

IMF warns of rising menace to world economic recovery

AFP, Washington

The world economic recovery is flagging and faces the menace of war in Iraq and a further plunge in stock prices, the IMF said Wednesday.

"The recovery is still expected to continue, but global growth in the second half of 2002 and in 2003 will be weaker than earlier expected," the International Monetary Fund warned in its World Economic Outlook.

"And the risks to the outlook are primarily on the downside." The world economy was set to expand 2.8 per cent in 2002, unchanged from earlier forecasts despite a growth spurt early this year, the IMF report predicted.

But global economic output is now projected to grow 3.7 per cent in 2003, down from the IMF forecast in April of 4.0 per cent growth.

"Developments since the first quarter have intensified concerns about the durability and sustainability of the recovery," the IMF warned in advance of a week-end meeting of policymakers from its 184 member nations.

The big threats were: - Oil prices. "Oil prices could spike sharply if the security situation in the Middle East were to deteriorate further. Depending on its extent and duration, this increase could have a significant negative effect on global growth both directly and indirectly through its effects on confidence."

- The outlook in the United States. "There is a significant risk of a more subdued recovery, especially if the impact of recent equity market declines in the United States and Europe proves greater than presently expected."

- Stock markets. "Equity markets remain very volatile and could fall further."

- Emerging markets. "Risks in emerging markets, in particular South America and Turkey, have increased." Argentina was suffering an "almost unprecedented collapse in activity," the IMF said. If problems in South America intensified, they could spread to other emerging markets, it warned.

- The dollar. "While the fall in the dollar has so far been orderly, the US current account deficit remains

very high and a more abrupt and disruptive movement cannot be ruled out.

The IMF lowered its forecast for US economic growth to 2.2 per cent this year, barely down from the last estimate in April. But it sliced the 2003 forecast to 2.6 per cent growth from 3.4 per cent.

In reaction, US Treasury Secretary Paul O'Neill noted that he had won a bet last year with IMF chief Horst Koehler that the IMF 2002 economic forecast for the United States was too low.

"I haven't collected on last year's bet but I guess I am in a mood to say that my good friend Horst and his organization underestimate the American economy," O'Neill told reporters.

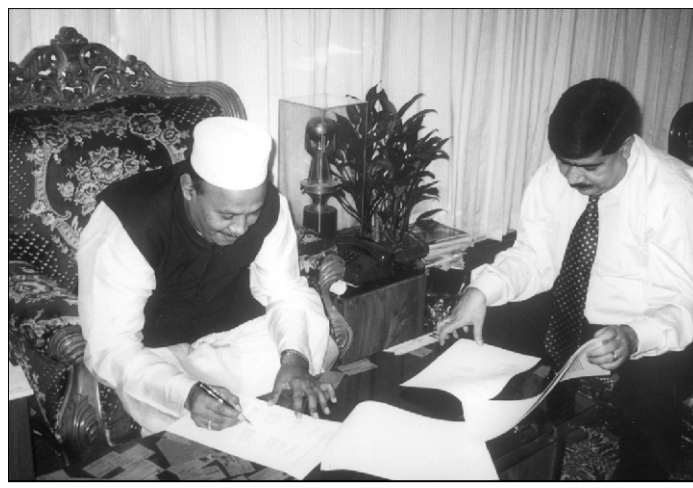


PHOTO: NOORPORE POWER COMPANY LTD

Chittagong City Corporation and Noorpore Power Company Limited have signed an agreement on the setting up of a 10-megawatt power plant. Mayor Mohiuddin Chowdhury inks the document as a witness to the deal after the Corporation's Chief Executive Mosharraf Hossain Chowdhury and Chairman of Noorpore Power Company Limited Kazi Tajul Islam signed the agreement on behalf of their respective sides in Chittagong on Sunday. The chairman of the company is also seen in the picture.

G7 to try to alleviate fears of global recession

Finance ministers meet today

AFP, Washington

Finance ministers from the Group of Seven industrialized nations are expected to reassure markets in the strength of the world economy when they meet here Friday.

In the wake of US accounting scandals that have rocked world markets and global consumer confidence, and fears of an imminent recession, the G7 finance ministers will most likely pick up on a refrain already sung by the International Monetary Fund: economic revival is around the corner, it's just a slow bend.

"The recovery is still expected to continue but global growth in the second half of 2002 and in 2003 will be weaker than expected earlier," the IMF said in its latest report released Wednesday.

"It is undeniable that we are going through a difficult patch," admitted IMF director Horst Koehler in an interview with the French economic daily La Tribune.

But "the probability of a recession is only about 20 to 30 per cent," he said.

The finance ministers and cen-

tral bank heads from the United States, Germany, Canada, France, Italy, Japan and Britain would not probably risk such an enumeration of the world's risk of recession, even though assuaging market fears is at the top of most of their lists.

