

US economic activity slows Fed survey reveals

AFP, Washington

US economic growth is slowing, manufacturing is sluggish and jobs growth is at a halt, a survey by the Federal Reserve showed Wednesday, one year after the terror attacks on the United States.

"Districts report that the growth of activity has slowed in recent weeks, with a good deal of variation across districts," said the closely watched Beige Book report.

"Most districts indicated slow and uneven economic growth, with mixed or scattered experiences across sectors of the economy," it said.

The Beige Book survey summarizes information collected by the 12 districts of the Federal Reserve System.

It is released eight times a year. The US economy withstood last

year's terrorist strikes better than many experts had anticipated, experts say, averting a feared downward spiral and bouncing back at a 5.0 per cent pace in the first quarter of this year.

But the recovery remains fragile, with sentiment battered by a rash of corporate accounting scandals. Economic growth in the April-June quarter slowed to an annual pace of 1.1 per cent.

The Beige Book survey showed retail sales mixed, although car sales were helped by zero-interest financing offers. Consumer spending accounts for two-thirds of US economic activity.

"On the whole, manufacturing activity was sluggish, with a good deal of variation by industry," the Federal Reserve report said.

High-technology and building

materials industries were weak in some districts. But the auto and steel industries were strong in many areas.

Tourism varied.

"Almost all districts noted that the level of business travel is low, as is demand for air travel, which has been affecting hotel occupancy rates in some areas," it said.

Airlines have reported a slump in business travel since the terror attacks, blaming the deterioration on lengthy security procedures.

"Most districts reported little or no gain in employment in July and August, although three noted that the demand for temporary workers has strengthened," the Federal Reserve survey said.

"Overall, wages were reported to be flat, with virtually no reports of upward pressure on wages."

The US economy generated 39,000 nonfarm jobs in August and the unemployment rate dipped to 5.7 per cent from 5.9 per cent in July, the Labor Department said last week.

Prices were generally flat, despite a rise in the cost of steel in some districts, Federal Reserve districts said. The United States in March imposed hefty import tariffs on a slew of steel products to protect its faltering industry.

In the property market, sales and construction of homes were strong, helped by low mortgage rates. Banks reported heavy demand for mortgages and for refinancing of home loans.

But the commercial real-estate market was soft, with several areas noting an increase in the rate of empty office space.

CEOs should cut their pay: NY Fed chief

AFP, New York

Federal Reserve Bank of New York president William McDonough said Wednesday that top executives of the most successful US companies should voluntarily reduce "excessive" pay.

Speaking at the Trinity Church in Manhattan at a commemoration of the September 11 attacks, McDonough said there was no economic justification for the skyrocketing salaries of chief executive officers in the last 20 years.

He also questioned the morality of the wages and said companies should rectify the problem for the good of society.

"Beginning with the strongest companies, CEOs and their boards should simply reach the conclusion that executive pay is excessive and adjust it to more reasonable and justifiable levels truly related to the benefit of shareholders and other stakeholders such as workers and the community," he said.

"If the best companies lead the way, the market economy, through the stock market, will force other companies to follow."

McDonough, who sits on the central bank committee that sets US interest

rates, said he did not favor government action to curb CEO compensation "because laws or regulations are far too blunt instruments to deal with the myriad of differences in the highly sophisticated and flexible American economic system."

Instead, companies should voluntarily cut back on executive pay, he said.

Money not going to excess executive compensation will be available for distribution to the shareholders or kept in the company to finance its development, a far sounder way to finance expansion than by borrowing.

In a speech filled with Biblical references, McDonough said reducing excessive pay is a moral imperative.

"Loving our neighbor as ourselves requires that the remaining imperfections in our democracy be corrected," he said.

"Mainly, we have to make sure that all of our people, not just the privileged who can use their financial resources to satisfy their desires, be fully represented."

"These include children without the benefit of loving parents of adequate means, the elderly troubled by the rising cost of medical care, good workers who lose their jobs because of structural economic change or a weaker economy."

