, euro traded at 0.8838/42 against dollar, pound sterling at 1.4498/04 and yen traded at 131.01/07 against US dollar.

"This memorandum is issued by Standard Chartered Bank and is based on or derived from information generally available to the public from sources believed to be reliable."

Japan's 135 banks incur \$6.3b losses

AFP, Tokyo

Japan's 135 banks incurred an aggregate net loss of 826.1 billion yen (6.3 billion dollars) on a consolidated basis in the six months to September, according to a release by the Japanese Bankers Association.

The loss compares to a 414.7 billion yen net profit in the same period a year earlier, said the release, which was issued Friday.

The association blamed the banks' woes on "the large drop in profit from the sales of shares, losses due to mark-to-market accounting rules and... progress in disposing of bad loans".

Consolidated pre-tax losses amounted to 1.24 trillion yen compared with pre-tax profits of 1.39 trillion yen recorded a year earlier.

The 135 banks comprise eight city banks, 64 regional banks, 54

second-tier regional banks, eight trust banks and one long-term credit bank, but excluded Aozora Bank Ltd, formerly the failed Nippon Credit Bank Ltd (NCB), and Shinsei Bank Ltd, the only major Japanese bank controlled by foreign investors.

Despite efforts at many banks to trim personnel costs, parent-only operating expenses edged higher by 0.7 per cent to 3.58 trillion yen, while the aggregate number of employees declined by 4.6 per cent to some 350,000 workers, and the number of branches fell by 1.1 per cent to 15,188.

"Restructuring, rationalization and increased efficiencies has resulted in a drop in labor costs but expenses due to consolidation in some parts of the industry drove costs up by 0.7 per cent, or 23.8 billion yen," the report said.



PHOTO: GLOBAL BRAND

A ten-member delegation of Global Brand Pvt Ltd led by its Managing Director Rafiqul Anwar paid a goodwill visit to Singapore and Malaysia recently. The aim of the visit was to encourage marketing of LG Computer items in Bangladesh under the joint auspices of LG and Global Brand.

Falling yen hurts neighbours, say China economists

AFP, Beijing

Leading state economists in China said Tokyo's tacit approval of the yen's depreciation could further drive down the currency's exchange rate and trigger a new round of competitive devaluation in Asia, state media reported Saturday.

"A softening yen will undermine the hard-won economic stability in Asia," Zhao Jinping, a senior research fellow at the Development Research Centre -- a thinktank under China's cabinet, the State Council -- was quoted by China Daily saying.

"The continued fall of the yen will definitely put increasing pressure on other currencies in Asia," Zhao said.

It is common for the Chinese government to let academics, who are heavily connected to the government, reflect their views in state-run media.