

# Geo-political risks threaten stability of oil markets

LONDON, Aug 9: The oil workers' strike in Nigeria and subsequent oil price rise reveals the market's vulnerability to even the remotest threat of disrupted supplies at a time of demand growth and limited spare output capacity, reports Reuters.

Nigeria is the latest oil-rich country to suffer civil unrest and step into the focus of oil traders everywhere. In the last few months, Algeria, Yemen, Russia, Venezuela and Angola have faced domestic unrest that threatened oil exports.

"Geo-political risks are now emerging as a serious threat to market stability... the oil markets, which were unwilling to 'prize in' geo-political issues during the last year, now at least appear to have woken up to these risks," analysts at Natwest Securities said in a recent report.

Oil prices have ridden a five-month rally, hitting 15-month highs last week, on a spate of supply disruptions at a time when the Organisation of the Petroleum Exporting Countries (OPEC) has pledged not to raise its output for the rest of the year.

"OPEC must count itself very lucky. There has been one supply problem after another. For once, luck was on the side of OPEC," said analyst Vahan Zanyan of Petroleum Finance Corp.

When OPEC refused to cut production in March when oil prices were near five-year lows, oil analysts and traders predicted 10-dollar per barrel oil.

But the market avoided the doomsday scenario because of strong economic growth in key consuming countries and supply shortfall threats, either real or imagined.

The International Energy Agency (IEA) expects world oil demand to continue rising during the next three quarters, despite the exceptionally strong first half growth caused mainly by freak weather in the US and Japan.

In its monthly report on supply and demand, the Paris-based agency said total oil demand growth in the second quarter of 1994 was estimated at 2.1 per cent to 38.5 million barrels per day (BPD) in Organisation for Economic Co-

operation and Development (OECD) countries.

Exceptionally cold weather in the United States has resulted in low oil stocks. According to the American Petroleum Institute, US crude oil stocks stand some 23.5 million barrel below 1993.

"A real supply disruption will inevitably result in panic buying of alternative supplies at a time when US stocks are truly low," said Peter Gignoux, head of the London energy desk at Smith, Barney.

The price of North Sea Brent Blend, the crude which serves as the benchmark for most of the world's oil, neared 19.50 dollars last week, a gain of 6.50 dollars since OPEC's March meeting.

"When we decided to roll over our ceiling, we considered demand growth. We expect prices to increase further within reasonable levels," said OPEC spokesman Mohammed Al-Sahlawi.

But it was the misfortunes of several key members which enabled the 12-member group to exhibit reasonable production discipline for the first

time in years.

Quota adherence remains the best in recent years, although analysts and industry officials in member countries note that most of OPEC were producing at capacity.

Only OPEC heavyweight Saudi Arabia and fellow Gulf nations, the UAE and Iraq, have much unused capacity.

The pro-democracy oil workers' strike in Nigeria has taken out at least 25 per cent of its 2.0 million BPD production.

Meanwhile, Iran, OPEC's second-largest producer, has technical difficulties at its older fields and often falls below its 3.6 million BPD quota.

Even mild threats, such as a minor North Sea platform incident, can spark panic buying.

Prices rallied sharply in early May when a fire at the North Sea Flotta Oil Field knocked out about 500,000-barrel cargoes.

"This market runs on the herd mentality. It's so vulnerable right now that a small field going down could put 25 cents on the price," said one European oil trader.



Richard Vrijmoet, General Manager of Sonargaon Pan Pacific Hotel, and Leo D'Silva, President of Sonargaon Hotel Sramik-O-Karmachari Union, seen exchanging copies of the agreement signed recently between the management and the employees union. Gazi Sadique, Managing Director, Hotels International Limited, Shahid Hamid, Assistant General Manager, and other senior executives of the hotel were present at the signing ceremony.

## Delhi HC delays enforcement of new tax law

NEW DELHI, Aug 9: An Indian court on Monday stayed a government move to bring virtually all service sector contracts under the tax net by targeting professionals such as lawyers, architects and accountants engaged by companies, reports AFP.

The Delhi High Court postponed the enforcement of the March order issued by the Central Board of Direct Taxes (CBDT) until a hearing in September following a petition filed by the Indian newspaper, INS.

The CBDT circular ordered companies to deduct and pay tax "at source" on all payments exceeding 10,000 rupees (3333 dollars) made for professional services.

It became effective on April 1, the first day of the fiscal year, but was challenged by an outraged corporate sector.

