

Chinese inflation may infect world economy

AFP, Paris

A recent spurt in Chinese consumer prices has sparked concern that the trend could trigger a world-wide inflationary surge at a time of rising oil and food costs and upward wage pressures. Driven by the food sector, Chinese inflation surpassed the preferred 3.0 percent annual threshold over the past few months and came to 4.4 percent in June. But according to Nicolas Bouzou of the French research group Asteres, the actual inflation level in the flourishing Chinese economy could be higher. "With growth of about 11-12 percent a year and a very much under-valued currency, I have a hard time believing that Chinese inflation is only 4.0 percent," he said. At the Societe Generale bank, economist Veronique Riche-Flores noted that "while weak inflation in China in the past had acted as a brake on global inflation," the recent rise in prices there could exacerbate inflationary tendencies elsewhere. Oil prices for the past several months have climbed steadily higher and are approaching record

peaks reached a year ago, while prices for such staples as meat, milk, wheat and corn are also on the rise in response to demand in emerging market countries and in the biofuel sector. With the world economy now in its fifth year of expansion, factories are fully utilized and unemployment is at its lowest point in years, particularly in the eurozone where upward wage pressures have emerged. Addressing Congress last Wednesday, US Federal Reserve Chairman Ben Bernanke said the risk of higher inflation remained the "predominant" policy concern of the central bank. He said hefty rises in food and energy prices had pushed up overall inflation and thereby eroded Americans' incomes, which he called "unwelcome developments." But at the same time, he said, readings on "core" inflation excluding volatile food and energy costs and seen as a better indication of future price trends, have been "favorable." Most economists do not see Chinese inflation, which largely reflects rising food prices, as a direct threat elsewhere, since the United States and the

European Union import mostly manufactured goods from China. But there remains the possibility of a "second round" impact. "If, in a dynamic economy that is creating jobs, you have a decline in purchasing power, there could be increased upward pressure on wages" that would then impact the prices of Chinese manufacturing exports, said Societe Generale's Riche-Flores. But she added that such a trend would take six months to a year to be felt. Bouzou of Asteres said the impact on world inflation would likely be limited to several tenths of a point. But that prospect nonetheless is worrisome to investors, who fear that additional inflationary risks will cause a spike in long-term bond rates on which certain mortgage rates are based. Long-bond rates in Europe are currently around 4.5 percent, up from 3.5 percent a year ago, and recently exceeded 5.0 percent in the United States. As a result the real estate markets in the United States, Ireland, Spain and Britain, which had sustained economic growth, are now coming under strain.

US to raise minimum wage tomorrow

AP, Washington

Fast-food waitress Fawn Townsend of Raleigh, N.C., knows exactly what she is going to do if her salary goes up with Tuesday's increase in the federal minimum wage: start saving for a car so she can find a second job to make ends meet. "My goal personally is to get a vehicle so I can independently go back and forth to work and maybe pick up extra work so I can have that extra income, because minimum wage is not cutting it," said Townsend, who is 24 and single. "Being a single person, you can't pay all your bills with one minimum wage job." Many lawmakers, along with advocates for low-wage workers, are celebrating the first increase in the federal minimum wage in a decade. Yet many acknowledge that raising it from \$5.15 an hour to \$5.85 will provide only meager help for some of the lowest paid workers. About 1.7 million people made \$5.15 or less in 2006, according to the Labor Department's Bureau of Labor Statistics. "The reality for a minimum wage worker is that every penny makes a difference because low-wage workers make the choice between putting food on the table and paying for electricity or buying clothes for their children," said Beth Shulman, former vice president of the United Food and Commercial Workers Union. "Saying that, it's clear going up to \$5.85 is not enough to really make sure that people really can afford the things that all families need," said Shulman, author of "The Betrayal of Work: How Low-Wage Jobs Fail 30 Million Americans." Minimum wage workers will get an additional 70-cent boost each summer for the next two years, ending in 2009 at \$7.25 an hour. That comes to just above \$15,000 yearly before taxes for a 52-week work year. Now, someone in such a job and earning \$5.85 an hour would bring home \$12,168 a year before taxes. The federal poverty level for singles is \$10,210, couples is \$13,690 and \$17,170 for families of three.



PHOTO: DBBL

Dutch-Bangla Bank Ltd (DBBL) on Thursday donated Tk 5 lakh to Nurture, a volunteer organisation working for the physically challenged people in Chittagong. DBBL Managing Director Md Yeasin Ali hands over the cheque to Nurture President Nasreen Baqui. Former director of the bank Nizamuddin Mahmood Selim was also present.



PHOTO: BASIC BANK

Bangladesh Small Industries and Commerce (BASIC) Bank Ltd recently organised a four-day branch management course for its second officers and departmental heads. Managing Director of the bank AH Ekbal Hossain, among others, was present at the concluding session of the course.

