

US economy withstands shock of Sept 11 better than hoped

AFP, Washington

The US economy withstood last year's terrorist strikes better than many experts had anticipated, averting a feared downward spiral that could have dragged down the global economy, economists say, as Americans on Wednesday marked the first anniversary of the attacks on its soil.

Although the United States emergence from recession remains fragile and fraught with risks, analysts say the economy has shown its mettle by coming out of its downturn while absorbing the massive impact of the terrorist attacks.

Americans have retrenched to an extent since the attacks, but some of the changes have been beneficial to the overall economy, including increased investment in homes and cars, encouraged by lower interest rates.

"Far from deepening and extending the recession, the attacks unleashed lower energy prices and triggered a policy response that underpinned the gradual improvement then under way," write Morgan Stanley economists Richard Berner and David Greenlaw.

With the US economy at a virtual standstill in the wake of September 11, gross domestic product declined at a 0.3 per cent pace -- the third quarter of a moderate downturn, according to recently revised US figures.

The economy bounced back in the October-December 2001 quarter, expanding at a 2.7 per cent rate, and then 5.0 per cent in the first quarter of 2002, although second-quarter growth cooled to a 1.1 per cent pace.

"People who believed the economy would seize up after September 11 had no perspective on the core qualities of the US economy," said Steven Wieting, senior economist at Salomon Smith Barney.

Wieting pointed out that some changes in consumer activity have in fact helped the economy since the terror attacks. "People were not interested in foreign travel, so money could have been spent on other things," he noted. "Homes and cars are on their priority list."

Some economists credit the US auto industry with helping the economy avert a deeper decline by adopting what appeared to be a risky strategy of an aggressive

marketing campaign, helped by zero per cent financing, less than two weeks after the attacks.

"Consumer spending has been the backbone of the current economic recovery, and auto sales have been the primary power behind consumer spending," said Sung Won Sohn, chief economist for Wells Fargo Bank.

"I could not overemphasize the importance of autos," said Sohn, who noted that the auto industry and related sectors account for one out of every six US jobs.

Although the US auto industry cut tens of thousands of jobs last year amid slumping sales, the strategy first adopted by General Motors and followed by most of its rivals after the September attacks has boosted sales this year to near-record levels and averted more job losses that could have crushed consumer activity.

"I think everyone in Detroit should be proud about what Detroit did. I think automakers saved the economy from a deep recession," said Anthony Chan of Bank One Investment Advisors in Columbus, Ohio.

"Other industries, kind of inspired by the

automakers, copied them and offered deals on their products. The US economy is stronger today because of what the automakers did."

David Littmann, chief economist with Comerica Bank in Detroit, said "there's no doubt the US auto industry saved the fourth quarter from being an extension of the three-quarter recession last year."

Littmann and others point out that the US economy is not out of the woods, especially with fears of more terrorist attacks.

"The market doesn't handle uncertainty well, and until military action removes the potency of future terrorist attacks there will be a subdued confidence (among consumers)," he said.

Wieting of Salomon Smith Barney maintains that the core economy has been able to shake off a number of problems including the huge telecom bubble collapse at the same time of the terrorist attacks.

"Over time, I don't think September 11 has had a massive effect on the economy," he said.

Japan economy grows faster than expected

AFP, Tokyo

Japan's economy grew at a faster rate than first estimated in the June quarter, the government said Wednesday, surprising some economists who had expected the figure to be slashed due to sluggish corporate investment.

Gross domestic product (GDP) expanded by a revised 0.6 per cent in the three months to June from the previous quarter, compared with an initial estimate of 0.5 per cent announced on August 30, the Cabinet Office said.

A drop in imports and rising stockpiles of goods boosted the headline figure but economists warned falling external demand and government inaction would restrict future growth prospects.

"The net export contribution was upgraded because import data for June was lower than expected," a government official told reporters.

Net export growth was revised to 0.4 per cent from 0.3 per cent seen earlier, with the rise in imports cut to 2.6 per cent from 3.8 per cent.

An increase in inventories in response to renewed demand from overseas during the first half of the year also boosted the overall figure.

Private-sector inventory growth was raised to 0.2 per cent from flat. But a likely slump in overseas orders in the second half of the year could leave firms with stockpiles they were unable to sell, economists warned.

"Exports are expected to run out of steam in the third quarter and perhaps become a drag rather than a driver," said JP Morgan chief economist Masaaki Kanno.

"Meanwhile, capex (capital expenditure) is a little stronger than expected," he said.

Investment by companies declined 0.4 per cent on the quarter, better than the initial estimate of a 0.5 per cent fall.

US airlines struggle with painful memories, desperate outlook

AFP, Washington

America's airlines marked a year of emotional and financial agony Wednesday, one year after terrorists used four passenger planes to slaughter thousands.

Cabin staff will wear commemorative pins, pilots will ask passengers to remember those killed, and airlines will hold private, low-key services, spokesmen for the major carriers said.

