

G7 ministers to look at deficits, growth, debt

AFP, London

With the dollar staging a modest recovery against the euro, Group of Seven finance chiefs at a meeting here this weekend are likely to grapple with massive deficits in the United States, anemic growth in Europe and poverty in Africa.

After posting sharp falls in the waning days of 2004, the dollar these past few weeks has stabilized at around 1.30 to the euro, easing some of the pressure on finance ministers and central bankers from Britain, Canada, France, Germany, Italy, Japan and the United States.

They are to convene here Friday and Saturday and, according to officials from Group members, are expected to adhere to an exchange rate statement they adopted one year ago at a meeting in Boca

Raton, Florida.

That declaration found "excess volatility and disorderly movements in exchange rates" to be "undesirable" and called for greater currency flexibility in countries where such an attribute is lacking, a subtle reference to certain Asian economies.

While the abrupt slide in the dollar may be temporarily checked, what are seen in some circles as the causes of dollar weakness -- the huge US budget and current account deficits -- remain as worrisome as ever, especially for Europe.

"We are convinced that the imbalances at the source of the dollar's structural decline -- in other words the swelling US current account deficit -- persist, and that everything must be done to remedy this," French Finance Minister Herve Gaymard said late last

month.

"Europe until now has borne too big a share in the adjustment," he said, adding that the G7 meeting here "will be therefore the occasion to discuss this question with all the partners to make precise commitments."

There is fear in the 12-member eurozone that a steadily sliding dollar and appreciating euro will act as a drag on eurozone exports, making them more expensive and less competitive, and eventually hamper economic recovery.

The broader concern is that foreign investors, unnerved by the persistent deficits in the United States, will begin to shun US assets and thereby trigger an even steeper fall in the dollar that would spark a sharp and growth-dampening rise in US interest rates.



Chairman of Green Delta Insurance Company Ltd AQM Nurul Absar addresses the company's Annual Conference-2004 on Wednesday in Dhaka. Other senior officials of the company also attended the conference.

Charities urge G7 to cancel poor countries' debts

REUTERS, London

Aid agencies Wednesday urged major developed countries to agree to cancel poor states' debts, saying more people die every week because of poverty than perished in the Asian tsunami.

The ActionAid, CAFOD and Oxfam charities made their plea ahead of a weekend meeting of policymakers from the Group of Seven countries in London.

Britain, as host, has pledged to make the debt of sub-Saharan Africa a key focus of the meeting.

The charities said in a joint statement that governments had proved their willingness to help other countries after the Dec. 26 Indian Ocean tidal wave disaster which killed some 300,000 people.

But they must do more to alleviate poverty around the world, particularly in Africa.

"Every week, poverty kills more people than died in the Asian tsunami. A child dies every three seconds from a preventable disease, and yet the world's poorest countries spend more on debt repayments ... than they do on health," the statement said.

Gillette quarterly profit up 13pc

REUTERS, New York

Gillette Co on Thursday said fourth-quarter profit climbed 13 percent as consumers traded up to high-end products such as its M3Power razor and Oral-B Sonic Complete toothbrush.

Profit at the world's largest razor and battery company, which last week agreed to be bought by Procter & Gamble Co, rose to \$415 million, or 41 cents per share, from \$368 million, or 36 cents a share, a year earlier.

Analysts, on average, expected Boston-based Gillette to earn 41 cents per share, according to Reuters Estimates.

Sales jumped 19 percent to \$3.11 billion, helped in part by two extra selling days in the quarter compared with a year earlier. Favorable foreign exchange contributed 4 percentage points of the sales growth, the company said.

Analysts, on average, had forecast revenue of \$2.86 billion.

China tweaks tariffs to quell inflation

REUTERS, Shanghai

A series of tariff changes imposed by China to quell its booming commodities trade may well be Beijing's way of controlling inflation and saving jobs on the farm without touching the exchange rate.

The changes would make domestic power and metals cheaper and support agricultural product prices, achieving an effect similar to a yuan appreciation but without the potential damage to China's trade competitiveness or fragile financial system.

From Jan. 1, China raised the cost of exporting key metals and the cheapest clothing, lowered the cost of exporting corn, scrapped incentives for importing wheat and suspended import tariffs on copper, cotton and other goods from 25 African countries.

"The tariff changes allow them to cool specific sectors and limit specific exports. The results are the same as an appreciation but tariffs are a better tool," argued metals analyst Wang Qianming of China Southern Securities.

