

Star

BUSINESS

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# US economy suddenly appears vulnerable

AFP, Washington

The US economic expansion suddenly seems more fragile than thought just weeks earlier, after a sharp downward revision to the past quarter's growth and renewed fears about the slump in real estate.

The latest revision to US gross domestic product (GDP) showed the world's largest economy expanded at a tepid 2.2 percent pace in the fourth quarter, instead of the 3.5 percent growth spurt in the official estimate a month earlier.

That was the sharpest downward revision in a decade, and was attributed to weak business spending and a drawdown of inventories from cautious firms.

Still, most forecasters say the economy will muddle through 2007

at a sluggish pace, in line with Federal Reserve forecasts.

But some say the picture is more shaky than it appeared a few weeks ago. And many are renewing forecasts for interest rate cuts by the Federal Reserve sometime this year to help pick up the pace of economic activity.

Manufacturing has been sluggish, highlighted by the 7.8 percent drop in durable goods orders last month.

And some say the US has yet to see the full effect of the housing downturn, reflected in the 19.1 percent slide in residential investment in the fourth quarter.

The end of the real estate boom has resulted in high failure rates among risky or "subprime" mortgages, given to borrowers with below-average credit ratings,

and some say this crisis could spill over.

"We are seeing cracks in this easy-money-now-not-so-easy environment," said Andrew Busch, analyst at BMO Nesbitt Burns.

He said 20 subprime lenders "have either shut down or been forced to shut down" and more failures are expected. While most major banks are not in the sector, a wave of failures could spread throughout the financial system, some warn.

Stephen Gallagher, economist at Societe Generale in New York, said the sub-prime lending pullback "is a mini crisis that raises questions about complacency in general."

"It has become a case of extreme illiquidity that tends to shake out weaker hands," he said.

Another concern is the rise in the Japanese yen, which could hurt the so-called "carry trade" that provides liquidity to the US and other markets.

These concerns have whipped-sawed global equity markets, which saw one of the worst weeks in years, sparked by a nine percent plunge in Shanghai's stock market on Tuesday.

"Hedge funds borrow yen at very low interest rates to fund US investments. When the yen strengthens, it makes the repayment of those loans more expensive," said Dick Green, analyst at Briefing.com.

"So, perhaps a rising yen will force some hedge funds to sell stocks to cover exchange rate losses. Perhaps."



PHOTO: LEMON COMMUNICATION

Mahmud Selim, general secretary of Bangladesh Udichi Shilpi Gosthi, and Tanvir Ibrahim, head of Corporate Sales of Banglalink, sign a corporate agreement recently. Under the deal, the mobile operator will offer special tariffs and services to the country's leading cultural organisation.

## Lanka's first internet firm halts services

AFP, Colombo

Sri Lanka's first Internet service provider, Lanka Internet Services Ltd., has halted services leaving thousands of customers offline, a news report said Sunday.

The company hit financial difficulty and the senior management has disappeared without paying staff or creditors, the privately-run Sunday Times newspaper here reported.

"An estimated 3,000 to 4,000 of its clients have been affected with the abrupt closing of the business and were caught off guard by the loss of their services," the newspaper said.



PHOTO: PRAGATI LIFE INS

Pragati Life Insurance Ltd introduced push-pull service to its policyholders. Chairman of the company Syed M Altaf Hussain inaugurated the service in Dhaka recently. Among others, Managing Director and Actuary M Shefaqe Ahmed, Pragati Insurance Ltd Chairman Khalilur Rahman and Prime Bank Chairman Imam Anwar Hossain were also present.



PHOTO: RANGS

Rangs Electronics Ltd recently launched a sales campaign styled 'Googly Offer' ahead of the ICC Cricket World Cup 2007. Aktar Hussain, chairman and managing director of Rangs Group of Companies, Haruhito Tanigawa, managing director of ARM, Sony Singapore, and Trevor McDonald, general manager of Dhaka Sheraton Hotel, were present during the formal opening of the campaign.

