

OPEC won't recognise US as Iraqi representative

AFP, Moscow

The Organization of Petroleum Exporting Countries (OPEC) will not recognize the United States as a representative of Iraq on oil-related matters, OPEC President Abdallah al-Attiyah said here Wednesday.

OPEC "will not speak with the United States as a representative of Iraq in the area of oil," Attiyah told a Russian news agency.

"We will wait for the time when we can speak with the national government of Iraq."

"OPEC is not a political organization but a professional organization of oil exporters," he said.

US-led forces overthrew the government of Iraqi President Saddam Hussein on April 9 and are currently occupying the country, which controls the world's second largest oil reserves.

EU growth slows to zero

AFP, Brussels

The European Union's economic growth has slowed to zero, new data indicated Thursday, fuelling fears of a slide towards recession, already confirmed in EU heavy-weight Germany.

But the European Commission, while admitting the data was "disappointing," maintained its forecast of a tentative recovery in the second half of the year.

The EU executive reiterated that gross domestic product (GDP) should grow by between zero and 0.4 per cent in the second and third quarters, saying that the "fog of war" after the Iraq conflict was

clouding the latest data.

"There is no reason at this stage, particularly given that these date are influenced by the fog of war, to change our overall scenario for 2003," said commission spokesman Gerassimos Thomas.

According to Eurostat, the EU's statistics agency, GDP growth slowed to zero in both the 12-country euro zone and the 15-member EU in the first three months of 2003, compared to the previous quarter.

"The data are slightly disappointing, slight surprising," said Thomas, admitting that the commission had hoped that growth

had stayed in the black. But the figures confirmed that two countries -- Germany and the Netherlands -- are already technically in recession, having suffered two successive quarters of zero or negative growth.

Germany's GDP contracted by 0.2 per cent, the Netherlands by 0.3 per cent and Italy by 0.1 per cent, according to the Eurostat estimates, based on preliminary data.

Eurostat put first quarter year-on-year growth in the euro zone -- excluding Britain, Denmark and Sweden -- at 0.8 per cent and at 1.0 per cent in the full EU.



PHOTO: SINGER

Khurshid Alam, former director of Singer Bangladesh Limited, inaugurates the 84th showroom cum sales centre of Singer at Kanchpur, Narayanganj on Wednesday. Singer's Manufacturing Director Mosharrif Hossain, Marketing Director MA Siddiqui, Human Resources Director Mukhlesur Rahman and other officials were present.

Weekly Currency Roundup

May 10 May 14, 2003

Local FX Market

US dollar was under pressure against taka this week as liquidity position was very tight in the market. Though at the end, the downfall of USD against taka stabilized as multinational companies bought dollars to remit profit and pay for imports.

Money Market

Bangladesh Bank borrowed BDT 2,465 million by the Treasury bill auction held on Sunday, which was slightly higher than the previous week. Weighted average yield of 28-D bill was up by 3 bps to 7.84 per cent, while yield of 5-yr bill dropped by 1 bps to 11.42 per cent.

The call money rate was volatile this week and ranged between 10.00 and 30.00 per cent. It ranged between 10.00 and 13.00 per cent at the beginning of the week. Then call money rates jumped due to liquidity shortages following Sunday's auction of Treasury Bills. Later the rates eased as the liquidity condition improved following the injection of funds through repo bidding and maturity of T-bills.

International FX Market

The dollar continued to loose ground on Monday, hitting its weakest level against the euro in over four years as traders jumped on comments from US Treasury Secretary John Snow that a cheap dollar would help US exports. The US currency fell one percent to beyond \$1.16 per euro in early European trade. The dollar also fell against the yen to below 116.60 yen and hit multi-year lows against the Australian and New Zealand dollar. Euro's gain against the dollar also lifted the single currency to a record high against the yen, at 135.50.

The dollar then fought back from recent losses with the help of the Bank of Japan on Tuesday, after a fresh set of comments from U.S. Treasury Secretary John Snow sent it reeling. There was no confirmation from Japanese authorities that they had intervened but traders in Tokyo said they saw the central bank buying dollars for yen after the greenback was knocked a yen lower by Snow. Against the euro, the yen was a third of per cent up on the day.

