

Iraq war may knock off \$100b from global growth WB's 2003 Global Development Finance Report says

REUTERS, Washington

Economic policymakers around the world are running out of tools to boost the flagging global economy, the World Bank said in a report Wednesday.

The bank said the US Federal Reserve, the world's most influential central bank, has little room left to cut interest rates and expects the Fed to leave them on hold this year if growth picks up slightly as expected.

"A worrisome characteristic of the current economic environment is that macroeconomic policies may be running up against their limits," said the bank's 2003 Global Development Finance report.

In fact, policies this year and next are more likely to be less stimulative or "restrictive" than expansive, the bank concludes.

The report comes a day after the Institute of International Finance, a leading financial lobbying group, said the global economy is facing serious problems that will require a coordinated effort from rich nations to bolster prospects.

The Iraq war is a major risk to the outlook and could knock off \$75 billion to \$100 billion from global economic growth in the first half of the year, the bank said.

But without the war, the world economy is still in a soft spot.

"We've been constantly cutting our growth forecasts over the last year," Philip Suttle, lead author of the report, said at a press briefing. "Particularly important, is that regardless of the war, general confidence just keeps slipping."

The bank has not made any estimates for the impact of the outbreak of the deadly Severe Acute Respiratory Syndrome (SARS) on economy. East Asia, the fastest growing region of the world, has so far been the hardest hit by the disease. Suttle said SARS is "an unambiguous negative to growth."

The bank is predicting a hesitant economic recovery in high income countries, with the US economy expanding 2.5 per cent this year and rising 3.5 per cent in 2004. But these forecasts are subject to downside risks

such as a lengthy war.

The euro-zone economy is seen expanding 1.4 per cent this year, rising to 2.6 per cent in the next, helped by expected rate cuts in the first half of this year.

"The European Central Bank has more room to ease and is likely to follow market expectations and possibly trim rates slightly further in the first half of this year," the bank said. However, the report said fiscal spending in the euro area is being constrained by the Growth and Stability Pact.

Japan is expected to grow just 0.6 per cent this year, and 1.6 per cent in 2004. The Bank of Japan should maintain a "truly stimulative" monetary policy, the report said, warning the country's government debt has reached a "dangerous level".

Regarding currency exchange rates, the bank said a weaker dollar, particularly against the euro, the yen and the Chinese yuan, would help restore balances in the global economy but added it would be difficult to engineer such a change.

The global trend toward deflation poses new challenges for policy makers, the report said, and urged monetary authorities to focus on avoiding the "lower boundaries rather than the upper limits of the forward-looking inflation targets when setting policy." However, the bank said that with central banks mindful of the risks, the chances of avoiding generalized global deflation look good.

Growth in developing countries is expected to be 4.0 per cent this year, increasing to 4.7 per cent next year.

East Asia and the Pacific region will lead the way with growth surging 6.4 per cent, although it would be slightly lower than 6.7 per cent last year.

So far, there has been little impact on the war with Iraq for the developing world.

"For many developing countries, the financial strains of the war to date have been surprisingly muted," Suttle said.

However, that could change if investors become more risk averse and those sending money home suffer from war's impact on rich countries.

War fallout to hurt world economy: EU

AFP, Paris

The US-led war in Iraq could do serious damage to the already fragile world economy, Europe's top trade official said on Wednesday, in the latest in a series of high-profile warnings over the darkening global outlook.

"I and a few others are trying to make sure that these geopolitical tensions do not spill over into trade, investment and the economy," said Trade Commissioner Pascal Lamy, after meeting Malaysian manufacturing bosses during a week-long Asian tour.

"We already have a world economic situation that is not promising."

The French commissioner's characteristically understated remarks follow a spate of wake-up calls from other global

business and political leaders over deteriorating economic conditions.

In a newspaper interview published on Wednesday, the chief economist of the Organisation for Economic Cooperation and Development, Jean-Philippe Cotis, halved his 2003 EU growth forecast.

The economy of the 15-member bloc would grow by less than one per cent, he predicted, rather than the 1.9 per cent forecast by the OECD last November.

The governing council of the European Central Bank should reduce its key interest rate of 2.50 per cent by a quarter-point when it meets on Thursday, Cotis said, to counter falling consumer confidence.

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
58.8500	58.9000	USD	57.9000	57.7299	57.6608
63.9790	64.0243	EUR	61.7619	61.5805	61.5068
92.9359	93.0149	GBP	90.0171	89.7527	89.6453
36.0103	36.0409	AUD	34.2421	34.1415	34.1006
0.5006	0.5010	JPY	0.4844	0.4830	0.4824
42.9939	43.0304	CHF	41.7057	41.5832	41.5334
6.8710	6.8768	SEK	6.7443	6.7245	6.7165
40.3331	40.3673	CAD	39.1587	39.0436	38.9969
7.5531	7.5595	HKD	7.4162	7.3944	7.3856
33.4052	33.4336	SGD	32.5885	32.4928	32.4539
16.1521	16.1658	AED	15.6372	15.5913	15.5726
15.8182	15.8316	SAR	15.3171	15.2721	15.2538

Exchange rates of some currencies against US dollar

Indian Rupee	Pak Rupee	Lankan Rupee	Thai Baht	Norwegian Kroner	NZ Dollar	Malaysian Ringgit
47.38	57.8	96.93	42.840	7.2850	0.5519	3.80

Dollar weakens as war enters crucial stage

AFP, Tokyo

The dollar eased against the yen as US-led forces braced for the possibility of dangerous urban warfare in the streets of Baghdad as the war in Iraq entered its 15th day, dealers said.

