

## ECB appears to cut rate as euro soars to all-time highs

AFP, Frankfurt

As the euro soared to all-time highs against the dollar on Tuesday, putting the squeeze on European exporters, the European Central Bank appeared to be preparing to come to the rescue and cut euro-zone interest rates, perhaps as soon as next week.

In comments made to journalists at a dinner late Monday but only released for publication on Tuesday, Papademos said that if the ECB believed it could reach its medium-term objective of bringing inflation down below 2.0 per cent, "then it could be possible to change the stance of monetary policy to counterweight the forces that lead to a subdued economy."

The ECB last trimmed its key rates by a quarter of a percentage point to 2.50 per cent in March.

But it has so far remained deaf to persistent calls from euro-zone politicians for further monetary easing in the face of chronically

weak growth and the inexorable rise of the euro, which on Tuesday surged above 1.19 dollars.

By contrast, interest rates in the United States are only half as high as in Europe, but US growth is much stronger.

The guardian of the euro has always argued its main task is to keep a lid on inflation rather than take active measures to boost growth and employment.

However, Papademos said the conditions were now in place "for a further decline in inflation... and recent developments seem to confirm this favourable trend."

Such comments could therefore be seen as a signal of the ECB's willingness to lower borrowing costs in the single currency area fairly soon.

The bank's policy-setting governing council next meets to discuss interest rates on June 5.

Backing up his optimism regarding the inflation outlook,

Papademos pointed to the sluggish growth in the 12 countries that share the euro.

"Recent developments suggest that the actual rate growth may be a little less than the 1.0 per cent" the ECB had so far pencilled in for the current year, he said.

Indeed, both the German and Dutch economies are technically in recession following two consecutive quarters of negative growth and Italian gross domestic product (GDP) also contracted in the first quarter of this year.

Papademos also pointed out that the euro's spectacular rise in the dollar "should have a dampening effect on inflation" and the ECB's governing council "will take the exchange rate into account" when it meets next Thursday.

Furthermore, the euro's current strength would put the brakes on exports, one of the last remaining growth engines for the European economy, the ECB official noted.

"The further strengthening of the euro implies that, in the future, the recovery would have to depend more on domestic than external sources," he said.

Papademos rejected suggestions, however, that either the euro zone as a whole or Germany in particular was facing the possible threat of deflation.

The risks of such a scenario were "very small", he said.

Most ECB watchers are expecting the bank to cut its key rates by a quarter or even half of a percentage point on June 5.

A number of central bank chiefs -- including Dutchman Nout Wellink, Spain's Jaime Caruana, Germany's Ernst Welteke and Luxembourg's Yves Mersch -- have all appeared to hint at such a move in recent days, even if the ECB's President Wim Duisenberg and its chief economist Otmar Issing have appeared more cautious about the prospects for early rate cuts.

## Asian economies battling SARS hangover

AFP, Beijing

Asia reported just 22 new SARS cases Tuesday, but the epidemic continued to cast a shadow over the region's economy and a resurgence of the virus in Canada saw the country put back on the black list of SARS-hit areas.

Reports of 11 new probable and 23 suspect cases of Severe Acute Respiratory Syndrome saw Canada's major city of Toronto become the first place to be taken off and then put back on the World Health Organization's list of affected areas.

Canada is the country worst-hit by SARS outside of Asia and the re-emergence of the pneumonia-like respiratory virus sparked concerns that the global outbreak, thought to be fading, was gearing up for round two.

News across Asia was brighter with China reporting just nine new cases, all in the capital Beijing. It was the first time since mid-April that infections have not been reported elsewhere in China.

Four deaths were also reported in Beijing. China has now recorded a nationwide death toll of 321 from 5,322 cases.

Hong Kong also reported two new cases of SARS and two deaths, including a healthcare worker who was the fourth medical professional to succumb to the virus that has killed 269 people in the territory.

And Taiwan, which on Tuesday intensified investigations into senior hospital executives over alleged cover-ups of SARS infections, reported 11 new cases and four more deaths.

## CURRENCY

Following is yesterday's forex trading statement by Standard Chartered Bank

Sell		Currency	Buy		
TT/OD	BC		TT Clean	OD Sight Doc	OD Transfer
58.7300	58.7800	USD	57.8000	57.6302	57.5612
70.5230	70.5830	EUR	67.9901	67.7904	67.7093
97.1335	97.2162	GBP	94.1793	93.9027	93.7903
39.4607	39.4943	AUD	37.6509	37.6403	37.4954
0.5082	0.5087	JPY	0.4919	0.4904	0.4898
46.0736	46.1128	CHF	44.6608	44.5296	44.4763
7.5928	7.5992	SEK	7.4533	7.4314	7.4225
43.2092	43.2460	CAD	41.9388	41.8156	41.7655
7.5382	7.5446	HKD	7.4041	7.3823	7.3735

Local Interbank FX Trading:

Taka was closed slightly lower against the dollar in the interbank trade on Tuesday due to dollar shortfall led by fall in inward remittance by workers abroad and the long weekend in New York and London.

Local Money Market: Demand for call money remained unchanged. Call money rates ranged between 11.5 and 12.5 per cent.

International Market: Euro kept on rallying against US dollar and Japanese yen on Tuesday driven by

a large US trade deficit and attractive euro zone interest rates drawing more investments. Euro gained 13 per cent against the USD this year and traders still see scope for further gain. The market now awaits a rate cut from European Central Bank next week, which according to dealers may slow the pace of euro's rise. Meanwhile, USA is dealing with the possibility of deflation and hence, more probable rate cuts.