Western countries have protested that China's yuan pegged near 8.28 to the dollar since the 1997-98 Asian financial crisis is artificially undervalued, taking away millions of manufacturing jobs and swelling trade deficits.

Party officials fear a revaluation could unhinge an insular banking system burdened with \$200 billion in sour loans.

A yuan appreciation would also make it more difficult to create jobs for millions of migrant workers, deputy central bank governor Li Ruogu said during the World Economic Forum in Davos.

Andy Xie, an economist with Morgan Stanley, said China had

realised that instead of subsidising raw materials exports it should keep those products in China, where domestic manufacturers could use them, supporting employment.

"The Chinese government's one concern is to create jobs. Everything else is subservient."

The tariff tweaks put forward the latest example of Beijing's use of administrative steps to slow the world's seventh-largest economy before it chokes on over-capacity.

Last year, the central government ordered to banks to curb lending and restricted land use to cool red-hot growth, which nonetheless hit 9.5 per cent the fastest since 1996.

The dollar has fallen 49 per cent against the euro since the end of 2001 making Chinese exports cheaper but raising the price of metals and oil that the country buys.

Now, export-tariff changes make metals cheaper and have the added benefit of curbing the electricity-intensive processing of aluminium, which caused power shortages. Those shortages lifted manufacturing costs and forced plants to scale back output in 2004.

On Jan. 1, Beijing imposed a 5 per cent tax on aluminium exports and removed an 8 per cent tax rebate for smelters that import alumina the raw material for aluminium and export the metal. Small and inefficient smelters would be shut.

"The China government's message is that it cares about the quality of fixed-asset investment," metals industry consultant Michael Komisaroff said.

"For the same energy a smelter uses, you can employ 100 times the people in auto fabrication, or 80 times in a rolling mill."



Dr Mizanur Rahman Shelley, chairman of Premier Leasing International Ltd, presides over the extra-ordinary general meeting of the company on Tuesday in Dhaka. RA Howlader, consultant, Mohammad Hafiz Ahmed, managing director, and shareholders of the company, were also present at the meeting.

Bush promises tight budget, to slash 150 programmes

REUTERS, Washington

President George W. Bush said Wednesday that his fiscal 2006 budget would slash or eliminate more than 150 government programmes, and hold spending growth for many other programmes at below the rate of inflation.

Bush, in his State of the Union address, said the spending plan that he will send to Congress on Monday "stays on track to cut the deficit in half by 2009."

"America's prosperity requires reining the spending appetite of the federal government," Bush said. He told lawmakers that the budget that he will propose will call for holding the growth of discretionary spending "below inflation."

With the White House projecting inflation at about 2 percent, govern-

ment programmes subject to the cap would face the budgetary equivalent of a cut in spending from levels enacted in fiscal 2005. Bush last year proposed a budget totaling \$2.4 trillion for fiscal 2005.

The proposed cap would affect only about one-sixth of all federal spending since discretionary spending does not include automatic payments like Social Security and Medicare.

"My budget substantially reduces or eliminates more than 150 government programmes that are not getting results, or duplicate current efforts, or do not fulfill essential priorities. The principle here is clear: a taxpayer dollar must be spent wisely, or not at all," Bush said.

Bush has promised to halve the federal budget deficit by 2009 from a

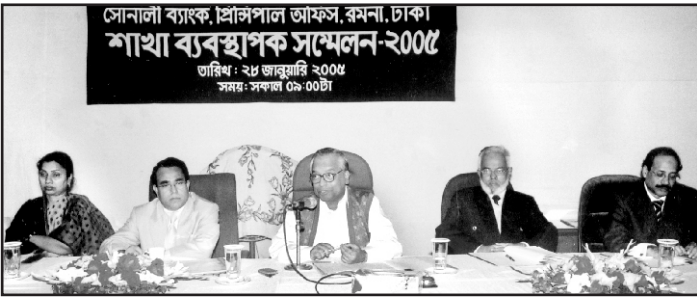
\$521 billion forecast he made in early 2004.

Critics have accused the White House of using an inflated forecast to make it easier for Bush to meet his deficit-reduction targets, a charge the White House denies.

Democrats say Bush's tax cuts, and war spending, have helped drive the deficit to record levels.

Analysts say achieving Bush's goal of cutting the deficit in half was made more difficult with the announcement last week the White House would seek \$80 billion in new funding this year for military operations in Iraq and Afghanistan.

The White House acknowledged the funding request would push the fiscal 2005 deficit to a record 427 billion.