But they will, most likely, discuss a spate of international accounting reforms initiated after high profiled collapses of several large companies such as Enron, WorldCom and Global Crossing.

And US Treasury Secretary Paul O'Neill will probably underline to his European and Japanese counterparts again, as his has several times over the past month, American weariness at carrying the world economy alone.

Meanwhile the Dow Jones Industrial Average, the main indicator for Wall Street, hit its lowest point in four years earlier in the week and the tech-heavy Nasdaq bottomed out to its lowest level in six years.

Asian and European markets followed suit. Some, like the Parisian CAC-40, erased gains accumulated over the past five years.

"The stress and volatility of the

financial markets should not make us panic," Koehler said.

One subject that will probably not be broached by the group is Iraq. Even though European disapproval of Washington's path to an intervention there has been wreaking havoc on the oil markets.

The potentiality of such a strike has pushed the price of oil down to 30 dollars a barrel and has jump-started fears of a spike in oil prices and of inflation, although IMF chief economist Kenneth Rogoff said it's "very difficult for us to evaluate the impact" of a conflict in the Middle East.

As the men and women who control the purse strings of the world's richest nations meet to discuss how and where to drive the global economy, outside anti-globalization protesters are expected to rally.

The meeting will take place on the sidelines of the World Bank and International Monetary Fund meetings scheduled over the weekend, an annual event which has increasingly drawn the fire of anti-globalization groups.

EU vows to keep up pressure on US steel tariffs

AFP, Brussels

The European Union will abandon immediate retaliatory measures against US steel tariffs next week but will still press its case before the World Trade Organisation, an EU official said Thursday.

The United States welcomed leaked news of the decision after EU ambassadors on Wednesday accepted a European Commission proposal to drop the sanctions for now.

The decision "will be finally given the go-ahead on Monday" in a meeting of EU foreign ministers, the spokeswoman for Trade Commissioner Pascal Lamy said.

"The Commission has indeed invited member states to hold their fire or not fire the gun at this stage on the shortlist of sanctions on the US steel case," Arancha Gonzalez told reporters.

Lamy would elaborate next week "why he considers it absolutely crucial that we continue backing the EU companies' request for further exclusions" from the US tariffs, the spokeswoman said.

He would also stress "why it is essential that as soon as the US safeguard measure is declared illegal by the WTO panel, which we expect to take place in March next year, the US eliminate this measure".

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
57.9996	58.0293	55.8454
92.0640	92.1112	89.4764
32.5772	32.5939	30.9777
0.4799	0.4801	0.4662
39.3375	39.3577	38.3348
6.2647	6.2679	6.1672
37.2693	37.2884	36.3553
7.5139	7.5178	7.4036
32.9636	32.9805	32.2717
16.0719	16.0802	15.6112
15.7371	15.7452	15.2919

Indian rupee	Pak rupee	Lankan rupee	Thai baht	Nor kroner	NZ dollar	AUD
48.38	59.125	96.38	43.54	7.486	0.4712	3.80

Local Interbank FX Trading:
The local interbank foreign exchange market was active Thursday. Demand for dollar was high. BDT was weakened slightly against the dollar as a result and was quoted at 58.48/50 compared with 58.46/50 previously.

Local Money Market:
Demand for overnight borrowing was steady in the market. Call money rate quoted 6.90-7.00 per cent by public banks, while for private and foreign banks the range was 6.50-7.00 per cent.

International Market:
The yen rebounded in New York trade from three-year lows against the euro, led by stirring hopes that Japan's ailing banking sector could be moving closer to long-hoped-for reform. The yen's strength against the euro also helped lead the Japanese currency higher against the dollar. The dollar, in turn, found strength against the euro, in part, from a rally in US stocks after equities fell to multi-year lows on Tuesday. Dealers perceive that any concrete measures to deal with the deflation and banking problems in Japan would be positive for the yen in the long run, but could add pressure in the near term due to initial impact that could be caused by drastic measures. A meeting of Group of Seven finance ministers and central bank governors in Washington of Friday also kept major currencies in tight range. At 1440 hours, euro was traded at 0.9788/90, GBP at 1.5598/03, yen at 122.79/84 against the dollar.

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SHIPPING

Chittagong port
Berth position and performance of vessels as on 26.9.2002.

