DHAKA SUNDAY AUGUST1, 2004 E-mail: dsbusins@gononet.com

BB warns against illegal deposit collection

As a section of people and groups are engaged in collecting deposits from the public without authority, Bangladesh Bank (BB) vesterday warned them against this in violation of the existing laws related to banking and financial

Excepting the institutions set up under the Bank Company Act 1991, Financial Institutions Act 1994 and Grameen Bank Ordinance 1983, none can take deposits from the members of the public, said a central bank state-

Besides, the central bank said, cooperatives associations established under the Co-operatives Association Act

The White House said Friday the

federal budget deficit will grow to \$445

billion this fiscal year, a new record

likely to fuel election-year wrangles

about President George W Bush's

House's mid-session budget review, is

well above the 2003 shortfall of \$374

billion, the previous record in dollar

terms. But it is \$76 billion less than the

\$521 billion forecast for this year by

A top official from the nonpartisan

Congressional Budget office said

recently that CBO is expecting a short-

fall of less than \$450 billion for the fiscal

The Bush administration also

 $the \,White \,House \,in \,February.$

year, which ends on Sept 30.

The figure, released in the White

economic policies.

to \$445b this fiscal

2001, should only be allowed to receive deposits from its members and disburse loans among them as per provision of

No other individuals or institutions shall be allowed to receive deposits and disburse loans, said the BB statement which came in view of a rising trend of such banking activities carried out by some unauthorised bodies.

The central bank statement said it is an unlawful act and punishable offence to collect deposits from the public by any unauthorised body. Legal action would be taken against anybody engaged in such illegal activities, the BB



A man pulls a rickshaw-van carrying a basket of fish on a submerged road at Mugdapara in Dhaka yesterday with the fish trader pushing it from back to help the van-puller.

US budget deficit to rise | Air India to take 20 planes on lease

saying it expected real gross domestic product growth of 4.7 per cent this year, slowing to 3.7 percent in 2005. The White House in February forecast 2004 growth of 4.4 percent and 3.6 craft, an airline spokesman said percent next year.

It now expects an average unemployment rate of 5.5 percent in 2004, down from a 5.6 percent prior estimate, and it saw this rate declining to 5.3 percent next year.

revised up its projections for the

economy from February's forecasts,

The projections of faster GDP growth this year came just hours after the government said real GDP slowed to an annualised growth rate of 3.0 percent in the second quarter, from 4.5 percent in the first three months of 2004 after consumer spending growth dipped amid high energy prices.

India's flagship international carrier, state-run Air India, will take 20 planes on lease to add to its fleet of 30 air-

"We are leasing 20 aircraft. These will be starting from January," he

The airline will shortly be inviting tenders for the lease of the aircraft, he added, but did not specify the type of aircraft being sought.

Air India managing director V. Tulasidas said earlier this week the airline was planning to grow its fleet from 30 to 60 aircraft within two

IMF barely trims '04 forecast for US

AFP, Washington

The IMF on Friday barely shaved its outlook for solid US economic growth in 2004 but called for "decisive action" to cut a record budget deficit.

 $The \,International \,Monetary \,Fund, in \,$ an annual review of the economy predicted 4.5 percent US economic growth in 2004, trimming a threemonth-old forecast for 4.6-percent

For 2005, it forecast growth of 3.9

"Directors observed that the shortterm outlook for the US economy remains relatively favorable, although subject to some uncertainty," the IMF assessment said.

High energy prices were a risk, IMF

directors said in the report, a warning that coincided with a surge in New York's main oil contract to a record 43.85 dollars a barrel on Friday.

The IMF also showed caution over the low household saving rate and rapid recent increases in house prices.

Those risks were balanced by rapid productivity growth, which kept price pressures at bay, it said.

"Looking further ahead, however, most directors stressed that continued robust growth of the economy will require decisive action to strengthen the US fiscal position to avoid a crowding out of investment," the fund said.

Why are oil prices so high?

Crude oil prices have risen by about 30% this year to levels not seen since the early 1980s.

The latest rises are causing worries in importing countries about the economic cost of higher energy prices.