## CURRENCY

Following is Sunday's (March 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	68.05	Indian rupee		44.11	1.66
Euro		93.20	88.25	Pak rupee		60.71	1.13
Pound		136.38	130.60	Lankan rupee		108.85	0.63
Australian dollar		55.42	52.16	Thai baht		33.63	2.04
Japanese yen		0.61	0.58	Malaysian ringgit		3.51	19.60
Swiss franc		57.53	55.40	USD forward rate against BDT			
Japanese yen		9.84	9.10			Buy	Sell
Canadian dollar		59.49	57.25				
Hong Kong dollar		8.89	8.70				
Singapore dollar		45.97	44.37	1M		68.15	69.50
UAE dirham		19.05	18.38	2M		68.27	69.62
Saudi riyal		18.66	18.01	3M		68.42	69.80
Danish kroner		12.85	11.54	6M		68.62	70.40
Kuwaiti dinar		236.65	233.73				

## SHIPPING

### Chittagong Port

Berthing position and performance of vessels as on 4/3/2007

Berth No.	Name of vessels	Cargo	L. Port call	Local agent	Dt of arrival	Leaving	Import disch
J/2	Banglar Maya	GI(S. Ash)	P. Band	BSC	21/2	7/3	342
J/3	Shwe Thara Phu	GI(Y. Ma)	Yang	TCL	23/2	8/3	--
J/4	Xiang Jiang(Liner)	GI	Para	Cosco	2/3	7/3	20/37
J/6	Cape Bonavista	Cont	P. Kel	Bdship	23/2	5/3	1
J/8	Kota Cahaya	Cont	Sing	Pil(Bd)	23/2	5/3	68
J/10	OEL Freedom	Cont	Ptp	PSSL	R/A	5/3	--
J/11	Mare Hibernum	Cont	P. Kel	Seacon	26/2	7/3	68
J/12	Phoenix	Cont	Col	PSSL	26/3	6/3	161
J/13	Kissama	Cont	P. Kel	Vega	26/2	6/3	91
CCT/1	Ja Vesga	Cont	Sing	Vega	25/2	4/3	--
CCT/3	Yong You-8	Cont	Hald	Seacon	26/2	--	144

### Vessels due at outer anchorage

Name of vessels	Date of arrival	L. Port call	Local agent	Type of cargo	Loading ports
Eagle Progress	5/3	P.Kel	Everbest	Cont	Sing
Tina	4/3	Basu	Litmond	Urea(BCIC)	--
Protec	4/3	--	OLM	C. Clink	--
Moha Anosha	4/3	Krabi	Move	Gypsum	--
Csav California	5/3	Col	PSSL	Cont	Sing
Martha Russ	4/3	Pkl	QCSSL	Cont	Sing
Hoang Son	5/3	Viza	PML	GI (Log)	--
Sea Master One	5/3	Sing	PML	Cont	Sing
Banga Borat	6/3	Sing	Bdship	Cont	Sing
Cresta Blue	6/3	Visa	H&S	GI(SLC)	--
Esham	6/3	Sing	CEL	Cont	Sing
Coastal Express	5/3	Chenn	Bsca	Cont	L/Viza

### Tanker due

Al Sabiyah	5/3	Kuwa	MSTPL	HSD
Rose	5/3	Jebel	Uniglobal	Crude Oil
Global Pallas	5/3	Indo	ESL	CPO(RM/4)

### Vessels at Kutubdia

Name of vessels	Cargo	Last Port call	Local	Date of agent	arrival
Outside port limit					
Sea Drill-6 (Rig)	Pro. Equip	--		Ibsa	8/1
Gulf Drl-9 (Barge)	Pro. Equip	--		Ibsa	3/1
Pacific Steel	P. Equip	--		Ibsa	R/A (14/2)
Wira Keris	--	--		Ibsa	R/A(21/2)

### Vessels at outer anchorage

Vessels ready					
Pacific Express	Cont	Sing	Pil(Bd)		22/2
Precious River	Cont	Sing	Vega		22/2
Rio Lawrence	Cont	Ptp	QCSSL		25/2
Zhe Hai-315	Cont	Sing	PML		27/2
Kota Petani	Cont	Sing	Pil(Bd)		27/2
Gao Cheng	Cont	Sing	PML		28/2
Phu Tan	Cont	Sing	PSSL		28/2
Banglar Shikha	Cont	P. Kel	BSC		1/3

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

## STOCK