The painful memories are compounded by the industry's struggle to emerge from heavy economic losses.

After axing 80,000 people in the aftermath of the attacks, many more jobs are still being lost, and now many of the carriers are meeting resistance from unions to more cuts.

"The short-term outlook is not terrific," said John Ash, head of Global Aviation Associates. "The airline cost structure is too high to support the kind of fares that people are willing to pay."

One airline, US Airways, has filed for bankruptcy.

United Airlines lost two planes -- one tearing into the World Trade Center and another crashing into a

Pennsylvania field. Now it is contemplating filing for bankruptcy protection in the face of stiff union opposition to its tight-fisted reform program.

Two American Airlines jets also were turned into missiles -- one ploughed into the twin towers and another into the Pentagon. Now, it is sacking 7,000 people in a struggle to turn a profit.

The terrorist attacks had a terrible impact on an industry that was already struggling, experts said.

Before the attacks, the 10 biggest carriers had expected a collective loss of 3.0 billion to 3.5 billion dollars in 2001.

The plunge in traffic after the attacks, in which hijackers used four passenger planes as missiles, more than doubled the forecast losses to an unprecedented 7.7 billion dollars.

This year, they may lose five billion dollars, Ash said. Next year, if they are lucky, the airlines could lose one billion dollars.

"The attacks basically exacerbated an already seriously deteriorating industry," he said.

But the ensuing lengthy security procedures and heightened fears

also had a longer-lasting effect. "It has produced an environment that has not been conducive to travel," Ash said.

Traffic was still down 8.4 per cent from last year in July, the Air Transport Association said.

The industry had been improving slightly as passenger numbers climbed and airlines cut capacity, Air Transport Association economist David Swierenga said.

But in March this year the improvement was cut short as the economic recovery began to weaken, hurting business travel, which is the most profitable area for carriers.

A surge in costs linked to tighter security measures and heightened competition from low-cost operators such as Southwest, aggravated the pain and forced major airlines to slash prices.

"The industry is going through probably the toughest time that it has ever seen and it is unlikely that next year will see a return to profitability, although I am sure carriers will reduce the size of their losses," Swierenga said.

The earliest date for a return to normality was 2004, he forecast.

Profit warnings rise ahead of earnings season

REUTERS, New York

An increasing number of companies are warning that third-quarter earnings are unlikely to meet expectations, reversing a trend that began in 2001 and disappointing investors who were optimistic the worse was over.

Companies as diverse as casual apparel retailer American Eagle Outfitters Inc, railroad operator CSX Corp, and healthcare company MedImmune Inc have warned investors in recent days that they won't meet profit expectations in the quarter.

Higher earnings bolster stock prices and while analysts still expect profits to grow in the quarter, investors are disappointed that the ratio of warnings to positive pre-announcements is rising for the first time since the fourth quarter of 2001.

And with concerns lingering that the economic recovery may be stalled or delayed as companies fail to increase capital spending, investors are bracing themselves for further blows.

CURRENCY

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

Selling	Currency	Buying
TT/OD	BC	TT Clean
58.5500	58.5800	57.8050
57.9704	58.0001	55.4697
91.9235	91.9706	88.9908
32.5772	32.5939	31.2089
0.4917	0.4920	0.4792
39.4648	39.4860	38.2106
6.2634	6.2666	6.0847
37.4552	37.4744	36.5808
7.5138	7.5175	7.4038
33.4552	33.4724	32.7489
16.0710	16.0793	15.6112
15.7363	15.7443	15.2915
		15.2466
		15.2284

Exchange rates of some currencies against US dollar						
Indian rupee	Pak rupee	Lankan rupee	Thai baht	Norwegian	NZ dollar	AUD
48.48	59.225	96.965	42.485	7.5865	0.4692	0.54615

Local Interbank FX Trading:
The local interbank foreign exchange market was active Wednesday. BDT weakened slightly against the dollar. Market experienced shortfall of dollar and higher demand from traders seeking to open import L/Cs. Taka was quoted at 58.30/32 per dollar against 58.30/31 per dollar previously.

Local Money Market:
Demand for overnight borrowing was high. Improved liquidity positions eased the call money rate further and the rate ranged between 5.50 and 6.00 per cent for the day from 6.00/7.00 per cent previously.

International Market:
Dollar experienced a positive day in the market. It rose to its two-week highs against the euro and yen. Fading worries of attack on September 11 combined with recent firmness in US share prices and a growing belief that US economy is expected to be bullish all contributed to the rise of the greenback. But its slipped slightly. The trade was thin, as the traders were reluctant to take out new positions on the eve of September 11. Sterling held steady against the euro and remained at one week low against the greenback.

At 1500 hours, euro traded at .9754/57, yen at 119.79/83 and GBP at 1.5559/64 against the dollar.

