

Star BUSINESS

E-mail: business@theluckystar.net

Key world powers take advantage of weak currencies

Say economists

AFP, Paris

Three of the world's leading economic powers, China, Japan and the United States, are taking advantage of their weak currencies to spur exports and finance deficits. "China's growth strategy is based on an under-valued currency," says Evariste Lefevre, an economist at investment bank Ixis-CIB.

The United States and the European Union for the last three years have pressed China to allow its currency, the yuan, to appreciate. Chinese authorities have pledged to take action but on their own terms.

"China does not yet have the currency policy that we want it to have and that it needs," US Treasury Secretary Henry Paulson told a US Senate committee last week.

Reporting back on high-level talks held in Beijing a month ago,

Paulson warned: "The international community will run out of patience with China unless the pace of its reform accelerates."

China stands accused of massaging its exchange rate to depress the yuan's value and so boost the razor-sharp competitiveness of its exports, at the expense of US jobs.

Paulson said that while he welcomed promises of reform made at the December launch in Beijing of a new Sino-US "strategic economic dialogue," he stressed that "we need to see much more."

The Japanese yen meanwhile has fallen sharply against both the dollar and the euro in the last two weeks and is likely to be at the top of the agenda when finance ministers from the Group of Seven -- Britain, Canada, France, Germany, Italy, Japan and the United States -- gather in Essen, Germany February 9 and 10.

A recent decision by the Bank of Japan to leave its key interest rate

unchanged at 0.25 percent, despite a Japanese economic recovery, irked EU authorities who suspect Tokyo of manipulating its currency.

For Agnes Benassy-Quere, head of the economic and political research group CEPII, the weakness of the yen is more likely attributable to near-non-existent inflation in Japan and a still fragile economic rebound.

David Solin, an economist with FX Analytics, said the Bank of Japan, while insisting that it does not intervene on currency markets, nonetheless sends a clear signal by delaying a move to tighten monetary policy and to let it be known that any tightening would be limited.

It will take a strong signal from the bank that an actual tightening cycle was about to begin for the yen to appreciate, he added.

The dollar too has been under pressure for several years now, having lost more than a third of its

value against the euro since 2002, largely as a result of Washington's gaping current account and trade deficits.

US authorities routinely assert that a strong dollar is in Washington's best interests, but -- in the view of many economists -- they do little to talk up the greenback, since its weakness is a boon to US exports.

Veronique Riches-Flores, Societe Generale chief economist, described a weak dollar as a "temptation," notably as a means of spurring export-driven employment.

In the eurozone, she said, the rise of the single currency against the dollar, the yuan and the yen, "has lowered export earnings by 15 to 20 percent" in the last five years.

But other economists have minimised the impact of the appreciating euro on eurozone sales abroad, pointing to the health of the German export sector.



Syed Manzur Elahi, chairman of Mutual Trust Bank Ltd., speaks at the bank's Annual Conference 2007 held recently in Dhaka. Mosharrat Hossain, managing director, is also seen in the picture.

CURRENCY

Following is Sunday's (February 4, 2007) forex trading statement by Standard Chartered Bank

Major currency exchange rates		Exchange rate of some currencies	
BC Sell	TT Buy	Per USD	BDT per Currency
US dollar	69.40	68.15	Indian rupee 44.00 1.56
Euro	91.63	86.84	Pak rupee 60.74 1.13
Pound	138.02	132.40	Lankan rupee 108.63 0.63
Australian dollar	54.96	51.79	Japanese yen 0.58 0.56 Thai baht 34.88 1.97
Swiss franc	56.09	54.11	Malaysian ringgit 3.50 19.63
Canadian dollar	59.06	56.93	Swedish kroner 9.90 9.17 USD forward rate against BDT
Hong Kong dollar	8.90	8.72	Canadian dollar 59.06 56.93 Buy 68.25 69.50
Singapore dollar	45.70	44.18	Hong Kong dollar 8.90 8.72 Buy 68.25 69.50
UAE dirham	19.05	18.41	Singapore dollar 45.70 44.18 Buy 68.25 69.50
Saudi riyal	18.65	18.03	UAE dirham 19.05 18.41 Buy 68.25 69.50
Danish kroner	12.61	11.36	Saudi riyal 18.65 18.03 Buy 68.25 69.50
Kuwaiti dinar	236.65	234.10	Danish kroner 12.61 11.36 Buy 68.25 69.50
			Kuwaiti dinar 236.65 234.10 Buy 68.25 69.50

* All currencies are quoted against BDT

* Rates may vary based on nature of transaction

The forward rates are indicative only and fixed dated

Local Market

FX: Local inter-bank FX market was subdued on Sunday as the international markets were closed for the weekend. The demand for USD remained stable, but the volume of cross transactions was limited. The USD remained unchanged against the Bangladeshi taka.

