

Iraq war may spark new global recession, analysts warn

AFP, Paris

The global economy, stumbling already over financial scandals and stock market routs, is at risk of tumbling into recession if the United States launches military strikes against Iraq and a new oil price shock ensues, analysts warned Monday.

"The Iraq wildcard and the related possibility of an oil shock -- however brief -- shouldn't be taken lightly," warned Morgan Stanley chief economist Stephen Roach.

Global economic growth, which started signs of recovery in the first half of the year following the US' lead, could remain sluggish at a rate which would not provide "the cyclical cushion that normally shields economies from the pressures of all too frequent shocks", Roach explained.

The financial scandals that engulfed Enron and WorldCom

have deeply shaken investor confidence, and in turn, companies.

Although consumers, especially those in the United States, keep spending, companies have been far less indulgent with their investments, drastically reining in capital expenditure.

With the world economy already in a shaky condition, the shock of war in Iraq and a sharp spike in oil prices could tip the leading economies into recession, aborting the recovery eagerly awaited at the beginning of the year.

CDC Ixis Capital Markets economist Florence Beranger noted: "Risks are beginning to mount given the geopolitical context and possible rise in oil prices".

Morgan Stanley's Roach pointed to the example of the US recession that followed the 1991 outbreak of the Gulf War. At the time, the US economy, sapped by a jump in oil prices in the wake of the

Desert Storm operation, limped into recession.

But now the risks of war could weigh even more heavily on the world economy.

"Today's global economy is more trade intensive and more US-centric," Roach said, warning: "Should America suffer a recessionary relapse, the rest of the world is lacking the cyclical immunities that would prevent renewed global recession."

Credit Lyonnais chief economist Jean-Paul Betzeze explained that the duration of a conflict with Iraq would be pivotal in diagnosing a world economic malaise.

Betzeze reckoned "a swift and tidy resolution of the Iraqi question" would be the lesser evil for the global economy.

Meanwhile, the prospect of war hangs heavily in the financial markets.

Bank of America economist for Europe Lorenzo Codongo noted: "It's already war in financial markets".

Investors are already taking into account the potential impact of US military strikes against Iraq. Oil prices are flirting with 30 dollars per barrel on concerns over supply shortages while stock markets slump as cautious investors put their money into assets perceived as safer.

The price of gold, seen as a safe-haven by investors, climbed to a two-month high on Monday of 322.20 dollars per ounce on the London bullion market.

However, Codongo offered a note of consolation for jittery investors. "While the US prepares for war against Iraq, financial markets do not appear to price in a prolonged conflict".

Saudi Arabia launches telecom privatisation

AFP, Riyadh

Saudi Telecom will put on sale 30 per cent of its capital before the end of 2002, the cabinet announced Monday, in the biggest state sell-off in 20 years.

The company's capital would immediately be increased from 3.2 billion dollars to four billion dollars by dipping into profits, the cabinet said in a statement.

The telecom sector will also be opened to competition beginning with mobiles in the last quarter of 2004 and fixed lines in the final quarter of 2008, the statement added.

"The cabinet approved a decision made by the Supreme Economic Council to sell part of Saudi Telecom which is fully state-owned," said the statement carried by the official SPA news agency.

The sale will be made through an Initial Public Offering (IPO) with

two thirds of the shares sold only to (Saudi) citizens and the rest sold to two state-run pension funds," it said.

The IPO, organised by the Kingdom's Public Investment Fund, would be launched in the last three months of the year and remain open for 21 days.

The share price was set at 170 riyals (45.3 dollars).

With Saudi Telecom's current capital divided over 240 million shares, the state stands to net 3.26 billion dollars.

The cabinet statement also said government returns from the company's income would be slashed from the current 27 per cent to 20 per cent from 2003.

The last government privatisation took place in the early 1980s when the industrial giant Saudi Basic Industries Corp (SABIC) also sold 30 per cent of its capital.