Defiant Wall Street leads global markets Sept 11

AFP, New York

A wave of patriotism and emotion pushed Wall Street higher Wednesday, leading the world in a defiant reply to the terror attacks that ripped a hole in the financial district, killing thousands, one year ago.

"It is a burst of patriotism," said Peter Cardillo, strategist at Global Partners Securities, whose own offices were destroyed in the plummeting concrete and steel wreckage of the World Trade Center's twin towers.

New York policeman Daniel Rodriguez sang The Star Spangled Banner before the opening bell, which struck at midday (1600 GMT) in a delayed start to trade following memorial ceremonies.

"This is where the nation began and this is also now a place where cowardly terrorists tried to end the spirit of our nation, tried to make us doubt, make us fear, make us wonder whether we were right about freedom and democracy," former New York mayor Rudolph Giuliani

said.

But the attacks revealed the bravery of firefighters, police, rescue workers and New Yorkers, said Giuliani, at the New York Stock Exchange with successor Michael Bloomberg and other top officials.

"A country whose spirit was supposed to be broken became a country more united, more determined and understanding deeply why we are right and they are wrong," Giuliani said.

Despite a grim report on the economy from the Federal Reserve's closely-watched Beige Book survey, the Dow Jones index of 30 top stocks rose 47.99 points, or 0.56 percent, to 8,650.60. The broader Standard and Poor's 500 index advanced 7.25 points, or 0.80 percent, to 916.83.

The technology-laden Nasdaq climbed 9.57 points, or 0.72 percent, to 1,329.66.

Stock exchanges across Europe fell silent for two minutes in memory of the more than 3,000 people killed. Markets in Amsterdam, Brussels, Helsinki, Lisbon, London,

Milan, Paris, Oslo and Stockholm paused for remembrance at 1246 GMT, the exact time when the first jet crashed into the World Trade Center's north tower.

In the heart of London's usually bustling City financial district, workers paused briefly to remember friends and colleagues lost in the tragedy and crowds gathered outside of nearby Saint Paul's Cathedral where a service was held.

Some shops closed their doors for the period of remembrance, while trading dried up on the London Stock Exchange.

Martin Dobson, head dealer at NatWest Stockbrokers, said staff on his trading floor had stood in silence remembering the events.

"We all stood around our desks in silence. Obviously our thoughts went back to what was happening. Most people knew at least someone -- the City is quite a small world," he said.

Trading in Tokyo got off to a sombre start with a one-minute prayer and bell-ringing to mark the anniversary.

Deutsche Bank to sell its US leasing arm

AFP, Frankfurt

Deutsche Bank will soon announce the sale of its US leasing business Deutsche Financial Services (DFS), as well its global custody and passive asset management operations, German financial newspaper Handelsblatt reported on Thursday.

The sale of global custody and passive asset management operations has been expected for some time, as new chairman Josef Ackermann fulfils his commitment to offloading non-core operations at Germany's largest bank.

But the divestment of DFS, which was bought in 1995 for 2.6 billion dollars, had not been mentioned until now, the newspaper said.

Part of the proceeds from the sale are expected to be used to strengthen Deutsche Bank's retail and private banking businesses, details of which will be announced at a news conference later today.

It added that buyers for the global custody and passive asset management operations will be announced in the coming days.

The prime candidates to buy the global custody business are said to be ABN Amro Mellon Securities, State Street and Bank of New York.