Surgeons, engineers and consultants would come under the "tax deduction at source" provision of the act which could also cover payments made to advertising and travel agencies, security consultancies and machine repairers.

The INS has challenged the order saying newspapers would be hurt by the concessions they would have to make to companies or advertising firms to offset the tax burden.

Critics also claim the proposal would greatly increase corporate paper work, as large companies would have to prepare thousands of tax deduction vouchers every month for a vast range of service payments.

## Japan to protest IWC decision

TOKYO, Aug 9: Japan will lodge a protest against a decision by the International Whaling Commission (IWC) to exclude any commercial whalers from the Antarctic Sea, news report said yesterday, reports AFP.

A formal decision on the protest is expected to be made at a cabinet meeting on Friday, Jiji press said.

The IWC decision was made at a general meeting held in May this year.

The Japanese plan to lodge a formal appeal against the IWC decision is designed to promote Japan's position that the Antarctic has sufficient minke whale resources to allow commercial whaling. Kyodo news service said.

## Asian stock markets close mixed

HONG KONG, Aug 9: Asian stock markets closed generally mixed Tuesday, with share prices slumping in Hong Kong for the third straight day, reports AP.

The Hang Seng Index, the Hong Kong market's key indicator of blue chips, fell 91.44 points, or 0.9 per cent, closing at 9,446.43. On Monday, the index had slumped 64 points.

Brokers attributed the slump to continued worries about possible interest rate increases in the United States following data released by the US Labour Department that suggested the economy is still growing too fast.

The data fueled fears that the US Federal Reserve Board will raise short-term interest rates to prevent inflation.

Share prices closed slightly lower in Tokyo in thin trading. The 255-issue Nikkei Stock Average fell 45.61 points, or 0.22 per cent, closing at 20,590.22. On Monday, the average gained 114.13 points, or 0.56 per cent, closing at 20,635.83.

The Tokyo Stock Price Index of all issues listed on the first section was down 0.63 points, insignificant in percentage terms, to 1,656.15. The TOPIX was up 7.04 points, or 0.41 per cent, to 1,656.78 the day before.

After being supported by buying early in the day, stocks turned lower in the afternoon as dealers started to unload shares.

Meanwhile, the US dollar closed at 101.43 yen, up 0.99 yen from Monday's finish in

Tokyo but down 0.09 yen from its overnight New York finish at 101.52 yen.

The market was closed in Singapore for a holiday.

WELLINGTON: New Zealand share prices closed lower over concerns about the ability of the ruling National Party government to hold onto power in a special by-election on Aug 13. The NZSE-40 Capital Index fell 30.39 points to 2,076.23.

TAIPEI: Share prices closed slightly higher in active trading. The market's Weighted Index rose, 4.59 points to 6,944.91.

MANILA: Share prices closed mixed modest trading. The Philippines' unified composite index of 31 selected issues fell 1.66 points to 2,882.37.

SEOUL: Share prices closed mixed in thin trading. The Korea Composite Stock Price Index fell 2.26 points to 917.50.

SYDNEY: Australian share prices closed higher in quiet trading because of firmer bond and share price-index futures markets. The All Ordinaries Index rose 5.7 points to 2,086.8.

KUALA LUMPUR: Malaysian share prices closed mixed in moderate trading. The Kuala Lumpur Stock Exchange's Composite Index fell 2.75 points to 1,073.59.

BANGKOK: Thai share prices closed lower for the second straight day. The Stock Exchange of Thailand (SET) index fell 7.71 points to 1,406.33.

## Taipei may extend transaction time for gold

TAIPEI, Aug 9: Authorities here may extend the transaction time for gold to align with the international market as part of its programme to develop the island into an Asia-Pacific financial centre, press reports said Monday, reports AFP.

According to a plan by the Monetary Affairs Bureau of the Finance Ministry, gold market transaction time will be extended to 3.30 am (1930 GMT) to fit in with transaction in London and New York, the China Times Express said.

The market currently closes 12 hours earlier at 3:30 pm local time.

Taiwan imports 8.6 gram of gold bullion per year per person, making it the largest shipper of bullion in the world.

On Saturday, central bank governor Samuel Shieh also said his bank will offer assistance to local banks for round the clock foreign exchange trading, which will link the island's forex transactions to the world's major financial centres.