CURRENCY

Following is Sunday's (July 22, 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	68.80	67.80			
Euro	96.78	92.26	Indian rupee	40.20	1.70
Pound	142.88	137.69	Pak rupee	60.40	1.13
Australian dollar	61.68	58.61	Lankan rupee	111.78	0.61
Japanese yen	0.58	0.55	Thai baht	30.05	2.27
Swiss franc	57.77	55.90	Malaysian ringgit	3.42	19.97
Swedish kroner	10.35	9.59			
Canadian dollar	66.24	63.93	USD forward rate against BDT		
Hong Kong dollar	8.81	8.66		Buy	Sell
Singapore dollar	46.00	44.62			
UAE dirham	18.89	18.31	1 M	67.89	68.90
Saudi riyal	18.49	17.94	2 M	68.02	69.11
Danish kroner	13.41	12.05	3 M	68.16	69.33
Kuwaiti dinar	236.45	234.63	6 M	68.35	70.05
* 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			against the Bangladeshi Taka. The volume of cross currency transactions was limited.		
Local inter-bank FX market was subdued on Sunday as the international market was closed for the weekend. The demand for USD was stable and there was ample liquidity in the market. The USD remained unchanged			Money Market		
			Money market was active on Sunday. Call money rate was stable and most of the deals ranged between 6.50-6.60 percent.		



PHOTO: PHOENIX INSURANCE

Pirjada Saifullah Chowdhury, managing director of Phoenix Insurance Company Ltd, and Muzaffar Ahmed, president & CEO of Credit Rating Information & Services Ltd (CRRISL), exchange documents after signing an agreement recently. Under the deal, CRRISL will conduct credit rating for the insurance company. Senior officials from both the sides are seen.

SHIPPING

Chittagong Port

Berthing position and performance of vessels as on 22/7/2007

Berth No.	Name of vessels	cargo	L. port call	Local agent	Dt of arrival	Leaving	Import disch
J/2	Liban Car	Vehi	Sing	Nyk	19/7	22/7	704
J/3	Banglar Moni	Gl(log)	Yang	Pml	19/7	20/7	--
J/4	Banglar Mookh	Wheat(g)	--	Benam	R/a	25/7	806
J/5	Inter Noble	Gl(st.c)	Sing	Oil	18/7	24/7	1052
J/6	Fraternity Wishdom	Gl(st.c)	P.kel	Everett	19/7	24/7	2910
J/7	Qing Jiang	Gi	Hanj	Cosco	8/7	24/7	1261
J/8	Banga Lanka	Gl(cont)	Col	Baridhi	13/7	25/7	480
J/10	Mol Karina	Cont	P.kel	Seacon	19/7	--	10
J/12	Apl Lilac	Cont	Sing	Apl	20/7	23/7	--
J/13	Express Manaslu	Cont	Col	Seacon	20/7	24/7	223
CCT/1+2	Eagle Pioneer	Cont	Sing	Everbest	19/7	24/7	--
CCT/2	Yong Yue-8	Cont	Col	Qcsl	18/7	22/7	--

Vessels due at outer anchorage

Name of vessels	Date of arrival	L. Port call	Local agent	Type of cargo	Loading ports
Lady Fatima	26/7	Col	Seacon	Cont	Col
Kota Ratna	22/7	Sing	Pil(bd)	Cont	Sing
Csaw California	25/7	--	Pssl	Cont	Col
Martha Russ	23/7	Pkl	Qcsl	Cont	Sing
Viendong-2	24/7	Busan	Oil	Gi	--
An Tao Jiang (liner)	28/7	Para	Cosco	Gi	6 Pkags
Banga Bonik	24/7	--	Baridhi	Cont	Col
OEL Singapore	23/7	--	Pssl	Cont	Sing
Banglar Shikha	27/7	Sing	Bsc	Cont	Sing
Lampetia (liner)	24/7	--	Nyk	Vehi	--
Merkur Bridge	24/7	--	Apl	Cont	Sing
Banga Bodor	26/7	--	Baridhi	Cont	P. Kel
OEL Freedom	26/7	--	Pssl	Cont	Sing
Josco View	24/7	--	Rsl	Cont	Sing
Saiyo-18	25/7	Yang	H&sl	Gl(st.c)	--
Cape Henry	25/7	--	Apl	Cont	Sing
Banga Borat	28/7	Sing	Bdship	Cont	Col
Col Yongxing	26/7	--	Pssl	Cont	Sing

Tanker due

Kirana Tritiya	24/7	Sing	Pil(bd)	Cont	Rm/3
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Vessels at Kutubdia

Name of vessels	Cargo call	Last Port	Local agent	Date of arrival
Outside port limit				
Wira Keris	--	--	lbsa	R/a (15/7)
Aerodit	Crude Oil	Rast	Uniglobal	19/7
Banglar Jyoti	C. Oil	--	Bsc	R/a (18/7)

Vessels at outer anchorage Vessels ready

Hipaan	Gl(log)	Yang	Mta	19/7
Friendly Sea	Gl(st.c)	Yang	Everett	20/7
Eagle Pride	Cont	P.kel	Qcsl	21/7
Pac Aquilla	Cont	Sing	Seacon	21/7
Cape Bonavesta	Cont	P.kel	Bdship	21/7
Southern Seal	Cpo	Dumai	Rainbow	22/7
Pac Makassar	Cont	Sing	Cel	22/7

Vessels not ready

Excellent Pescadores	R. Sugar	Tuti	Park	14/7
Energy Falcon	C. Clink	Kohsi	Litmond	14/7
Banglar Robi	Wheat(g)	--	Uniglobal	R/a (16/7)

Vessels awaiting employment / instruction

Dali	--	--	Seacon	R/a (19/7)
Maria	Slag	--	Sunmoon	R/a (21/7)

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

STOCK