Higher fuel prices can cause unwelcome rises in inflation, restrict economic growth and are unpopular with

Major oil exporters are divided between those such as Saudi Arabia and Kuwait that favour lifting output in an attempt to ease prices, and those such as Venezuela that argue against conciliatory moves towards big consumers, principally the US.

The price of US-traded light, sweet crude rose on 28 July to as much as \$43.05 a barrel while UK-traded Brent crude from the North Sea reached about \$40 a barrel.

BBC News Online explains why prices are so high. RISING DEMAND

Global economic expansion is driving what the International Energy Agency says is the biggest increase in oil demand for 16 years.

There is higher than expected demand in industrialised countries and China's rapidly expanding econ-

omy has created a huge demand boost.

US demand has risen because of strengthening economic recovery and greater need for higher grade crude oil suitable for processing into petrol (gasoline) for the fuel-hungry Sport Utility Vehicles (SUVs) popular with US drivers.

Chinese demand is up 20% over the

past year. Traders are betting this rapid

growth will continue for several years although there is some chance that the economy will "overheat" and oil demand growth will slacken. Among suppliers only Saudi Arabia

has significant spare capacity that it could make available to the market. **LOW STOCKS**

Oil companies have tried to become more efficient in recent years and

operate with lower stocks of crude oil. This means there is less of a cush-

ion in the market against supply interruptions Events such as violence in the Middle East, ethnic tension in Nigeria and strikes in Venezuela have had a greater

effect on prices in the past year than

might have been the case if stock levels

OPEC STRATEGY

The producers' cartel Opec accounts for about half of the world's crude oil exports and attempts to keep prices roughly where it wants them by trimming or lifting supplies to the market.

In the past, Opec ministers tended to wait for prices to dip before agreeing to cut output.

But Opec is now acting more aggressively, announcing production cuts to pre-empt any weakening in

International oil companies traditionally used times of seasonally weaker demand, when prices were

lower, to rebuild stocks. These windows now appear to have been closed.

Data error is an additional factor some analysts say.

Consumption forecasts by market experts turned out to be too low. The result was that producers kept supplies even tighter than was needed to prevent rebuilding of stocks.

CURRENCY

Following is Saturday's (July 31, 2004) forex trading statement by Standard Chartered Bank

Sell			Currency	Buy			
TT/OD	BC			TT	Clean	OD Sight Doc	OD Transfer
60.4500	60.5000		USD	58	.7550	58.5824	58.5123
73.6886	73.7495		EUR	69	.7422	69.5373	69.4541
111.1373	111.2293		GBP	106	.1409	105.8291	105.7025
43.4636	43.4995		AUD	40	.3647	40.2461	40.1980
0.5500	0.5505		JPY	0	.5236	0.5221	0.5215
47.5498	47.5891		CHF	45	.4303	45.2969	45.2426
7.8631	7.8696		SEK	7	.2423	7.2210	7.2123
45.8128	45.8500		CAD	43	.7980	43.6693	43.6171
7.7602	7.7667		HKD	7	.5232	7.5011	7.4922
35.3529	35.3822		SGD	34	.0037	34.9038	33.8632
16.5921	16.6058		AED	15	.8677	15.8211	15.8022
16.2487	16.2621		SAR	15	.5432	15.4976	15.4790
10.1812	10.1896		DKK	9	.1314	9.1046	9.0937
205.8363	206.0065		KWD	191.5841		191.0213	190.7927
Exchange rates of some currencies against US dollar							
Indian rupee	Pak rupee	Lan	nkan rupee	Thai bath	Nor kroner	r NZ dollar	Malaysian ringgit

41.300 7.0191 0.6864

Local Interbank FX Trading Local interbank market was active on Thursday. US dollar was steady

103.625

58.36

against Bangladeshi taka. **Local Money Market**

Money market was active. Call money rate was stable and ranged between 4.00 and 4.50 percent

International Market The dollar climbed against the euro US data as still positive overall head of next week's non-farm payrolls report. The Chicago purchasing management index bounced to 64.7 in July from 56.4 in June, against expectation of 59.0, giving the greenback strong ground. Dollar also rose against the Swiss franc, while remained nearly flat against sterling. Investors are also eyeing surging oil prices, which hit record peak on Friday.

on Friday as traders viewed the latest batch of

STOCK