CURRENCY

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

| Selling | Buying | | | | |
|---------|---------|----------|----------|--------------|-------------|
| | BC | Currency | TT Clean | OD Sight Doc | OD Transfer |
| 58.5500 | 58.5800 | USD | 57.8050 | 57.6352 | 57.5662 |
| 58.1226 | 58.1524 | EUR | 55.5026 | 55.4393 | 55.3730 |
| 91.8825 | 91.9296 | GBP | 86.9677 | 86.7064 | 86.6002 |
| 92.2841 | 92.3810 | AUD | 31.4922 | 31.3987 | 31.3621 |
| 0.4904 | 0.4907 | JPY | 0.4779 | 0.4765 | 0.4759 |
| 39.4409 | 39.4611 | CHF | 38.4603 | 38.0682 | 38.0226 |
| 6.2851 | 6.2883 | SEK | 6.1069 | 6.0880 | 6.0816 |
| 37.2574 | 37.2765 | CAD | 36.3897 | 36.2828 | 36.2394 |
| 7.5141 | 7.5180 | HKD | 7.4036 | 7.3818 | 7.3730 |
| 33.4667 | 33.4839 | SGD | 32.7600 | 32.6638 | 32.6247 |
| 16.0710 | 16.0793 | AED | 15.6112 | 15.5653 | 15.5467 |
| 15.7354 | 15.7435 | SAR | 15.2923 | 15.2474 | 15.2292 |

Exchange rates of some currencies against US dollar

| | Indian rupee | Pak rupee | Lankan rupee | Thai baht | Nor kronner | NZ dollar | AUD |
|--|--------------|-----------|--------------|-----------|-------------|-----------|---------|
| | 48.445 | 59.225 | 96.075 | 42.410 | 7.5616 | 0.4747 | 0.55305 |

Local Interbank FX Trading:
The local interbank foreign exchange market was active Thursday. BDT again weakened slightly as demand for dollar increased because of food imports. Taka was quoted at 58.31/33 per dollar against 58.30/32 per dollar previously.

Local Money Market:
Demand for overnight borrowing was moderate. The call money rate remained unchanged at 5.50-6.00 per cent for the day.

International Market:
Dollar experienced a mixed day in the market. First it gained a firm footing, as the dealers got eager to buy as sentiment went positive after the anniversary of September 11 passed without any incident. But later it gave up some of its gain against the euro and yen as the market focus shifted from relief over a peaceful September 11 worries over the US economy and threat of war with Iraq. Market is presently awaiting for Federal Reserve Chairman Alan Greenspan's testimony and President Bush's address to the UN later on the day. Dollar fell by one-third of a per cent against the yen to 119.91 and also retreated from Wednesday's two week high of 9694 against the euro.

At 1500 hours, euro traded at 975861, yen at 120.17/20 and GDP at 1.5545/50 against the dollar.

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SHIPPING

Chittagong port
Berth position and performance of vessels as on 12.9.2002.

| 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 | 13/9 | 2318 |
| J/3 | Cameron | C Clink | Sing | SSA | 30/8 | 14/9 | 2154 |
| J/4 | Amrita Jaya-1 | Rice (P) | Kaki | ASA | 4/9 | 15/9 | 812 |
| J/5 | Pacific Emerald | GI (Copa) | Sing | Aliseas | 24/7 | 12/9 | 250 |
| J/6 | Amanat Shah | Sugar (P) | Tuti | CLA | 3/9 | 18/9 | 1886 |
| J/7 | Celestina | GI | Sing | RML | 10/9 | 15/9 | 2566 |
| J/8 | An Shun Jiang (Liner) | GI | P Said | Bdship | 11/9 | 16/9 | 541 |
| J/9 | Dawei (72) | GI (St C) | Yang | Everett | 11/9 | 13/9 | 2164 |
| J/11 | Banga Shikha | Cont | Sing | BSC | 23/8 | 12/9 | 154/154 |
| J/12 | Haneburg | Cont | Sing | Pil (BD) | 9/9 | 13/9 | 194/219 |
| CCT/1 | Kola Singa | Cont | Sing | Pil (BD) | 8/9 | 13/9 | 14/X |
| CCT/2 | Mardios | Cont | P Kel | RSL | 9/9 | 14/9 | 533/38 |
| CCT/3 | Banga Bijoy | Cont | Sing | Bdship | 9/9 | 13/9 | 176/X |
| RM/14 | Banglar Gourab | Idle | Yang | Royal | 29/8 | 18/9 | - |
| G.S.J | Wu Chang Hai | Wheat (G) | Sing | ASCL | 7/9 | 18/9 | - |

