

US seeks new team to bolster economy

AFP, Washington

President George W. Bush sought a new treasury secretary Saturday amid predictions that he will give greater priority to reviving the economy, no matter the cost, in the two years before new elections.

Treasury Secretary Paul O'Neill and White House economic advisor Lawrence Lindsey both stepped down Friday, under pressure from Bush as indicators showed the economy is struggling to get better, according to media reports.

At the same time as the resignations were announced, the government announced that US unemployment had risen to 6.0 percent in November, its highest level in eight-and-a-half years.

"The economy has not progressed at the rate president would like it to have," said White House press secretary Ari Fleischer.

Although the economy has technically been in recovery the past year, it remains the main black spot on Bush's two years in office, and he has decided the time has come to quicken the pace.

"I think that it does show a focus on the economy and that the Bush administration is determined to get the economy going in the runup to the 2004 election," said Bill Dudley, director of US economic research at Goldman Sachs brokerage firm.

Unemployment rises in US

AFP, Washington

The US jobless rate shot up to 6.0 percent in November, the government said Friday, delivering ominous news for the struggling economic recovery.

The jobless rate surged from 5.7 percent in October to a seven-month high as businesses axed a net 40,000 jobs, dashing market expectations that hirings would increase.

Share prices tumbled in reaction. Wall Street's Dow Jones industrials average of 30 top stocks fell 109.77 points, or 1.27 percent, to 8,513.51 in the first minutes of trade.

"It certainly raises a downside risk to the US economic outlook," said Sal Guatieri, Chicago-based economist at Bank of Montreal.

"We had been counting on much stronger job growth to sustain US consumer spending going forward, given that debt loads are increasing," he said.

Bush dumps treasury secretary, White House economic advisor

AFP, Washington

President George W. Bush overhauled his administration Friday, dumping blunt-spoken Treasury Secretary Paul O'Neill and economic advisor Lawrence Lindsey amid heightened concern over the sluggish pace of the economy.

O'Neill, whose straight-speaking style drew scorn on Wall Street, delivered a short resignation letter to Bush.

Moments later, Lindsey also quit, clearing the deck for a new team.

US media said the two men were forced out.

The abrupt shakeup followed long speculation Bush might fire them to show his concern over the economy ahead of an election in two years.

"I hereby resign my position as Secretary of Treasury," 67-year-old O'Neill said in the three-paragraph letter.

"It has been a privilege to serve the nation during these challenging times."

Bush will search for widely-respected successors, his spokesman Ari Fleischer said.

"The president is going to look at people that are experts on the

economy and have confidence of the markets," he said. Bush's search would include people in government and business. "He casts a wide net."

The US leader thanked O'Neill and Lindsey.

"My economic team has worked with me to craft an economic agenda that helped lead the nation out of recession and back into a period of growth," he said in a statement read out by Fleischer.

"I thank them for their excellent service."

The resignations were delivered on the day new figures showed the US unemployment rate shot up to 6.0 percent in November.

Bush had made job creation the core of his economic policy.

"Congress passed about half the items proposed to stimulate the economy but when you look at the data, the data continues to be weak," Fleischer said.

"The employment report this morning was a setback," he said.

Stocks, beaten down by the grim jobs report, picked up when the resignations were announced. The Dow Jones industrials average rose 22.49 points, or 0.26 percent, to close at 8,645.77.

"Congratulations to President Bush. After numerous unsuccessful attempts, he finally figured out how to make the market go up. He fired his economic team," said Democratic National Committee chairman Terry McAuliffe.

Analysts said O'Neill had failed to sell the Bush program.

"In our opinion, O'Neill never got into the mainstream of Bush's agenda," said Prudential Securities economist Dick Rippe.

"This shake-up could have arisen due to Bush's desire to have a secretary who will follow along with his tax policy, particularly considering the new efforts to construct a stimulus package."

Bush is expected to announce tax cuts in January as part of a program to stimulate the economy.

Speculation began about successors.

Economists said Paine Webber chief executive Donald Marron, a former contender for the job, former Texas Senator Phil Gramm, ex-chairman of the Senate banking committee, former House Ways and Means Committee chairman Bill Archer or Commerce Secretary Don Evans could be considered for the

treasury secretary's job.

Stephen Friedman, former chairman of Goldman Sachs, is likely to take over from Lindsey as economic advisor, the Washington Post said in its Internet edition, citing several sources.

Bush also has to find a replacement for gaffe-prone Securities and Exchange Commission chairman Harvey Pitt, who resigned under fire last month.

O'Neill informed staff after resigning that he had wanted to quit regular work when he retired as Alcoa chief executive in December 2000. Instead, he was invited into the cabinet by Bush.

"There are lots of other important things to do in life," he told them, according to Treasury Department spokesman Michele Davis.

O'Neill became renowned for blunt off-the-cuff remarks.

He triggered a near-financial panic in Brazil when he stated that some international aid funds may end up in Swiss bank accounts.

Once, responding to his critics, he said: "If people don't like what I'm doing, I don't give a damn. I could be sailing around on a yacht or driving around the country."

US Fed set to keep rates at 41-yr low

AFP, Washington

Federal Reserve policymakers are set to hold interest rates at a 41-year low when they meet Tuesday in the aftermath of a White House shakeup triggered by concern over the economy.

Market pressure for an interest rate cut had eased after the resignations of Treasury Secretary Paul O'Neill and chief economic advisor Lawrence Lindsey, said Moody's Investors Service chief economist John Lonsky.

Investors now believed "more fiscal stimulus will take the place of more monetary stimulus," he said.

