

## US financial world faces 'perfect storm of failure'

AFP, Washington

The US financial world, battered by a recent spate of financial and accounting fraud scandals, has been tossed about by a "perfect storm of failure," New York Stock Exchange chairman and chief executive Richard Grasso said Sunday.

"We've had the perfect storm of failure, whether you call it Enron or WorldCom," Grasso told ABC television.

"We've had some massive failures, and we've got to root out the bad people, the bad practices," he said.

"Just one WorldCom or one Enron is one too many."

He noted that while the 85 million Americans who invest in the stock market do not expect a guaranteed profit, "they do expect a promise of guaranteed fairness."

Since the Enron debacle, in which the energy giant declared bankruptcy amid revelations of double bookkeeping, Americans have been fed a steady diet of disclosures implicating big corporate names in inflating their revenue, concealing their losses and using other accounting gimmicks designed to make them more attrac-

tive to investors.

In the latest accounting scandal, Xerox Corporation Friday revised its pretax profit downward by 1.4 billion dollars for the 1997-2001 period and wrote down its equity by 1.3 billion dollars.

Also last week, WorldCom, once the second-largest US long-distance telephone company, revealed officials had improperly put 3.8 billion dollars' worth of expenses on the positive side of the company's ledger, when the company was in fact making a loss.

Asked whether cooking and entertaining guru Martha Stewart --

who is battling allegations of insider trading and, now, possibly obstruction of justice and making false statements -- would be asked to suspend her membership on the exchange's board, Grasso stressed Stewart "has both publicly and privately asserted her innocence."

"This is still America, innocent until proven guilty," he said.

But he added: "If, in fact, the circumstances change, obviously she knows she has an obligation to this board and to the membership and the investors who are present in the market every day to do the right thing."

## Microsoft to invest \$750m in China

AFP, Beijing

Software colossus Microsoft Corp. announced Thursday it will invest 750 million dollars in China over the next three years, describing it as the largest software deal China has ever made with a foreign firm.

The investment -- signed at a ceremony Thursday in Beijing attended by Microsoft chief executive Steve Ballmer -- will cover areas including training, academic and research cooperation and hardware manufacturing, a Microsoft statement said.

The deal is being made with China's State Development Planning Commission (SDPC), whose minister, Zeng Peiyan, will chair a cooperation committee alongside Microsoft chairman Bill Gates.

Microsoft will also license certain technology to local Chinese companies to have them develop software products, it said.

The company and the SDPC were "working together to build a dynamic Chinese software industry which will be an active contributor to the global technology market," it said.

## Euro zone manufacturing grows a little faster

REUTERS, London

The euro zone's manufacturing sector grew a little faster in June although managers are still wary of hiring new staff and uncertain about the strength of demand, according to a major survey.

For the third month running Reuters Eurozone Purchasing Managers' Index edged further above the 50 line that divides growth from contraction, rising to 51.8 in June from 51.5 in May.

The survey of 2,500 companies also showed the manufacturing sector in Germany the region's dominant economy growing for the first time since March 2001, albeit modestly.

"Expansion was strongest in Greece and Ireland, closely followed by France and Spain," said NTC Research, which compiles the survey. "Growth was weakest in Germany, followed by Italy where expansion slowed sharply over the month."

Despite tumbling stock markets and geopolitical angst, the survey showed that euro zone manufacturers reported slightly faster growth in both output

and new orders in June.

"Encouraging it's still trending higher," Julian Jessop of Standard Chartered said of the survey.

Growing demand helped push up the cost of manufacturers' raw materials at the fastest pace since January 2001 and the input price index rose to 57.4 from 56.0 in May.

However, economists say a rapidly strengthening euro currency should soon cut the local costs of dollar-denominated commodities, tempering inflationary pressures and enabling the European Central Bank to leave its key interest rate at 3.25 per cent when it meets on Thursday.

"Some people might focus on the jump in the prices component, but the big development in the last few weeks has been the strength of the euro and that will keep inflation under control over the rest of the year," said Jessop, forecasting no change in ECB rates this year.

"Everything is consistent with the ECB staying put until at least the end of quarter three," added Guillaume Menuet of 4CAST.

Companies said much of the demand for their products was

coming from the United States, where the Institute of Supply Management releases its survey of manufacturers at 1400 GMT on Monday. Its index is forecast at 55.8 in June, little changed from 55.7 in May.

The euro zone index showed manufacturing output growing a little faster at 53.5 from 53.4 in May, and the new orders index nudged up to 53.1 from 53.0.

The employment index rose a little too, but at 49.0 it still showed companies shedding more workers than they hired.

"With many companies keen to further trim excess capacity and improve productivity, manufacturing employment fell for the 13th month running in June, albeit at a modest pace," said NTC.

The survey reflects the mixed signals given by manufacturers across the region in the past month.

Germany's Infineon Technologies IFXGn.DE has said the memory chip business would prove lucrative again, but acknowledged it didn't look very rosy for the next few months.

## Malaysian trade surplus surges 76pc

AFP, Kuala Lumpur

Malaysia's trade surplus rose 76 percent in May from the previous month due to a sharper fall in imports but was down 22 percent year-on-year, the trade ministry said Monday.