At 1630 hours on Tuesday, euro was at 1.1895/97, GBP at 1.6423/28 and yen at 116.70/78 against the dollar.

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## SHIPPING

### Chittagong port

Berthing position and performance of vessels as on 27/5/2003.

Berth No	Name of vessels	Cargo	L Port call	Local agent	Date of arrival	Leaving	Import disch
J/1	Eltanin	Rice	Kand	Total	8/5	2/6	983
J/2	Pearl	Rice	Kaki	Mutual	2/5	28/5	1143
J/3	Banglar Doot	GI	Mumb	Royal	25/5	30/5	15590
J/4	Hua Tuo	GI	Novor	RSA	24/5	28/5	2550
J/5	Sonali	Rice/S Ash	Kand	OWSL	18/5	2/6	927
J/6	Mu Du Bong	Rice	Kand	Able	6/5	28/5	1078
J/7	Taraman Bibi	Rice	Kaki	QWSL	24/5	28/5	696
J/8	Caplain Michale	GI	Sing	Litmond	12/5	30/5	1462
J/9	Pyong Yang-813	Sug/Rice	Kand	Able	20/5	1/6	1404
J/10	Jat Na Mu	Wheat	Viza	Uniship	R/A	3/6	1164
J/11	Shun Winner	Clink	Indo	TOSL	22/5	5/6	1620
J/12	Jaami	Cont	Col	Everbest	24/5	28/5	119X
J/13	Banga Borat	Cont	-	Bdship	R/A	27/5	290/358
CCT/1	Banglar Shikha	Cont	Sing	BSC	24/5	29/5	217/164
CCT/2	Kota Berjaya	Cont	Sing	Pi(BD)	27/5	30/5	655/800
CCT/3	Banglar Bodor	Cont	P Kel	Bdship	25/5	29/5	400/500

### Vessels due at outer anchorage

Name of vessels	Date of Arrival	L Port call	Local agent	Cargo	Loading port
QC Honour	27/5	P Kel	QCSL	Cont	Sing
Skopelos	27/5	Fujai	JF	For Scraping	
Liberty Spirit	28/5	Kada	Lams	Wheat	
Banga Birol	28/5	Mong	Baridhi	Cont	Sing
Ocean Pride	29/5	Yang	PSAL	GI	
Xpress Manaslu	28/5	P Kel	RSL	Cont	Sing
Banga Borak	29/5	P Kel	Bdship	Cont	Sing
Amanat Shah	28/5	Bedi	CLA	Rice	
Chieftain-II	30/5	P Kel	PCL	Clink	
Tai An Cheng	28/5	Tamp	Litmond	GTSP (P)	
QC Lark	29/5	P Kel	QCSL	Cont	P Kel
Arctic Blue	30/5	Sing	JF	For Scraping	
Banga Bijoy	31/5	P Kel	Baridhi	Cont	Col
Banga Borti	31/5	Coli	Bdship	Cont	Sing
Kota Singa	30/5	Sing	Pi(BD)	Cont	Sing
Banga Lanka	30/5	-	Baridhi	Cont	Sing

### Tanker due

Nil

### Vessels at Kutubdia

Name of vessels	Cargo	Last Port call	Local agent	Date of arrival
Barge: S-657	P Cargo	Kol	Sakhi	21/2

### Outside Port Limit

Nil

### Vessels at outer anchorage

#### Vessels ready

Name of vessels	Cargo	Last Port call	Local agent	Date of arrival
Al Monsoor	Rice	Kaki	Total	8/5
Pho Thae	Rice	Kaki	Able	20/5
Kwa Mo Bong	Sug/Rice	Chand	SSTL	22/5
Eco Vision	R SWT(P)	Sing	USL	21/5
Bright Moon	TSP (P)	Belhat	Unique	25/5
Al Muztuba	Rice/WT	Kaki	CLA	25/5
Siam Bhavas	CPO	Pasi	Rainbow	26/5

#### Vessels not ready

Name of vessels	Cargo	Last Port call	Local agent	Date of arrival
High Rider	HSD	Mina	MSTPL	26/5

#### Vessels Awaiting Employment/Instruction

Name of vessels	Cargo	Last Port call	Local agent	Date of arrival
Banglar Shourabh	-	-	BSC	R/A (18/5)

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



## HSBC, DESCO sign deal on electricity bill collection

The Hong Kong and Shanghai Banking Corporation Limited (HSBC) in Bangladesh signed an agreement with Dhaka Electric Supply Company Ltd (DESCO) on electricity bill payment in Dhaka on Monday, says a press release.

Under the deal, customers of DESCO who have accounts with HSBC can pay their monthly electricity bills through the bank.

Kamal Ahsan, manager (payments and cash management) of HSBC in Bangladesh, and A H M Nurul Huda, company secretary of DESCO, signed the agreement on behalf of their companies.

David JH Griffiths, CEO, and Adil Islam, corporate banking head of HSBC in Bangladesh, and Saleh Ahmed, managing director, and Md Showkat Hossain, director (Finance) of DESCO, were present at the ceremony.

PHOTO: HSBC  
Kamal Ahsan, manager (Payments and Cash Management) of HSBC in Bangladesh, and AHM Nurul Huda, company secretary of Dhaka Electric Supply Company Ltd (DESCO), sign an agreement in Dhaka on Monday. Under the deal, DESCO customers having accounts with HSBC can pay their electricity bills through the bank. David JH Griffiths, CEO of HSBC in Bangladesh, and Saleh Ahmed, managing director of DESCO, were present.

## STOCK