BRAC Bank conducts 1st road show

BRAC Bank has recently enacted its first road show in the city.

Starting from 2nd September, the show continued till September 8 on the ground floor lobby of BRAC Centre at Mohakhali in the city, says a press release.

The aim of the show is to make direct communications with prospective customers in an informal environment outside the bank premises to open their deposit accounts on the spot and to discuss and resolve their retail loan requirements at once.

Enamul Haq Choudhury, managing director of the bank, inaugurated the event.

Among others, Mashrur Arefin, head of retail & development, Shawkat Hossain, head of small enterprises finance division, and Saad Ullah, country sales manager -- retail were present.

PHOTO: BRAC BANK

Managing Director of BRAC Bank Enamul Haq Choudhury inaugurates the bank's first road show at BRAC Centre in the city recently. Mashrur Arefin, head of Retail & Development, Shawkat Hossain, head of Small Enterprises Finance Division, and other officials of the bank are also seen in the picture.

CURRENCY

Following is yesterday's forex trading statement by Standard Chartered Bank

Selling	Currency	Buying
TT/OD	BC	TT/Clean
58.5500	58.5800	57.8050
58.4563	58.4863	55.9321
92.2748	92.3221	89.3203
32.7587	32.7755	31.3881
0.4971	0.4973	0.4844
39.8598	39.8802	38.5855
6.3113	6.3145	6.1306
37.6988	37.7181	36.8044
7.5138	7.5177	7.4036
33.5973	33.6145	32.8867
16.0715	16.0797	15.6116
15.7367	15.7448	15.2915

Exchange rates of some currencies against US dollar	
Indian rupee	48.47
Pak rupee	59.225
Lankan rupee	96.05
Thai baht	42.375
Norkroner	7.5006
NZ dollar	0.4719
AUD	0.55125

Local Interbank FX Trading:

The local interbank foreign exchange market was active yesterday. BDT got stronger against the dollar as demand from importers were lower because of the strike. Taka was quoted at 58.30/31 per dollar against 58.30/32 per dollar previously.

Local Money Market: Demand for overnight borrowing was high. Call money rate eased slightly and ranged between 6.00-7.00 per cent for the day from 6.25 to 7.10 per cent previously.

International Market: Dollar gained against the euro and yen on Tuesday. But the trading was thin as the investors were nervous on the eve of the first anniversary of September 11. Euro was down by half a cent to its two weeks low. The greenback rose to 119.07 yen against the yen. GBP bounced back from one week low vs dollar. British retail sales rose to 4.8 per cent compared with an increase of 3.8 per cent in July. Against the euro, it stood at 62.97 pence, off its one month high of 62.59 set on Monday.

At 1500 hours on Tuesday, euro traded at .9763/66, yen at 119.01/06 and GBP at 1.5533/37 against the dollar.

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SHIPPING

Chittagong port

Berth position and performance of vessels as on 10.9.2002.