Chairman of Sonali Bank Mahbub Ullah speaks at the bank's Branch Managers Conference-2005 held on Saturday in Dhaka. Managing Director M Tahmilur Rahman and other senior officials of the bank are also seen in the picture.

CURRENCY

Following is Thursday's (February 3, 2005) forex trading statement by Standard Chartered Bank

Sell		Buy			
TT/OD	BC	Currency	TT Clean	OD Sight Doc	OD Transfer
64.1000	64.1500	USD	62.7550	62.5707	62.4960
84.2466	84.3123	EUR	80.9540	80.7162	80.6199
121.5016	121.5963	GBP	117.4272	117.0822	116.9425
50.5300	50.5694	AUD	47.9511	47.8103	47.7532
0.6243	0.6248	JPY	0.5980	0.5962	0.5955
54.2852	54.3278	CHF	51.9839	51.8312	51.7694
9.6092	9.6167	SEK	8.5214	8.4964	8.4862
52.2711	52.3118	CAD	50.2120	50.0645	50.0048
8.2262	8.2326	HKD	8.0381	8.0145	8.0049
39.3155	39.3462	SGD	38.1397	38.0276	37.9823
17.5968	17.6106	AED	16.9503	16.9005	16.8803
17.2293	17.2428	SAR	16.6019	16.5531	16.5333
11.7230	11.7321	DKK	10.5207	10.4898	10.4773
220.1992	220.3710	KWD	207.1806	206.5720	206.3258

Exchange rates of some currencies against US dollar

Indian rupee	Pak. rupee	Lankan rupee	Thai baht	Nor kroner	NZ dollar	Malaysian ringgit
43.33	59.35	99.45	38.530	6.3409	0.7631	3.80

Local Interbank FX Trading

Local interbank FX market was active on Thursday despite hartal. Dollar continued to get stronger against BDT due to higher demand for the greenback.

Local Money Market

Money market was active. Call money rate continued to rise due to increased demand and ranged between 14.00 and 15.00 percent and compared with 10.00 and 12.00 percent previously.

International Market

The dollar gained half a yen but hardly moved against other major currencies on Thursday after a key address by President

George W Bush and a US interest rate rise gave no new cues to a market struggling for direction. As expected, the Federal Open Market Committee raised the fed funds rate by a quarter percentage point to 2.5 percent on Wednesday, its sixth rate rise since June. Euro eased slightly against the US. Market is currently focusing on major events still to come, which include US jobs figures for January and a speech by Federal Reserve Chairman Alan Greenspan on the US current account deficit on Friday as well as a weekend meeting of the Group of Seven Finance ministers in London.

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SHIPPING

Chittagong Port

Berthing position and performance of vessels as on 3/2/2005

Berth no.	Name of vessels	Cargo	L Port call	Local agent	Dt of arrival	Leaving	Import disch
J/1	Hpaan	Gl(y, Ma)	Yang	MTA	28/1	--	878
J/2	Powen	Clink	Vish	Olm	30/1	8/2	1990
J/3	Hanjai Calcutta	Wheat(p)	Argen	Jnship	17/1	4/2	1838
J/4	Al Muztuba	Gl(y, Maize)	Kaki	Cla	17/1	6/2	918
J/5	Magway	Gl(st, C)	Sing	Everest	30/1	3/2	2717
J/6	Yong Hang	Urap(p), Iron	Sing	Litmond	31/1	11/2	791
J/7	Content-4	Gl(log/y,ma/ Pulse)	Yang	Cla	31/1	7/2	1104
J/8	Pavonis	Gl(log/y, Ma/pul)	Yang	PML	31/1	8/2	534
J/9	Susan Anne	Gl(y, Ma)	Yang	Jnship	1/2	6/2	75
J/10	Atol	Sugar(p)	Santo	USL	15/1	4/2	1436
J/11	Banga Bonik	Cont	Col	Bdship	31/1	5/2	102
J/12	Kota Cahaya	Cont	Sing	PI(Bd)	30/1	5/2	118
J/13	Mellum	Cont	P. Kel	QCSSL	29/1	4/2	165
CCT/1	Banga Biraj	Cont	Sing	Bdship	30/1	6/2	155
CCT/2	Kota Tampan	Cont	Sing	PI(bd)	30/1	3/2	--
CCT/3	Mardios	Cont	P. Kel	RSL	29/1	3/2	82
CCJ:	Pha Shwe Gyawmya	Gl(y, Ma)	Yang	MTA	1/2	8/2	

