

Gold tumbles as strong US data boosts dollars

AFP, London

Gold prices fell sharply in late deals here Thursday as the market responded to a sharp rise in the value of the US dollar following robust data on the state of the world's biggest economy.

The spot price of an ounce of the precious metal tumbled to 349.55 dollars from a morning fixing of 354.00 dollars.

The slide was sparked by the release of a report showing that US orders for durable goods unexpectedly surged by 3.3 per cent in January from the previous month.

The data helped boost the dollar, with the euro falling to 1.0756 dollars from an earlier high of 1.0836.

"The dollar has a lot to do with this," said Dresdner Kleinwort Wasserstein precious metals strategist Kevin Crisp.

China economy grows 8pc in '02

AFP, Beijing

China confirmed its status as the world fastest growing major economy Friday, announcing an expansion of eight per cent in 2002 and predicting growth will remain over seven per cent this year.

Last year gross domestic product (GDP) reached 10.24 trillion yuan (1.25 trillion dollars), national bureau of statistics commissioner Zhu Zhixin said at a press conference. Growth last year was up from 7.3 per cent in 2001.

The 2002 figure is slightly higher than a 7.9 per cent forecast recently made by the State Information Center, a government think-tank, and a seven per cent forecast made early last year.

Zhu said fourth quarter growth came in at 8.1 per cent, matching the third quarter figure. Growth in the first three months of 2002 was 7.6 per cent, which jumped to eight per cent in the second quarter.

Zhu attributed China's fast growth to large-scale government spending, which accounted for roughly half of GDP in 2002 after steadily rising over the past five years.

Underperforming US economy needs insurance, says Snow

AFP, Washington

The US economy is performing below its capacity and needs tax cuts to give it a shot in the arm, Treasury Secretary John Snow said Thursday.

"The American economy is underperforming," Snow told reporters on Capitol Hill as the President George W. Bush's 695 billion dollar package was formally introduced.

Asked about Federal Reserve Board Chairman Alan Greenspan's skepticism on the need for a short-term stimulus while a possible war in Iraq looms, Snow said the econ-

omy needed "an insurance policy."

"The geopolitical situation will get resolved," Snow said.

And he scoffed at criticism the package is too expensive and will create unsustainable deficits.

"The deficits that result are really modest and clearly manageable and will not have any impact on long-term interest rates which is the real concern of deficits," Snow said.

House Ways and Means Committee Chairman William Thomas, a California Republican, and Senate Budget Committee Chairman Don Nickles, an

Oklahoma Republican, each introduced formal versions of the president's plan.

"We are very pleased to see the formal action beginning," said White House spokesman Ari Fleischer.

The Bush package is expected to pass the House but faces more obstacles in the Senate, where several moderate Republicans and many Democrats have expressed skepticism about the plan's centerpiece, the elimination of the double taxation of dividends.

Nickles acknowledged that difficult task he has in the Senate but expressed confidence lawmak-

ers would support the plan in due course.

"That's part of our challenge," Nickles said. "I hope that our colleagues will step back and say, wait a minute this is absurdly high," referring to rate of taxation on dividends.

Georgia Senator Zell Miller, the lone Democrat to support the bill to date, said he is confident more members of his party would hop the fence to back the White House.

"When the roll is called on the president's tax cut, I guarantee that I will not be the only Democrat voting for it," Miller said with Snow and Nickles at his side.

Japan's industrial output up

AFP, Tokyo

Japan's industrial output beat expectations in January by rising 1.5 per cent from the previous month on firm demand for cars and computers, but it was set to slump in February, the government said Friday.

The preliminary January figure followed a revised 0.4 per cent decline in December, the Ministry of Economy, Trade and Industry said.

The figure was between the ministry's earlier forecast of a 2.1

per cent rise and the consensus market projection for a 1.0 per cent gain.

A ministry official credited the rise on "the launch of new cars and personal computers," but said output remains on a softening trend.

"The January output index showed an increase but it is due to the release of new products so we cannot predict whether the rise will be sustained," a ministry official said.

Economic and Fiscal Policy Minister Heizo Takenaka said the

economy appears headed neither up nor down. "The economy continues to be as if on a staircase landing," he told reporters.

The ministry forecast February industrial output would fall 0.4 per cent month-on-month, while March output was expected to rise 0.6 per cent.

Auto exports to the United States helped lift output in January, as Toyota said earlier that vehicle exports in January rose 23.7 per cent over the previous year, while Nissan's were up 25.2 per cent and Honda's 15.0 per cent.