Later in the week, US dollar held on to the previous session's gains on the euro after pulling from four-year lows, drawing support from market fears about Japanese intervention. Investors were also looking at fresh comments from US Treasury Secretary John Snow, who reaffirmed his administration's "strong dollar" policy after sparked bouts of dollar selling earlier this week by casting doubts over it. Dollar was slightly down against the euro from the previous session. Dollar/yen hugged in tight trading ranges with markets apprehensive about testing Japan's resolve to intervene in the market after traders detected the Bank of Japan selling yen for dollars in the previous session.

At 1530 hours on Wednesday, euro was at 1.1493/97, GBP at 1.6082/85 and yen at 116.67/70 against the dollar.

--- STANDARD CHARTERED BANK

UK's euro decision June 9

AFP, London

The British government will announce on June 9 whether the country has passed five self-imposed economic tests for joining the euro zone, the prime minister's office said on Thursday.

The announcement will be made after a special cabinet session on June 5 or 6, Tony Blair's official spokesman said.

That meeting will follow a series of sessions between individual cabinet members and Prime Minister Tony Blair and Chancellor of the Exchequer Gordon Brown.

If the tests are deemed to have been passed the issue will be put to

a referendum, the government has said previously.

Blair outlined the timetable to ministers at their regular weekly meeting on Thursday morning, his spokesman said.

"The Prime Minister set out the process by which Cabinet will reach a final decision on the euro in line with the Government's policy that it would be a Cabinet decision," he said.

The announcement puts an end to weeks of speculation over the timing of the decision, which had been due before June 7.

It is widely expected that Brown will announce the five tests have not been met, with speculation

now centred on whether or not he will leave open the possibility of a referendum before the next general election, due by mid-2006 at the latest.

Pro-euro campaigners have criticised the government for not providing a clear timetable for euro entry, saying Britain risks becoming sidelined in Europe, much of which adopted euro cash as a single currency at the start of 2002.

Many experts portray the decision as a personal struggle between the generally euro-sceptic Brown and his prime minister, who has spoken out strongly in favour of eventual membership.



Ahmed Kabir, country manager of Arla Foods in Bangladesh, hands over prizes to the winners of Dano Display Contest organised in Sylhet recently. Morshed Moslem, marketing manager, M Siddik A Sakur, distributor of Dano in Sylhet, and other officials of Arla Foods attended the function, where 50 retailers of Dano were awarded.

STOCK

Cathay grounds 6 more planes

SARS continues to hit

AFP, Hong Kong

Hong Kong flag carrier Cathay Pacific said on Friday it has grounded six more aircraft because of a plunge in passenger demand due to the outbreak of SARS.

The company had previously grounded 16 aircraft due to the dramatic downturn in passenger numbers resulting from Severe Acute Respiratory Syndrome (SARS) and the sluggish economy, taking the total to 22.

Cathay currently operates a fleet of 79 aircraft, comprised of 68 passenger planes and 11 freighters.

Cathay's Director of Corporate Development, Tony Tyler, said the airline had grounded the aircraft because of falling passenger demand.

He added that while while Cathay could not promise to retain all jobs in the firm, lay-offs and salary cuts would be the last resort.

Hong Kong has been one of the cities hardest hit by SARS, with 234 deaths and more than 1,700 infections as of Thursday.

The decision of the World Health Organisation (WHO) to issue a unprecedented warning against travel to the city on April 2 badly hit Hong Kong, with its two

airlines -- Cathay Pacific and Dragonair -- forced to slash flights and ask staff to take leave in an effort to staunch the losses.

Cathay Chairman James Hughes-Hallett, said Wednesday the firm was facing the biggest commercial challenge since its establishment following the outbreak of SARS which has hit the tourism and travel industries and devastated passenger volumes.

The airline has been losing five million \$US dollars a day since SARS struck to 20 per cent of its destinations, compared with a loss of 3.0 million dollars at the beginning of the SARS outbreak in the region in March.

Japan to resume trade insurance for Iraq deals

AFP, Tokyo

The Japanese government on Friday decided to resume giving short-term credit insurance for exports to Iraq to help reconstruct the war-ravaged country, the trade ministry said.

The move is aimed at "promoting Japanese companies' contribution to rehabilitation programmes," the ministry said in a statement.

Insurance will be available from Monday for exporting materials as humanitarian aid or for reconstruction work carried out under the auspices of international organisations such as the United Nations or as primary contractors of third countries.