Vessels due at outer anchorage

Name of vessels	Date of arrival	L port call	Local agent	Type of cargo	Loading ports
Achiever	3/2	Sin	RSL	Cont	Cal/hal
Lady Margaret	3/2	Sing	IBSA	Dr. Equip	--
Isola Turchese	3/2	Sing	Intraport	Scraping	
Qc Honour	3/2	P. Kel	QCSSL	Cont	Sing
Maris	4/2	Kant	Litmond	Clink	Shah
Qc Dignity	4/2	P. Kel	QCSSL	Clink	Sing
Xpress Resolve	5/2	Col	Everbest	Cont	Col
Oel Freedom	5/2	P. Kel	PSSL	Cont	Sing
Banga Lanka	5/2	Sin	Bdship	Cont	Sing
Kota Singa	5/2	Sing	PI(Bd)	Cont	Mong
Kyaw Yadanar	5/2	Yang	MTA	Gl(y, Maize)	--
Karendia-2	6/2	Rozza	Total	Wheat(p)	--
Banga Borak	7/2	P. Kel	Bdship	Cont	Sing/pkl
Dongtai Fortune	6/2	--	Nol	Cont	Sing
Xpress Manaslu	6/2	P. Kel	RSL	Cont	Sing
Asian Prosperity	7/2	Hong	OTL	Scraping	
An Yue Jiang	7/2	--	Cosco	GI	

Tanker due					
Sukura	3/2	Dumai	BSL	Cpol(RM/3)	
Salamat-3	4/2	Sing	Nishat	Bitumen(RM/3)	
Tank Oil	5/2	--	Rainbow	Co(RM/4	
Siam Supha	5/2	Dumai	Aeka	CPO(RM/4)	
Mado	7/2	Hald	MBL	Ammonia K/a	

Vessels at Kutubdia

Name of vessels	Cargo call	Last port	Local agent	Date of arrival
Outside port limit				
Rig Ocean Sovereign	--	Sing	Beeline	18/11
GulfdriII-9	Pr. Equip	Sing	IBSA	27/11
Dea Captain	--	--	IBSA	R/A(28/1)
Wira Kenis	Dr. Equip	Sing	IBSA	19/1

Vessels at outer anchorage

Vessels ready				
Oel/Esteem	Cont	P. Kel	PSSL	1/2
Oel/Enterprise	Cont	Col	PSSL	2/2
New Blessing	Cont	P. Kel	Everbest	3/2

Vessels not ready

Anodad Naree	Wheat(p)	Ukra	SSTL	27/1
Kallisto	Wheat(p)	Argen	Mutual	30/1
Banga Barta	Cont	Sing	Bdship	2/2
Maritime Chiangmai	Clink	--	BSL	3/2

Vessels awaiting employment / Instruction

Salamat-2	--	Hald	Olm	R/A(21/10)
Bumi Jaya	--	Visa	Unicorn	10/11
Banglar Shourabh	--	--	BSC	R/A(31/1)
Banglar Jyoti	--	--	BSC	R/A(1/2)

Vessels not entering

Liberty Star	Gtsp(fert)	Jedd	SSST	25/1
Ocean Pride	Clink	Kaki	PSAL	20/1
Leonis	Salk	Kand	PSAL	21/1
New Hope-ii	Clink	Lumut	USL	26/1
Manyas-1	Sugar(p)	Santo	Rainbow	20/1
Waralee Naree	Mop(p)	Jaada	Litmond	29/1
Maritime Songkhla	Clink	Tanj	BSL	31/1
Crystal Ace	TSP(p)	Sing	Uniship	30/1
Ariel	Clink	Sing	ASLL	2/2
Shun Winner	Gr. Slag	Para	Apex	3/2
Atlanticsol	Scraping	Sing	Intraport	30/1

Movement of vessels for

OUT	GOING	IN	COMING	SHIFTING
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4/2/2005

J/1	Hpaan	J/13	New Blessing CCJ:	PS. Gyawmya
J/3	H. Calcutta	J/3	B. Barta	
J/10	Atol		Qc Honour	
J/13	Mellum	J/10	Qc Dignity	
RM/3	Draguna Ria	Rm/3	Sakura	
RM/4	P.s. Baru			

5/2/2005

J/6	Achiever	J/3	Oel Freedom	J/3	B. Barta
J/12	K. Cahaya		Salamat-3	J/6	Qc Honour
CCT/3	Oel Enterprise/Rm/4		Siam Supha		
	CCJ:		Xp. Resolve		
	J/6		Chiangmai		
			Qc Honour		

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