Malaysia posted a surplus of 3.7 billion ringgit (973.7 million dollars) in May, up from 2.1 billion ringgit in April, the ministry said in preliminary figures released here.

But May's figure, which marked the country's 55th consecutive monthly surplus since November 1997, was lower than the 4.8 billion recorded in the same period last year.

Total exports in May eased 0.1 percent to 29.1 billion ringgit from the previous month due to lower exports of crude oil and wood products.

Electrical and electronics exports were down 0.3 percent from April at 16.5 billion ringgit but remained the top revenue earner, accounting for 57 percent of total exports.

## Japan eyes yet another plan to stimulate economy

AFP, Tokyo

The Japanese government may unveil yet more measures in September to stimulate the economy, while Prime Minister Junichiro Koizumi is likely preparing a cabinet reshuffle, the trade minister said Monday.

"In September, an extraordinary parliamentary session is expected to be held. At that time, the ruling coalition parties, including the Liberal Democratic Party (LDP), will discuss the possibility of an additional economic stimulus package," Trade Minister Takeo Hiranuma told a business conference.

"It will include tax reforms and increases in government spending to stimulate the economy," he said.

The ruling parties have called for a third round of anti-deflationary measures to boost domestic demand, while analysts have criticised steps taken by the government so far for a lack of concrete policies.



Malaysian new monorail system speeds past the Petronas Twin Towers in Kuala Lumpur yesterday. Malaysia's trade surplus rose 76 per cent in May from the previous month amid a sharper fall in imports but fell 22 per cent year-on-year, according to the trade ministry.

## Manufacturing recovery in UK suffers set-back

REUTERS, London

The tentative recovery in Britain's depressed manufacturing sector came off the rails last month with output and orders back to their bleak levels of last winter, a key survey showed on Monday.

The closely watched CIPS/Reuters survey of manufacturers recorded the weakest overall activity reading since February and showed the sector barely growing at all, dashing hopes that it was on the mend.

The purchasing managers' index for June fell back to just 50.5 from 52.7 in May and a two-and-a-half year high of 53.1 in April. A number above 50.0 denotes expansion, a number below 50.0 a contraction. The average forecast by City economists had been 53.2.

The news is likely to play a key part in persuading the Bank of England's Monetary Policy Committee to leave interest rates steady at 4.0 per cent when it holds its latest monthly meeting this week.

## SHIPPING

### Chittagong port

Berth position and performance of vessels as on 1-7-2002

Berth No.	Name of vessels	Cargo	L Port call	Local agent	Date of arrival	Leaving	Imprt disc
J/1	Khaleda	Sugar	Sant	AMBL	18/6	5/7	472
J/2	Handy Humanity	R Seed	Sing	Usl	14/6	10/7	1818
J/3	Togo Charm	C Clink	Cila	Oim	20/6	7/7	230
J/5	Kiant Satu (Liner)	GI(SI & PA)	Sing	Prog	25/6	2/7	2616
J/6	Le Tai	GI(SI/Pes)	Rouen	Angelic	23/6	10/7	159
J/7	Ava	Rice (P) GI	Yang	BNSShip	4/6	2/7	678
J/8	Taraman Bibi	Rice(P)	Mumb	Mutual	21/6	9/7	1410
J/9	Issac Light	C Clink	Hond	Psal	11/6	3/7	1440
J/10	Jaya Mars	Cont	Sing	RSL	28/6	3/7	11928
J/12	Orion Freedom	Cont	P Kel	Pssl	27/6	1/7	17675
J/13	Phummy	Cont	P Kel	Pssl	22/6	3/7	17675
CCT/1	Banglar Robi	Cont	Sing	BSC	25/6	2/7	15016
CCT/2	Bangda Bonik	Cont	P Kel	Bdshipj	27/6	2/7	27163
CCT/3	QC Dignity	Cont	P Kel	Qcsl	28/6	3/7	13451
RM/14	Banglar Kallol	Idle	Yang	BSC	13/6	3/7	-
RM/15	Baltimar Sirius	Rice(P)	Kaki	Seacom	25/6	-	-
CCJ	Aliana Princess	C Clink	Thai	BSL	18/6	3/7	-
TSP	Merca Kandy	Sugar (P)	Col	RSA	22/6	3/7	-
RM/4	Pranedyia Dwitya	F Oil	Sing	Ctpl	30/6	2/7	-
RM/6	Dailong	HSD/MS	Sing	Ecsi	28/6	3/7	-
DD	Banglar Mamata	Repair	-	BSC	R/A	3/7	-
DDJ/2	Banga Barta	Cont	Hald	Baridhi	28/6	3/7	-
RM/9	Banglar Gourab	C Clink	Krabi	Owsl	22/5	5/7	-
RM/10	Banglar Jyoti	Repair	-	BSC	R/A	5/7	-

### Vessels due at outer anchorage

Name of vessels	Date of arrival	L Port call	Local agent	Cargo	Loading por
Kota Cahaya (Cont)19/06	1/7	Sing	Pij (BD)	Cont	Sing
QC Lark(Cont)22/6	1/7	P Kel	QCSSL	Cont	P Kel

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

## STOCK