

## G7, Opec grapple with energy prices, economic fallout

AFP, New York

Opec and its most voracious consumers, the Group of Seven industrialised powers, meet separately this weekend to wrestle with the global economic impact of runaway oil prices.

Organisation of Petroleum Exporting Countries ministers gather informally in Amsterdam Saturday, their agenda set by Saudi Arabia's call Friday for a substantial rise in output.

financial leaders of Britain, Canada, France, Germany, Italy, Japan and the United States will meet in New York to guard world activity from the perceived energy price threat.

"Oil prices, and a call for Opec to raise output, will top the agenda," said Lehman Brothers economist John Dew.

Treasury Secretary John Snow hosts a dinner late Saturday followed by formal talks with his G7 partners Sunday. The meeting lays the groundwork for economic talks of leaders of the Group of Eight --

the G7 plus Russia -- in the southern US state of Georgia from June 8 to 10.

"We will do a lot better, and so will the world economy, at (oil) prices that are more moderate," Snow told Fox television news Friday.

He described as "welcome news" Saudi Arabia's announcement a few hours earlier that it would call for Opec to quench the world's thirst by raising output by more than two million barrels per day.

Saudi Arabian Oil Minister Ali al-Naimi said in Amsterdam he would

propose the increase "out of concern for market stability, supply continuity and the growth of the world economy -- especially for developing countries, which stand to be more adversely affected by the sudden and excessive oil price increase," he said.

The statement chilled the market. New York's benchmark contract, light sweet crude for delivery in July, fell 87 cents to close at 39.93 dollars. Brent North Sea crude oil for July delivery fell 75 cents to 36.51 dollars per barrel.



PHOTO: BGMEA

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Anisul Huq and Managing Director of Jiban Bima Corporation Syed Ataur Rahman sign a deal on behalf of their organisations yesterday in Dhaka to expand the group insurance facility for the officials, staff and workers of ready made garment industry.

## Balancing Indian budget

ANN/ THE STATESMAN

With a little over two months to go before the term of the interim budget comes to an end, one of the first tasks before the new government would be the presentation of the union Budget 2004-05.

The Congress-led coalition government would have to walk a fine edge to balance reforms with development as the budget is speculated to draw upon the Common Minimum Programme being prepared by the ally parties.

Preparations are obviously underway for drafting the budget, which is likely to be presented during the monsoon session of Parliament in July. And if the economic agenda outlined by the Prime Minister designate Manmohan Singh is anything to go by, social issues, including the interests of workers in the unorganised sector, and economic reforms, including privatisation, would find place.

The term of the interim budget ends on July 31. Which means the new government would have to present the union Budget before this date. For this exercise to take place during the monsoon session, as is being predicted, the Parliament would have to convene earlier than the scheduled date, in other words, late June or early July.

Another option before the coalition government would be to propose a second interim budget when Parliament meets briefly, perhaps for a week, after the new Cabinet is sworn in. In which case, the union Budget may be presented some time in September.

While the Budget would be finalised only after the next Finance Minister takes charge, the air is thick with speculations over its likely shape. Some sources allude to the Common Minimum Programme, which is likely to contain proposals for providing social safety net, particularly to the 37 crore workers in the unorganised sector. It is also expected to suggest a two per cent cess on salaries of employees of organised sector to fund a job insurance scheme.

However, Revenue Secretary Vineeta Rai said Budget preparations were not possible without the new ministry in place. "We are waiting for the directions from the new government (for preparing the budget)," she told reporters on the sidelines of conference on international taxation, organised by ASSOCHAM.

The new government is already under pressure to keep energy prices stable despite a rise in international oil prices, now at over 40 dollar a barrel. With the Left parties' reluctance to support any hike in diesel and LPG prices, the Prime Minister designate has already indicated that cross-subsidisation could be one of the options.

Manmohan Singh has promised economic reforms, including higher expenditure on social sectors and major investments in agriculture, irrigation and infrastructure, including continuation of the highway projects of the NDA government. But political pundits are wondering how the new government will propose to rustle up additional revenue.

## CURRENCY

Following is Saturday's (May 22, 2004) forex trading statement by Standard Chartered Bank

| Sell     |          | Buy      |          |              |             |
|----------|----------|----------|----------|--------------|-------------|
| TT/OD    | BC       | Currency | TT Clean | OD Sight Doc | OD Transfer |
| 60.9500  | 61.0000  | USD      | 59.4050  | 59.2305      | 59.1596     |
| 74.0969  | 74.1577  | EUR      | 70.3177  | 70.1112      | 70.0272     |
| 109.9416 | 110.0318 | GBP      | 105.3726 | 105.0631     | 104.9373    |
| 43.3659  | 43.4015  | AUD      | 40.7221  | 40.6025      | 40.5539     |
| 0.5473   | 0.5477   | JPY      | 0.5231   | 0.5215       | 0.5209      |
| 47.9242  | 47.9635  | CHF      | 45.9151  | 45.7803      | 45.7255     |
| 8.0317   | 8.0383   | SEK      | 7.4129   | 7.3912       | 7.3823      |
| 44.7241  | 44.7608  | CAD      | 42.8979  | 42.7719      | 42.7207     |
| 7.8321   | 7.8385   | HKD      | 7.6167   | 7.5943       | 7.5852      |
| 35.7583  | 35.7876  | SGD      | 34.4877  | 34.3864      | 34.3452     |
| 16.7298  | 16.7435  | AED      | 16.0433  | 15.9961      | 15.9770     |
| 16.3826  | 16.3961  | SAR      | 15.7156  | 15.6694      | 15.6507     |
| 10.2399  | 10.2483  | DKK      | 9.2084   | 9.1813       | 9.1703      |
| 207.5247 | 207.6949 | KWD      | 193.6909 | 193.1220     | 192.8908    |

