

ECB turns cautious on growth, shifts stance on rate cut

REUTERS, Frankfurt

European monetary officials are increasingly nervous about consumer gloom and glitches in the global economic recovery, and a further weakening could put a euro zone interest rate cut back on the agenda this summer.

European Central Bank policymakers have repeatedly stressed their belief that interest rates, at 2.0 percent, are "appropriate" and not standing in the way of a recovery.

But a euro zone central banker, as well as fund managers and financial advisers who speak regularly to ECB officials, say there had been a slight shift in ECB thinking in recent weeks toward heightened caution.

Any interest rate cut would be reluctantly embraced and many months away. Some major investors are penciling in a move in June or September, a call reflected in financial futures. ECB policymakers would want firm evidence first that the recovery is in jeopardy before easing credit that is already very cheap.

"Growth would have to really slow dramatically for them to

admit they got it wrong," said one financial industry source who talks regularly to the ECB. Moreover, the ECB has given itself room to stay on hold longer by keeping its economic growth forecasts on the conservative side.

But several money advisers said their reading from discussions with ECB policymakers is that the central bank would opt for a half percentage point cut to 1.50 per cent to maximise the impact, should it decide that action is necessary.

ECB policymakers have hoisted some early warning flags already. The latest was Executive Board member Otmar Issing, usually a hawk. "Sustainable, strong euro zone growth is scarcely imaginable without a clear recovery in consumption," he said in an interview published on Monday.

All year ECB President Jean-Claude Trichet has urged consumers to cast aside caution and spend. But Issing's comments were more cautionary and highlighted a point largely overlooked in Trichet's news conference 12 days ago.

After the ECB decided to hold

rates steady on March 4, Trichet cited two risks to an otherwise balanced outlook: private consumption and world imbalances.

Both of these risks are to the downside, one euro zone central banker pointed out. In the previous five months the ECB had cited only one downside risk world imbalances and in March Trichet notably avoided citing any upside risks that might dilute this wary message.

The central banker added that it remains too early to draw any conclusions about the ECB's monetary stance in the future. Even disappointingly weak US employment data for February require more back-up evidence that there is a serious danger of a global slowdown before the ECB would consider a cut.

But the emphasis has shifted, even as the ECB remains in a wait-and-see mode, a fund manager with close ECB ties said.

The ECB's official scenario is for a gradual recovery where growth reaches roughly 1.5 to 1.6 percent this year, up from 0.6 per cent in 2003, and about 2.4 per cent next year.

Senator urges Bush to begin free trade talks with Japan

REUTERS, Washington

A Democratic senator urged the Bush administration Monday to reverse course and begin exploring the possibility of a free trade pact with Japan.

"A lot of American business is interested in something like this," Montana Sen. Max Baucus told reporters in a telephone call from China after a day of meetings in Tokyo.

"When I talked to Keidanren (a leading Japanese business lobby), they too seemed quite interested," he said.

Baucus, the top Democrat on the influential Senate Finance Committee, accused the Bush administration of spending too much time negotiating free trade agreements with small countries, such as Morocco and Bahrain.

"I think United States is incorrectly... not focusing on countries with great commercial value," he said.

US Trade Representative Robert Zoellick repeatedly has dismissed the possibility of negotiating a free trade agreement with Japan on the grounds that Tokyo would be unwilling to negotiate on agricultural issues.

However, Baucus said he detected some Japanese government interest in a free trade pact with the United States.



PHOTO: BANGLADESH JUTE SPINNERS ASSOC

Bangladesh Jute Spinners Association Chairman Ahmed Hossain (centre) speaks at the 25th annual general meeting of the association held in Dhaka yesterday. Vice-chairman of the association Mahmudul Huq (right) and Secretary Shahidul Karim (left) are also seen in the picture.

CURRENCY

Following is Tuesday's (March 16, 2004) forex trading statement by Standard Chartered Bank

TT/OD	BC	Currency	TT Clean	OD Sight Doc	OD Transfer
59.3000	59.3500	USD	58.4050	58.2334	58.1637
73.4371	73.4990	EUR	70.8978	70.6896	70.6050
107.6532	107.7440	GBP	104.5975	104.2903	104.1655
44.4631	44.5006	AUD	42.3611	42.2367	42.1862
0.5456	0.5461	JPY	0.5266	0.5251	0.5245
46.9368	46.9764	CHF	45.3043	45.2510	45.1968
7.8673	7.8740	SEK	7.2711	7.2497	7.2411
44.8529	44.8907	CAD	43.4109	43.2834	43.2316
7.6175	7.6239	HKD	7.4881	7.4661	7.4572
34.8967	34.9281	SGD	34.0693	33.9692	33.9286
16.2765	16.2902	AED	15.7732	15.7269	15.7090
15.9400	15.9534	SAR	15.4511	15.4057	15.3872
10.1705	10.1791	DKK	9.2331	9.2060	9.1950
201.9205	202.0907	KWD	191.1283	190.5670	190.3389

Exchange rates of some currencies against US dollar

Indian rupee	Pak rupee	Lankan rupee	Thai bath	Nor kroner	NZ dollar	Malaysian ringit
45.225	57.36	97.55	39.535	6.9135	0.6983	3.80

Local Interbank FX Trading

Local interbank market was active. Dollar ended slightly weaker against the Bangladeshi taka due to increase in supply of the greenback.

Local Money Market

Money market was active. Call money rate remained unchanged between 6.00 and 6.25 percent. Central bank rejected 1.5b taka repo.