A new economic team would sell President George W. Bush's plans for a stimulus package including

permanent tax cuts in a bid to ramp up economic growth two years ahead of presidential elections, experts said.

Federal Reserve chairman Alan Greenspan and his colleagues on the Federal Open Market Committee had already done enough, analysts said.

They were almost certain to hold the federal funds target rate, which commercial banks charge each other for overnight loans, unchanged at 1.25 percent, analysts said.

The Federal Open Market Committee (FOMC) chopped half a percentage rate off the key rate at its last meeting on November 6. At the time, it signalled no more cuts were planned.

CURRENCY

Following is yesterday's forex trading statement by Standard Chartered Bank					
Selling		Currency		Buying	
TT/OD	BC		TT Clean	OD Sight Doc	OD Transfer
59.2000	59.2500	USD	58.3000	58.1314	58.0629
60.5959	60.6828	EUR	58.1566	57.9732	57.8966
94.1947	94.2367	GBP	91.2106	90.9441	90.8895
34.0523	34.0768	AUD	31.9828	31.8903	31.8102
0.4825	0.4826	JPY	0.4675	0.4673	0.4663
40.9191	40.9436	CHF	39.6715	39.5769	39.4924
6.6626	6.6678	SEK	6.4380	6.4204	6.4044
38.0343	38.0589	CAD	37.0466	36.9530	36.8698
7.5987	7.6000	HKD	7.4712	7.4535	7.4361
33.683	33.7040	SGD	32.8820	32.8382	32.7235
16.2498	16.2674	AED	15.7343	15.7124	15.6939
15.9116	15.9300	SAR	15.4282	15.3915	15.3733

Exchange rates of some currencies against US dollar						
Indian rupee	Pak rupee	Lankan rupee	Thai baht	Norwegian kroner	NZ dollar	Malaysian ringgit
48.19	58.33	96.6	43.575	7.21545	0.50205	3.8000

Local Interbank FX Trading

The local interbank foreign exchange market was subdued yesterday. Dollar closed unchanged against taka as the market opens after the Eid. At the close dollar was quoted at 59.20/59.25 against taka.

Local Money Market

Demand for overnight borrowing continued to be high after Eid-Ul-Fitr. High demand kept the call money rate high at a range of 13.00-15.00 per cent, which was the same before the holidays.

International Market

The international market was closed yesterday. A weaker US economic data and uncertainties about dollar policy after a reshuffle in Washington top policy-makers sent the dollar about a per cent lower against euro and yen on Friday. Dollar was put under pressure due to an unexpectedly weak US unemployment report.

The unemployment rate rose steeply to 6.0 per cent in November, re-igniting concerns about the sluggish US recovery and prompting dealers, positioned for a strong report, sell dollar across the board. Dollar set two-week lows against both euro and Swiss franc after the grim US job report, and fell another quarter of a cent against euro after abrupt announcement of US Treasury Secretary Paul O'Neill's resignation. On Thursday, euro gained ground after the European Central bank's aggressive interest rate cut by 50 basis point. The market is now looking ahead to the US Federal Reserve's policy setting meeting on Tuesday. Currency market will also be monitoring Iraq especially in light of renewed fears about a possible war. At the closing of New York on Friday, Euro was quoted at 1.0096/01, GBP at 1.5763/67 and Yen at 123.51/57 against the dollar.

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PHOTO: DUTCH-BANGLA BANK
Md Yeasin Ali, managing director of Dutch-Bangla Bank Limited, addresses the closing ceremony of the bank's 9th foundation training course for assistant officers in the city recently. Abul Hashem Khan, deputy managing director, is also seen in the picture.

Dutch-Bangla Bank foundation course ends

The 9th foundation training course of Dutch-Bangla Bank Limited organised by the Human Resource and Training Division of the bank for the assistant officers ended in the city recently, says a press release.

Md. Yeasin Ali, managing director of the bank, was the chief guest on the occasion.

He also distributed certificates among the participants. Speaking on the occasion, Ali advised the participants to pick up the various aspects of banking by not confining themselves only to their concerned desk.

Deputy Managing Director Abul Hashem Khan also spoke on the occasion.

Senior executives of DBBL were also present at the ceremony.

US stocks rebound

AFP, New York

Stocks ended higher Friday in a turbulent session marked by a steep decline after a weak employment report followed by a snapback after the resignation of Treasury Secretary Paul O'Neill.

The Dow Jones industrials closed up 22.49 points (0.26 percent) at 8,645.77 after falling to a day low of 8,501.86.

The Standard and Poor's 500 advanced 5.68 points (0.63 percent) to 912.23 while the Nasdaq composite was up 11.69 points (0.83 percent) to 1,422.44.

Stocks appeared headed for another losing session until the announcement from Washington about the shakeup in the US economic team, with White House economic aide Lawrence Lindsey leaving along with O'Neill.

Dealers said the equity markets continue to show resilience despite a recent string of tepid corporate and economic data, including the surprisingly weak November job data, showing a loss of 40,000 jobs as the unemployment rate rose to 6.0 percent.

IMF approves \$365m loan to Indonesia

AFP, Washington

The IMF on Thursday approved a 365 million dollar loan for Indonesia as part of a 4.8 billion dollar financial program, the International Monetary Fund announced in a statement.

The IMF board made its decision after its most recent review of economic and structural reform programs.

IMF deputy managing director Anne Krueger said that macroeconomic developments had been favorable in 2002, with strong economic growth, moderate inflation and a reinforcement of balance of payments.

She said, however, that "the economic outlook has deteriorated as a result of the recent terrorist attack in Bali."

"The attack poses new challenges, which must be met, on the economic front, through the continued firm implementation of the government's reform program," Krueger said.

STOCK