Agora campaigns for 2 Malaysian food items

Agora, a chain super store, has launched a month long programme to promote two famous Malaysian frozen food items -- Tricious and Latat -- in Bangladesh, says a press release.

Ashaary Bin Sani, Malaysian High Commissioner in Dhaka, formally inaugurated the programme at Agora Gulshan outlet on Thursday.

The promotional programme will continue till March 25 at Agora Dhanmondi and Gulshan outlets.

Firoz Rahim, CEO of Rahimafrooz Group, Mohammad Ismail and Munawar M Moin, Directors of Rahimafrooz Superstores Ltd, TD Packir, head of Operation M H Mridha head of Administration and Finance, M Samsul Alam, Dhanmondi outlet in-charge and Omar Faissal Chowdhury, Gulshan outlet in-charge of Agora, was present at the inauguration.

On behalf of Sajid Pint'l Trade, the marketing company of Tricious and Latat in Bangladesh, Sajid Rahim, Sonia Rahman and Tanvir Koreshi Hasan were also present.

Customers buying Tk 500 items including one Tricious or Latat from Agora will qualify for a raffle draw where they can win a Dhaka-Kuala Lumpur return air ticket with a 4-day hotel stay, microwave ovens and Tk 5000 Agora gift vouchers.



PHOTO: RAHIMAFROOZ

Malaysian High Commissioner in Dhaka Ashaary Bin Sani inaugurates a month-long promotional campaign for two Malaysian frozen food items at chain superstore Agora's Gulshan outlet on Thursday. Among others, Firoz Rahim, CEO of Rahimafrooz Group which is the parent organisation of Agora, was present.

S'pore budget deficit to worsen 10-fold; lower growth forecast

AFP, Singapore

Singapore said Friday its budget deficit for the year to March 2004 is likely to worsen more than 10-fold from the previous 12 months, blemishing the island's records for a third successive year.

Finance Minister Lee Hsien Loong warned Singapore -- traditionally used to chalking up healthy surpluses -- also faced slower economic growth in the years ahead.

Lee said the fiscal deficit for the year to March 2004 was expected to come in at 1.2 billion Singapore dollars (689.66 million US) from 90 million dollars in the current year.

The overall deficit projected takes into account a 900-million dollar operational deficit and rebates to help Singaporeans and businesses tide over the economic slump.

In a shift away from the island's long-standing practice of fiscal prudence, Lee said in a budget speech to parliament that a deficit was needed this time to nurse the economy back to health.

"This will be the third consecutive year the government is running a budget deficit but this is the

appropriate fiscal stance to adopt in an economic downturn," said Lee, who is also one of two deputy prime ministers.

"This deficit serve as a stabiliser to steer the economy towards the path of recovery," he said.

"Looking ahead, we expect the Singapore economy to grow more slowly," said Lee, who is widely tipped to succeed Prime Minister Goh Chok Tong.

Social development continues to be the biggest spending item for Singapore as it sets aside nearly 14 billion dollars for this sector, up 15.6 per cent from the current year.

The government also upped its spending for security and external relations by three per cent to 10.87 billion dollars, making it the second biggest expense.

Hence defence spending will increase 0.6 per cent to 8.25 billion dollars from 8.20 billion in the current year.

"This will maintain and raise Singapore's preparedness to handle both conventional and terrorist threats. We must maintain and upgrade our conventional defences," Lee said.

Fiscal deficits are rare in Singapore where the government

is known for its prudence but a severe economic slump stemming from the 2001 recession has forced the city-state into unfamiliar territory.

The projected deficit for the next fiscal year was widely anticipated by economists as the city-state continues to struggle to overcome its worst recession in more than three decades.

In the current fiscal year to March, Singapore fell into another deficit for the second year running as the state ran into a shortfall of 90 million dollars due to lower collections from tax revenues.

Tax revenues in the current year fell to 21.108 billion dollars from 24.17 billion dollars after personal and corporate income tax rates were slashed in a bid to bring the island's tax regime on par with other Asian rivals, particularly Hong Kong.

In his second budget announcement, Lee said the economy was not expected to post double-digit growth rates as seen in the 1980s and 1990s.



PHOTO: DCCI

Officials and participants pose for photograph at the certificate awarding ceremony of the 5-day training course on import and indenting procedures organised by DCCI Business Institute (DBI) in Dhaka on Wednesday.

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