International Market

The dollar fell towards the previous day's two-week low against the yen on Tuesday after an influential newspaper said Tokyo

could end its aggressive yen-selling intervention policy by the end of March. A report in the Nikkei Financial Daily centering on comments by a senior Bank of Japan official also said some central bankers were predicting upward pressure on the yen would abate from April. But the officials denied any change in currency policy, with finance minister Sadakazu Tanigaki and top financial diplomat Zembai Mizoguchi repeating Japan will act against sudden FX moves. Against the euro, the dollar fell by half-a-percent.

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PHOTO: ROMASK LTD

Dealers night of Maple International Limited, channel partner of Aktel cellular phone, was held on Friday in Dhaka. Among others, Telekom Malaysia International, Bangladesh Managing Director Nasir Bin Baharom, Executive Director and Chief Finance Officer of Siemens Bangladesh Limited Christian Laufer and Managing Director of Maple International Md Shawquat Azim were present.

Indonesia considers BP for oil imports

REUTERS, Jakarta

Indonesia may soon grant a licence for oil major BP Plc to import and retail oil products in the country as part of plans to open the domestic market to foreign companies, an official said Tuesday.

Imports into Asia's only OPEC member already meet about 25 percent of the country's consumption of oil products.

The government has granted licence to BP's rival Royal Dutch/Shell Group and five other companies, paving the way for private direct imports into the country of 220 million people.

SHIPPING

Chittagong port

Berthing position and performance of vessels as on 16/03/2004.

Berth no.	Name of vessels	Cargo	L. Port call	Local agent	Dt of arrival	Leaving	Import disch
J/1	Pathein	Wheat (P)	Kaki	GPSL	9/3	20/3	691
J/2	Hlone Ywa	Black	Yang	Total	5/3	16/3	155
J/3	Mongla	Wheat (P)	Tuli	Able	10/3	16/3	173
J/4	Ocean Pride	Gi	Yang	PSAL	12/3	28/3	865
J/5	Banga Barta	Gi (S. Ash)	Mumb	Baridhi	15/3	20/3	--
J/6	Mercs Kirinda	Wheat (P)	Tuti	Able	12/3	18/3	--
J/7	Banga Borti	Cont	Mala	Bdship	15/3	17/3	--
J/8	Orient Excellence	Cont	Sing	PSSL	15/3	18/3	--
J/9	Kota Naga	Cont	Sing	Pil (Bd)	14/3	18/3	445
J/10	Kota Naga	Cont	Sing	Pil (Bd)	14/3	17/3	336
J/11	Kota Berjaya	Cont	Sing	Pil (Bd)	13/3	17/3	190

Vessels due at outer anchorage

Name of vessels	Date of arrival	L. Port call	Local agent	Cargo	Load port
Sittwe (Liner)	16/3	Hald	Everett	Gi (St.C)	-
Adygeja	16/3	--	Ahz	--	-
Oc Honour	17/3	P. Kel	QCSL	Cont	Sing
Banga Borat	18/3	Sing	Bdship	Cont	Pip/Pkl/Sing
Orient Freedom	18/3	P. Kel	PSSL	Cont	Sing
Kota Singa	18/3	Sing	Pil (Bd)	Cont	Mgl/Sing
Hpaan	18/3	Yang	MTA	Gi (Log)	-
Fu Shen	18/3	Yang	Mutual	Gi (Log)	-
Mardios	19/3	P. Kel	RSL	Cont	Sing
Xpress Resolve	19/3	--	Everbest	Cont	Col
Oc Dignity	20/3	P. Kel	QCSL	Cont	Sing
An Long Jiang	20/3	Hanjin	Bdship	Gi	-
Banga Bijoy	21/3	--	Baridhi	Cont	Col
Banglar Shikha	21/3	Sing	BSC	Cont	Sing
Dong Tai Fortune	20/3	Sing	Pil (Bd)	Cont	Sing

Tanker due

Name of vessels	Date of arrival	Local agent	Cargo	Load port
Siam Supha	17/3	Dumai	USL	CPC(RM/3/4)
Al Sabiyah	20/3	Kuwa	MSTPL	HSD/RM

Vessels At Kutubdia

Name of vessels	Cargo	Last Port call	Local agent	Date of arrival
Banglar Doot	Gi (HRC)	Pusan	Prog	16/3
New Blessing	Cont	P. Kel	Seaborne	16/3
Kota Cahaya	Cont	Sing	Pil (Bd)	16/3

Vessels ready

Name of vessels	Cargo	Last Port call	Local agent	Date of arrival
Amanat Shah	Rice/WI	Viza	Cia	12/3
Tank Oil	CPO	Dumai	USL	14/3
Bosowa Delapan	Clink	Kant	BSL	14/3
Maritime Chiangmai	Clink	Indo	BSL	15/3

Vessels not ready

Name of vessels	Cargo	Last Port call	Local agent	Date of arrival
Bangla Biraj	--	--	Bdship	R/A(29/12)
Salamat-1	--	--	Olm	R/A(13/3)
Ventura	--	--	BMA	R/A(14/3)
Banglar Jyoti	--	--	BSC	R/A(15/3)

Vessels awaiting employment/instruction

Name of vessels	Cargo	Last Port call	Local agent	Date of arrival
Bangla Biraj	--	--	Bdship	R/A(29/12)
Salamat-1	--	--	Olm	R/A(13/3)
Ventura	--	--	BMA	R/A(14/3)
Banglar Jyoti	--	--	BSC	R/A(15/3)

Vessels not entering

Name of vessels	Cargo	Last Port call	Local agent	Date of arrival
Ceije	Fert (F.M.P)	Sing	ANGL	16/3
Blue Sea	Clink	Lumut	Move	13/3
Bosowa Delapan	Clink	Kant	BSL	14/3
Santa Barbara	Clink	Kant	Uniship	15/3
Gulf Discovery	Scraping	Vae	Ahz	2/3
Tug Green Vilee-II	--	Sunga	Rkship	14/3

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

STOCK