Vessels due at outer anchorage

| Name of vessels | Date of arrival | L Port call | Local agent | Cargo | Loading port |
|-------------------------|-----------------|-------------|-------------|-------------|--------------|
| Banga Bonik (Cont)1/9 | 13/9 | P Kel | Bdship | Cont | Sing |
| Vega SS | 12/9 | - | Rainbow | Sugar | - |
| Shun Cheng (Liner) | 13/9 | Yang | Everett | GI (St C) | - |
| Pac Princess | 13/9 | Mumb | Litmost | GI (Y Peas) | - |
| Jaami (Cont)5/9 | 13/9 | Col | Everbest | Cont | Col |
| Puma | 13/9 | Karachi | Everett | GI | - |
| Ocean Pride | 15/9 | Yang | PSAL | GI (Maize) | - |
| Feng Kang Shan (Liner) | 16/9 | Punn | Bdship | GI | - |
| Asimont (Cont)5/9 | 14/9 | P Kel | Seaborn | Cont | Sing |
| Orient Freedom | 15/9 | P Kel | PSSL | Cont | Sing |
| QC Honour (Cont) 4/9 | 15/9 | P Kel | QCSL | Cont | Sing |
| Banglar Moni (Cont) 2/9 | 15/9 | Sing | BSC | Cont | Mol |
| Kola Berjaya (Cont)15/9 | 16/9 | Sing | Pil (BD) | Cont | Sing |
| Banga Bara (Cont)7/9 | 17/9 | - | Bandih | Cont | Col |
| Consistence (Cont) 3/9 | 17/9 | - | PSSL | Cont | Sing |
| QC Dignity (Cont)5/9 | 17/9 | P Kel | QCSL | Cont | Sing |
| Banglar Robi (Cont)10/9 | 17/9 | Sing | BSC | Cont | Sing |
| Banga Borat (Cont)7/9 | 18/9 | - | Bdship | Cont | Sing |

Tanker due

| Name of vessels | Date of arrival | L Port call | Local agent | Cargo | Loading port |
|-----------------|-----------------|-------------|-------------|-------|--------------|
| Spirit Express | 13/9 | Sing | ECSL | HSD | - |
| Macler | 14/9 | - | Rainbow | CDSO | - |

Vessels at Kutubdia

| Name of vessels | Date of arrival | L Port call | Local agent | Cargo | Loading port |
|------------------|-----------------|-------------|-------------|------------|--------------|
| Dea Captain | - | - | Arafsee | R/A (18/8) | - |
| Hassab Qatar | - | - | Jebe | USS | 10/9 |
| Banglar Shourabh | - | - | BSC | R/A | R/A |

Vessels at outer anchorage Ready On

| Name of vessels | Date of arrival | L Port call | Local agent | Cargo | Loading port |
|-------------------|-----------------|-------------|-------------|-------|--------------|
| QC Teal (Cont) | Cont | P Kel | QCSL | 10/9 | - |
| Kuo Hsiung (Cont) | Cont | P Kel | QCSL | 10/9 | - |
| Banga Biraj | Cont | Sing | Bdship | 6/9 | - |
| Performance-9 | CDSO | P Kel | Rainbow | 12/9 | - |

Movement of vessels for 13.09.2002, 14.09.2002

| | Outgoing | Incoming | Shifting |
|-------------------|--------------|----------|------------|
| 13.09.2002 | | | |
| J/1 | C Star | CCT/1 | Qc Teal |
| J/9 | Danel | J/1 | Jaami |
| J/11 | B Bijoy | J/5 | Shun Cheng |
| J/12 | Haneburg | J/7 | Puma |
| CCT/1 | K Singa | IOJ | B Shourab |
| RM/3 | Per Formance | | |
| DOJ | B Jyoti | | |
| 14.09.2002 | | | |
| J/3 | Cameron | CCT/2 | B Nonik |
| RM/6 | Mardios | DOJ | B Jyoti |
| RM/3 | Vincita | | |
| DOJ | B Shourab | | |

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

STOCK