Money Market

Money market was active on Sunday. Call money rate remained unchanged and ranged between 6.50-7.00 percent.

International Market

International markets were closed on Sunday. The dollar rose on Friday after US payroll data showed moderately healthy job growth, but did not make the case for a near-term change in

interest rates. Late afternoon, the euro remained below the psychologically important \$1.30 level, trading down 0.4 per cent, not far from where it began the week. The dollar was up 0.25 per cent against the yen, below the four-year highs of 122.19 yen struck earlier this week. Though the US economy added fewer jobs than expected in January, sharp upward revisions to the government's estimates of November and December employment growth painted a rosier picture of US economic strength. Against sterling, the euro dropped 0.4 per cent, while it was 0.2 per cent weaker against the yen. The ECB has delivered six quarter-percentage point hikes since late 2005, pushing its refinancing rate to 3.5 per cent. Benchmark US and UK interest rates stand at 5.25 per cent.

SHIPPING

Chittagong Port

Berthing position and performance of vessels as on 4/2/2007.

Berth No.	Name of vessels	Cargo	L. Port call	Local agent	Dt of arrival	Leaving	Import disch.
J/1	Marine Queen	Gl(Copra)	Sing	Mutual	20/1	9/2	658
J/2	Zenovia	Wheat(P)	Novo	Mutual	19/1	8/2	249
J/4	Shwe Thara Phu	Gl(Y.Ma)	Yang	Tcl	27/1	6/2	268
J/5	Hoang Son	Gl	Yang	Gla	30/1	8/2	350
J/6+5	Jin Ping	Gl(Y. Peas)	Vanc	Lilmord	14/1	5/2	1199
J/7	Banga Borti	Cont	PKel	Baridh	31/1	6/2	191
J/8	Natuztec	Gypsum	Kant	ANCI	27/1	4/2	2506
J/9	Yong Jiang	Gi	Titan	Cosco	29/1	9/2	1455
J/10	Cape Henry	Cont	Sing	APL	28/1	6/2	192
J/11	Pacific Express	Cont	Sing	Pil(Bd)	28/1	--	294
J/12	Kota Ratha	Cont	Sing	Pil(Bd)	26/1	4/2	--
J/13	Dali	Cont	Col	Seacon	23/1	3/2	--

Vessels due at outer anchorage

Name of vessels	Date of arrival	L. Port call	Local agent	Type of cargo	Loading ports
Banga Bonik	4/2	Col	Baridh	Cont	Col
Jon Jin-2	4/2	Viza	Sara	G.Slag	--
Vinashin Mariner	5/2	Col	PSSL	Cont	Sing
Kota Cahaya	4/2	Sing	Pil(Bd)	Cont	Sing
Ariella	6/2	Odessa	Pol	Wheat(P)	--
Yong Yue-8	4/2	Sing	Seacon	Cont	Sing
Zhe Hai-315	6/2	Pki	PML	Cont	Pki
Phu Tan	6/2	Sing	PSSL	Cont	Sing
Csav California	7/2	Col	PSSL	Cont	Sing
Mir Damad	7/2	Kol	BSCA	Cont	L/Viza
Golden Star	5/2	Busa	Oil	Gl(SLC)	--
Kota Pelani	6/2	Sing	Pil(Bd)	Cont	Mgl

Tanker due

Name of vessels	Date of arrival	L. Port call	Local agent	Type of cargo	Loading ports
Hawaiian Star	8/2	Rast	DSL	C. Oil	--
Perka	7/1	Kuwa	MSTPL	HSD	--
Al Kuwaitiha	10/2	Kuwa	MSTPL	HSD/SKO	--

Vessels at Kutubdia

Name of vessels	Cargo	Last Port call	Local agent	Date of arrival

Outside port limit

Wira Keras	--	--	Ibsa	R/A(4/1)
Sea Drill-6	Pro. Equip	--	Ibsa	8/1
Gulf Drill-9	Pro. Equip	--	Ibsa	3/1

Pacific Champion

Pacific Champion	--	Vanc	Ibsa	R/A(25/1)
------------------	----	------	------	-----------

Vessels at outer anchorage					
Vessels ready					
Yong Xing	Cont	Col	PSSL	29/1	
OEL Freedom	Cont	Ptp	PSSL	31/1	
Precious River	Cont	Sing	Vega	1/2	
OEL Enterprise	Cont	Col	PSSL</		