News that US troops were as close as 30-40 kilometres (19-25 miles) from the Iraqi capital had revived interest in the dollar after days of negative reports about the allied forces' progress in the Gulf.

However, the buying ran out of steam as investors struggled to interpret reports from the battlefield, as well as the outlook for the US and global economies after the fighting has ended.

US dollar raised against most of the currencies after the news that US forces were closing in on Baghdad. It jumped around a quarter yen against the Japanese currency and also rose a quarter of a cent against the euro. News spread that US troops were just 10 km from the southern edge of Baghdad. Dollar rose to its highest since Monday at 119.25 yen. It also strengthened beyond \$1.0730 per euro. Earlier dollar paused for a breath after heady gains the previous session. At 15490 hours on Thursday, euro was at 1.0714/19, GBP at 1.5620/22 and yen at 119.36/38 against the dollar.

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PHOTO: ICCB

Mahbubur Rahman, president of International Chamber of Commerce (ICC)-Bangladesh, speaks at the ICC-B Annual Council 2002 held in Dhaka Monday as ICC-B Vice-President ASM Quasem, Chairman of Bangladesh Insurance Association Nasir A Choudhury, President of MCCI, Dhaka Tapan Chowdhury and President of FICCI Waliur Rahman Bhuiyan look on.

SHIPPING

Chittagong port

Berthing position and performance of vessels as on 3/4/2003

Berth No	Name of vessels	Cargo	L Port call	Local agent	Date of arrival	Leaving	Import disch
J/1	Ambika	Rice(P)	Kaki	SSTL	28/3	5/4	1175
J/2	Prospects	Rice/WT(P)	Viza	Uniship	18/3	6/4	1714
J/3	Taraman Bibi	Rice	Kaki	Uniship	19/3	4/4	1128
J/4	Dawel (Liner)	GI	Chen	Everett	2/4	5/4	2146
J/5	Dang San	WT/Rice	Kaki	SSTL	29/3	10/4	X
J/6	Banglar Mookh	GI	Pipa	BSC	28/3	6/4	1637
J/7	QC Honour	Cont	P/Kel	QC SL	31/3	3/4	142X
J/9	Bosowa Delapan	Sugar(P)	Tuti	Mutual	13/3	5/4	763
J/10	Kola Naga	Cont	Sing	PI (BD)	30/3	4/4	259/93
J/12	Kola Berjaya	Cont(Repair)	Sing	PI (BD)	29/3	-	-
J/13	Kola Cahaya	Cont	Sing	PI(BD)	2/4	5/4	172/305
CCT/1	Asimont	Cont	P/Kel	RSL	30/3	3/4	14/X

Vessels due at outer anchorage Date: 3/4/2003

Name of vessels	Date of arrival	L Port call	Local agent	Cargo	Loading port
Lestari Utama	3/4	Krabi	SSA	Gypsum	
Jat Na Mu	2/4	Viza	Uniship	Wheat(P)	Sing
Ana	3/4	P/Kel	PSSL	Cont	Sing
Banga Bodor	3/4	P/Kel	Bdshp	Cont	Sing
An Shun Jiang	3/4	Busan	Bdshp	GI	--
Dok Chon	3/4	Tuti	Mutual	Sugar	
Ruhunupura	4/4	Hald	PSSL	Cont	Yang
Banga Bijoy	4/4	Col	Baridhi	Cont	Col
Apollo Lima	4/4	Yang	H&S	GI	10 Units
Mardios	5/4	P/Kel	RSL	Cont	Sing

Vessels at Kutubdia

Name of vessels	Cargo call	Last Port	Local agent	Date of arrival
Outside Port Limit:				
Barge: S-657	P Cargo	Kol	Sakhi	21/2
Dea Captain	--	--	Arafeen	R/A(2/4)

Vessels at outer anchorage

Vessels ready	Ammonia	Hald	MBL	2/4
Gaz Master				

Vessels awaiting employment/instruction:

Banglar Gourab	-	-	BSC	R/A(24/3)
Banglar Mamata	-	-	BSC	R/A(1/4)

Movement of vessels for 4/4/2003 & 5/4/2003

Name of vessels	4/4/2003		5/4/2003	
	Outgoing	Incoming	Outgoing	Incoming
J/4	Dawei	CCT/2	B Bodor	J/3
J/10	K Naga	CCT/3	Ana	J/9
J/12	K Berjaya	J/12	Ruhunupura	Taraman Bibi
DOJ:	Vishwdoot	J/7	DS Pioneer	B Delapan
J/3	T Bibi	J/8	An Shun Jiang	
		J/9	Pavonis	
		J/4	Hang Sun	
		RM/5	Orontes	
		J/9	Dok Chon	
J/13	Kota Cahaya	J/13	Xp Resolve	
CCT/1	Asimont	J/11	B Bijoy	
RM/4	Filma	CCT/1	Mardios	
	Gaz Master	J/3	Apollo Lima	
			Thanh Son	
			B Bonik	
			Dok Chon	
			B Jyoty	

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

STOCK