Exchange rates of some currencies against US dollar

| Indian rupee | Pak. rupee | Lankan rupee | Thai bath | Nor kroner | NZ dollar | Malaysian ringgit |
|--------------|------------|--------------|-----------|------------|-----------|-------------------|
| 45.235       | 57.725     | 99           | 40.775    | 6.8752     | 0.6590    | 3.80              |

### Local Interbank FX Trading

Local interbank market was subdued as the international market was closed. US dollar remained almost unchanged against Bangladesh taka.

### Local Money Market

Money market was active. Call money rate was rangebound and ranged between 3.75 and 4.25 per cent compared with 3.50 and 4.00 per cent previously.

### International Market

International market was closed on Saturday due to weekend. The dollar retraced some of its losses on Friday in a thinly traded market as traders took profits on the euro and yen and looked ahead to a weekend meeting of the finance ministers from leading economies. Sterling was up by about 0.6 per cent after scoring a two-week high as strong mortgage lending data bolstered market expectations that British interest rates would rise several more times over the course of the year. Surging oil prices near record highs have weighed on growth-sensitive Asian and high-yielding currencies.

This memorandum is issued by Standard Chartered Bank and is based on or derived from information generally available to the public from sources believed to be reliable. While all reasonable care has been taken in its preparation no responsibility or liability is accepted for errors of fact or any opinion expressed herein.

## ReadyCash Raffle Draw Winners

The latest ReadyCash Raffle draw was held at ReadyCash Bangladesh office at Dhanmondi in Dhaka on Saturday, says a press release.

| Prizes                                    | Name of Winners     | Card No          |
|---|---------------------|------------------|
| China Junction Chinese Free Lunch for Two | Md. Shimul          | 5047980000053045 |
| Tomboy Chinese Free Lunch Package         | Md. Bulu Miah       | 5047980010030930 |
| Great Wall Free Lunch/ Dinner for Two     | Md. Shawkat Hossain | 5047980000053013 |
| Florence Foods Free Gift Box              | Amir Uddin Khan     | 5047980000053039 |
| Everyday Everything FEDES free Gift Box   | Aminul Islam Maruf  | 5047980000052998 |
| Pabna Cloth Store free Gift Box           | Md. Aktar Hossain   | 5047980000053055 |
| Rainbow Free Lunch/ Dinner for Two        | Md. Folik Ahmed     | 5047980010030534 |
| Monorom Free Gift Box                     | Mohd Nasir Uddin    | 5047980010030560 |
| Step & Shop Free Gift Box                 | Md. Jasim Uddin     | 5047980010030613 |
| Senorita Free Gift Box                    | Md. Khosruzzaman    | 5047980010030614 |
| Kamal General Store free Gift Box         | Murtaja Hossain     | 5047980010030574 |
| Swiss free meal for Three                 | Md. Abdul Mannan    | 5047980010030535 |

Winners can collect their prizes from the Executive, Promotion of ReadyCash within 30 days of this news circulation by producing their ReadyCash card transaction vouchers. ReadyCash encourages its cardholders to read The Daily Star and the Daily Protho Alo on every Sunday or call our Customer Service at : 8123850, 8130497, and



May 19, 2004

PHOTO: JAGO CORPORATION LTD

Rabiul Islam, managing director of Jago Corporation Limited, and Sarwar Murshed, chief executive officer of Dhrubo MC, sign an agreement on behalf of their organisations in Dhaka recently. Under the deal, Dhrubo MC will promote sales of Jago's manufactured and distributed products through advertisement and promotional campaigns.



PHOTO: AQUA PAINTS

Managing Director of Aqua Paints Ramzul Seraj hands over an award to a dealer of the company at a function held to distribute the target achievement awards and certificates among the dealers who met the annual sales target for 2003 on Thursday. Director of Aqua Paints Sajedur Seraj and Technical Adviser Emdadul Huq are also seen.

## Pakistan eyes 6.5pc GDP growth

REUTERS, Islamabad

The Pakistan economy should expand by 6.5 percent in the next financial year beginning on July 1 on the back of strong farm and industrial growth, the country's finance minister said Saturday.

Speaking at a meeting on the preparation of annual budget for fiscal 2004/05 (July-June), Shaukat Aziz said strong growth registered by the country in two successive fiscal years had set the stage for achieving higher growth on a sustained basis.

In the current fiscal year, the economy is expected to grow more than six percent, outpacing the original target of 5.3 percent. It grew 5.1 percent in 2002/03.

"In 2004/05 our growth target should be 6.5 percent," Aziz said. "Thereafter this growth momentum should move forward to eight percent."

Aziz, who is due to unveil the budget for the next financial year on June 5, said agriculture, housing and construction, oil and gas and information technology would play a major role in achieving the high growth targets.

A senior finance ministry official said earlier this week that the government would increase spending on agriculture and provide incentive for housing and construction in its next budget to try to boost economic growth.

## STOCK