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SHIPPING

Chittagong port

Berth position and performance of vessels as on 11.9.2002.

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	2091
J/3	Cameronia	C Clink	Sing	SSA	30/8	14/9	2221
J/5	Pacific Emerald	GI (Copra)	Sing	Allseas	24/7	12/9	537
J/6	Amanat Shah	Sugar (P)	Tuti	CLA	3/9	18/9	1548
J/7	Celestina	GI	Sing	RML	10/9	15/9	607
J/8	Amrita Jaya-1	Rice (P)	Kaki	ASA	4/9	14/9	1002
J/9	QC Lark	Cont	P Kel	QCSL	7/9	11/9	226/276
J/11	Banga Birol	Cont	Col	Baridhi	28/8	11/9	59/69
J/12	Kota Naga	Cont	Sing	Pil (BD)	5/9	11/9	284/284
J/13	QC Pintail	Cont	Anit	QCSL	8/9	11/9	88/29
CCT/1	Kota Singa	Cont	Sing	Pil (BD)	8/9	13/9	421/14
CCT/2	Mardios	Cont	Pana	Rsl	9/9	13/9	-
CCT/3	Banga Bijoy	Cont	Sing	Bdship	9/9	13/9	222/176
RM/14	Banglar Gourab	Idle	Yang	Royal	29/8	18/9	-
RM/15	Al Muztuba	Repair	Kaki	CLA	8/8	11/9	-
CCJ	CS Valiant	C Clink	Tanj	BSL	5/9	11/9	-
DOJ	Fomosa Nine	HSD/MS	Sing	ECSL	8/9	12/9	-
DD	Banglar Mookh	Repair	-	BSC	R/A	20/9	-
DDJ/2	AA Venture	Repair	Yang	CLA	27/8	11/9	-
RM/9	Banglar Shikha	Idle	Sing	BSC	29/8	-	-
RM/10	Banglar Jyoti	Repair	-	BSC	R/A	11/9	-
SM/10	Dredger Gemini	-	Chand	Kama	-	-	-

Vessels due at outer anchorage

Name of vessels	Date of arrival	L Port call	Local agent	Cargo	Loading port
An Shun Jiang (Liner)	11/9	-	BDShip	GI	-
Dawei (72)/5/9	11/9	Yang	Everett	GI (St C)	-
Hope-L	11/9	Sing	AMBL	GTSP	-
Banga Bonik (Cont)/1/9	12/9	P Kel	Bdship	Cont	Sing
Shun Cheng (Liner)	13/9	Yang	Everett	GI (St C)	-
Pac Princess	13/9	Mumb	Litmond	GI (Y Peas)	-
Jaami (Cont)/5/9	13/9	Col	Everbest	Cont	Col
Puma	13/9	Karachi	Everett	GI	-
Ocean Pride	14/9	Yang	PSAL	GI (Maize)	-
Feng Kang Shan (Liner)	14/9	Punn	Bdship	GI	-
Asimont (Cont)/5/9	14/9	P Kel	Seaborn	Cont	Sing
Orient Freedom	15/9	P Kel	PSLS	Cont	Sing
QC Honour (Cont) 4/9	15/9	P Kel	QCSL	Cont	Sing
Banglar Moni (Cont) 2/9	15/9	Sing	BSC	Cont	Sing
Kota Berjaya (Cont)/15/9	16/9	Sing	Pil (BD)	Cont	Sing
Banga Barta (Cont)/17/9	17/9	-	Baridhi	Cont	Col
Consistence (Cont) 3/9	17/9	-	PSLS	Cont	Sing
QC Dignity (Cont)/5/9	17/9	P Kel	QCSL	Cont	Sing

Tanker due

Performance	12/9	P Kel	Rainbow	CDSO	-
Spirit Express	13/9	Sing	ECSL	HSD	-
Macler	14/9	-	Rainbow	CDSO	-

Vessels at Kutubdia

Dea Captain	-	-	Arafeen	R/A (18/8)
Hassab Qatar	C Oil	Jebe	USS	10/9
Banglar Shourabh	C Oil	-	BSC	R/A

Vessels at outer anchorage Ready On

Banga Biraj (Cont)	Cont	Sing	Bdship	6/9
Haneburg (Cont)/5/9	Cont	Sing	Pil (BD)	9/9
QC Teal (Cont)	Cont	P Kel	QCSL	10/9
Vincita	CDSO	Kakai	Seacom	10/9
Kuo Hsiung (Cont)	Cont	P Kel	QCSL	10/9
Wu Chang Hai	Wheat (G)	Sing	ASCL	7/9

Movement of vessels for 12.09.2002

	Outgoing	Incoming	Shifting
J/1	B Shikha	J/13	Kuo Hsiung
RM/6	Fomosa	CCT/3	B Biraj
DOJ	B Shourabh	DOJ	B Jyoti
		RM/3	Per Formance

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

STOCK