Berth No.	Name of vessels	Cargo	L Port call	Local agent	Date of arrival	Leaving	Import disc
J/1	Clover Star (Liner)	GI	Sing	Prog	7/9	15/9	1818
J/2	Sagaing (Liner)	GI (StC)	Chen	Everett	8/9	10/9	6335
J/3	Cameronia	C.Clink	Sing	Ssa	30/8	14/9	2590
J/5	Pacific Emerald	GI (Copro)	Sing	Allseas	24/7	12/9	875
J/6	Amanat Shah	Sugar (P)	Tuti	Cia	3/9	18/9	1157
J/7	Xuan Cheng	Rice(P)	Visa	BSL	18/8	10/9	446
J/8	Amrta Jaya-1	Rice(P)	Kaki	Asa	4/9	14/9	1299
J/9	QC Lark	Cont	P. Kel	Ocsl	7/9	11/9	344/X
J/11	Banga Birol	Cont	Col	Baridhi	28/8	11/9	-
J/12	Kota Naga	Cont	Sing	Pil(BD)	5/9	11/9	154/X
J/13	Xpress Resolve	Cont	Col	Everbest	5/9	10/9	54/X
CCT/1	Kota Singa	Cont	Sing	Pil(BD)	8/9	13/9	187/435
CCT/2	Xpress Manaslu	Cont	P. Kel	Rsl	5/9	10/9	244/406
CCT/3	Banga Lanka	Cont	Mong	Baridhi	8/9	10/9	104/9
RM/14	Banglar Gourab	Idle	Yang	Royal	29/8	15/9	-
RM/15	Al Muztubr	Repair	Kaki	Cia	8/8	11/9	-
CCJ	CS Valliant	C Clink	Tanj	BSL	5/9	11/9	-
GSJ	Zeno	Wheat(G)	Aust	Ascl	1/9	10/9	-
RM/6	Dai Hung	Sko/JP-1	Sing	Ecsl	7/9	10/9	-
Doj	Formosa Nine	Hsd/MS	Sing	Ecsl	8/9	12/9	-

Vessels due at outer anchorage

Name of vessel	Date of arrival	L Port call	Local agent	Cargo	Loading port
Celestina (Liner)	10/9	Sing	Rml	GI	-
Hang Cheung	11/9	Koest	Asll	C Clink	-
QC Teal (Cont) 28/8	10/9	P. Kel	QCSSL	Cont	-
Kuo Hsiung (Cont) 1/9	10/9	P. Kel	Qcsl	Cont	Sing
Cometas	10/9	-	Rsship	Demolition	-
Banga Bonik (Cont) 1/9	12/9	-	Bdship	Cont	Sing
An Shun Jiang (Liner)	11/9	-	BD Ship	GI	-
Dawet(7/25/9)	11/9	Yang	Everett	GI(STC)	-
Hope-L	11/9	-	Ambl	GTPS	-
Ocean Pride	13/9	-	Psal	GI(MAIZE)	-
Shun Cheng (Liner)	12/9	Yang	Everett	GI(STC)	-
Pac Princess	13/9	Mumb	Litmond	GI (Y.Peas)	-
Jaami (Cont)5/9	13/9	-	Everbest	Cont	Col
Puma	13/9	-	Everett	GI	-
Feng Kang Shan (Liner)	14/9	-	Bdship	GI	-

Tanker due:

Vincita	10/9	Kaki	Seacom	Cdso	-
Hassbat Qatar	10/9	Jebe	Uss	Crude Oil	-
Performance	12/9	-	Rainbow	Cdso	-
Macler	14/9	-	Rainbow	Cdso	-

Vessels at Kutubdia

Dea Captain	-	-	Arafeen	R/A (18/8)
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Vessels at outer anchorage Ready On

Banga Biraj(Cont)	Cont	Sing	Bdship	6/9
QC Pintail (Cont)	Cont	Hald	Ocsl	8/9
Banga Bjoy (Cont)	Cont	Sing	Bdship	9/9
Mardios (Cont)	Cont	P.Kel	Rsl	9/9
Haneburg (Cont)	Cont	Sing	Pil(BD)	9/9

Vessels awaiting instruction

Banglar Shourabh	-	-	Bsc	R/A (9/9)
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Movement of vessels for 11.09.2002

Outgoing		Incoming		Shifting	
J/9	QC Lark	J/12	Hane Barq	Doj	Formuza to RM/6
J/11	B. Birol	CCU/3	B.Biraj	RM/9	B. Shikha to NB
J/12	K. Naga	J/9	QC Teal	CCT/3	B. Bjoy to J/11
J/11	QC Pintail	J/4	Dawel		
RM/15	Al-Muztuba	J/7	An Shun Jiang		
CCJ	C.S. Valliant	GSJ	Wun Chung Hai		
RM/10	B. Jyoti	RM/8	Vincita		
		Doj	B. Shourabh		

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

STOCK