Berth No.	Name of vessels	Cargo	L Port call	Local agent	Date of arrival	Leaving	Import disc
J/1	Banglar Maya	Gi	Ind	BSC	23/9	3/10	1022
J/3	Pac Princess	Gi	Mumb	Litmond	13/9	27/9	1546
J/4	Ocean Pride	Gi	Yang	PSAL	16/9	30/9	1707
J/5	Clipper Morning (Liner)	Gi	Sing	Everett	25/9	28/9	3363
J/6	Weddel Sea	C Clink	Krabi	SSA	17/9	28/9	2695
J/7	Makmur Perkasa	C Clink	Cila	OLM	17/9	30/9	2060
J/9	Kou Hsiung	Cont	P. Kel	Qcsl	25/9	28/9	188/193
J/11	Banga Birol	Cont	Col	Baridhi	22/9	26/9	65/X
J/12	Kota Cahaya	Cont	Sing	Pil(BD)	23/9	27/9	186/15
J/13	Xpress Manaslu	Cont	P. Kel	RSL	22/9	27/9	75/X
CCT/1	Kota Singa	Cont	Sing	Pil (Bd)	25/9	27/9	543/X
CCT/2	Mardios	Cont	P. Kel	Rsl	24/9	29/9	153/247
CCT/3	CEC Mayflower	P. Mat	Tuti	Everett	23/9	27/9	81
RM/14	Pacific Emerald	Idle	Sing	Alseas	24/7	30/9	-
RM/15	Banga Barta	Idle	Col	Baridhi	19/9	-	-
CCJ	Nexos	C Clink	Sing	BSL	21/9	27/9	-
TSP	Centaurus	R Phos	Egypt	Seacom	15/9	2/10	-
RM/3	Andhika	Cpo	Mala	Pol	25/9	27/9	-
RM/4	The Resa-II	CPOL	Mala	Seacom	20/9	27/9	-
RM/5	Dai Hung	HSD/MS	Sing	ECSL	22/9	27/9	-
DD	Banglar Doot	Repair	Mong	Bsc	20/9	10/10	-
DD/J2	Dredger Gemini	Repair	Chand	Kama	-	-	-
RM/9	Banglar Mookh	Repair	-	BSC	R/A	28/9	-
RM/10	Banglar Jyoti	Repair	-	BSC	R/A	30/9	-

Vessels due at outer anchorage

Name of vessels	Date of arrival	L Port call	Local agent	Cargo	Loading port
Banga Biraj (Cont) 16/9	27/9	P. Kel	Bdship	Cont	Sing
Haneburg (Cont)14/9	26/9	Sing	Pil(BD)	Cont	Sing
Magda	27/9	Krabi	Move	L. Stone	-
Tug Sarwa Maru No 8 (Tug)	25/9	Sing	OTBL	VL KH No 88	-
Kuo Hing No 808	26/9	Sing	OTBL	Demolition	-
Asian Harvester	27/9	Indo	Vml	Demolition	-
Han Star	27/9	Mala	VML	Demolition	-
Jaami (Cont)21/9	27/9	CBO	Everbst	Cont	Col
Ulla (E/L) 19/9	30/9	Kela	OWSL	P Four	-
AA Venture	28/9	Yang	CLA	GI(Log)	-
Asimont (Cont) 21/9	28/9	-	Seabome	Cont	Sing
QC Pintail (Cont)17/9	28/9	P. Kel	QCSSL	Cont	Mong
Spring Trader	30/9	-	Everett	GI(S/C)	-
QC Teal (Cont)17/9	28/9	P. Kel	QCSSL	Cont	Sing
QC Honour (Cont) 18/9	29/9	P. Kel	QCSSL	Cont	Sing
Hanei Sun	29/9	Tarj	Bsl	C. Clink	-
Banga Bonik (Cont)19/9	30/9	P. Kel	BDShip	Cont	Sing
Alpha Venture	30/9	-	Oil	-	-
Kota Berjaya (Cont) 19/9	1/10	Sing	Pil(BD)	Cont	Sing
Orient Freedom(Cont)21/9	1/10	P. Kel	PSLL	Cont	Sing
Banglar Robi (Cont) 23/9	1/10	Sing	BSC	Cont	Sing
Eagle Strength (Cont)24/9	2/10	-	Nol	Cont	Sing
Adonis	3/10	Ind	CCNL	Sugar (P)	-
QC Dignity (Cont) 22/9	3/10	P. Kel	QCSSL	Cont	Sing
Banglar Mont (Cont)	4/10	Sing	OTBL	Cont	Sing
Banga Borat (Cont)24/9	4/10	-	Bdship	Cont	Sing
Banga Lanka (Cont)25/9	5/10	-	Baridhi	Cont	Col
Consistence (Cont) 22/9	6/10	-	PSLL	Cont	Sing
Kota Naga (Cont)15/9	6/10	Sing	Pil (Bd)	Cont	Sing

Vessels at outer anchorage Ready on

Banga Bijoy (Cont)	Cont	P. Kel	Bdship	25/9
Banglar Shikha (Cont)	Cont	Sing	Bsc	26/9
Jaya Mars (Cont)	Cont	Sing	Rsl	26/9

Vessels not ready

Le Jin	Gtsp (P)	Tampa	Litmond	26/9
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Vessels awaiting instruction

Banglar Shourabh	-	-	BSC	R/A (20/9)
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Vessels not entering

Glory	Mop(P)	Niko	Litmond	4/9
Hope-L	GTSP(P)	SWEJ	AMBL	11/9

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

STOCK