## Eastern German economy growing better than expected

BERLIN, Aug 9: The eastern German economy is growing at a higher rate than predicted, Economics Minister Guenter Rexrodt said Monday, reports AP.

"The boom in the east is no longer a political goal. It has become reality," Rexrodt told a news conference. He said the formerly Communist region is showing the best economic growth in Europe.

Early this year government economist predicted 6 per cent to 8 per cent growth in gross domestic product in eastern Germany, about the same growth rate as in the previous two years.

Rexrodt said growth would be better than predicted, but said he wouldn't reveal the figure until next week.

Economic performance in the East is an issue in Germany's national election to be held October 16. In a sign of widespread unhappiness in the east, about one fifth of the region's voters have chosen the reformed communists in recent local and state elections.

Chancellor Helmut Kohl, who admits it was a mistake four years ago to declare that east Germany would quickly become a "blooming landscape," now may be able to say that heavy taxpayer-funded investment is paying off.

## Investment in Thai banking sector rises by \$ 8.08b

BANGKOK, Aug 9: Investment in Thailand's banking sector increased by 202.2 billion baht (8.08 billion dollars) in the first six months of 1994, while investment declined in other sectors, Thailand's central bank reported yesterday, reports AFP.

The capital gain in banking was more than three times the gain during the first six months of 1993, according to a Bank of Thailand statement.

New investment during the January-to-June period last year was 67.61 billion baht (2.7 billion dollars), the bank said.

Figures indicated that 60 per cent of the new capital invested in banking went to off-shore banking institutions, here called Bangkok International Banking Facilities (BIBF), which have drawn massive foreign loans for local borrowers.

While capital investment in banking soared, it fled non-banking businesses, sinking by three billion baht (120 million dollars) compared to the mid-

year last year, figures showed. That loss appeared particularly substantial after investment had catapulted 82.89 million baht (3.31 billion dollars) during the first six months of last year.

Direct foreign investment to Thai businesses was on the rise through June, figures showed. But the mid-year rate of increase was 71 per cent below that posted in 1993 for the same period.

Private Thai investment to foreign countries increased by 70 per cent in the same period, the bank reported. A total of 4.2 billion baht (168 million dollars) in Thai capital went abroad, compared to 2.38 billion baht (95 million dollars) during the first six months of 1993.

The stock exchange of Thailand, after a stunning performance in the second half of 1993, lost 28.7 billion baht (1.15 billion dollars) in capital shares between January and June, primarily due to higher interest rates.

## Exchange Rates

Following are the Sonal Bank's dealing rates to public for some selected foreign currencies effective as on August 9. (Figures in Taka)

| Currency           | Selling TT & OD | EC      | TT Clean | Buying OD Sight Ex. Bills. | OD Transfer |
|--------------------|-----------------|---------|----------|----------------------------|-------------|
| US Dollar          | 40.3725         | 40.3975 | 40.1000  | 40.0350                    | 39.8725     |
| Pound Sterling     | 62.5048         | 62.5435 | 60.8277  | 60.7291                    | 60.4826     |
| DM                 | 25.7653         | 25.7813 | 25.0799  | 25.0383                    | 24.9376     |
| F Franc            | 7.5240          | 7.5486  | 7.3225   | 7.3106                     | 7.2810      |
| C Dollar           | 29.5009         | 29.6092 | 28.7882  | 28.7416                    | 28.6249     |
| S Franc            | 30.5440         | 30.5629 | 29.7148  | 29.6687                    | 29.5482     |
| Jap Yen            | 0.4042          | 0.4044  | 0.3894   | 0.3887                     | 0.3872      |
| Indian Rupee (AMU) | 1.2908          | 1.2972  | 1.2754   | 1.2595                     | —           |
| Pak Rupee (AMU)    | 1.3204          | 1.3270  | 1.3046   | 1.2883                     | —           |
| Iranian Ryal (AMU) | 0.0231          | 0.0232  | 0.0229   | 0.0226                     | —           |

|                                                           |            |            |             |             |             |
|-----------------------------------------------------------|------------|------------|-------------|-------------|-------------|
| A) T. T.(DOC) US Dollar Spot Buying Tk 40.0675            |            |            |             |             |             |
| B) Usance Rates:                                          |            |            |             |             |             |
| 30 Days DA                                                | 60 Days DA | 90 Days DA | 120 Days DA | 180 Days DA |             |
| 39.7497                                                   | 39.4656    | 39.1816    | 38.8976     | 38.3295     |             |
| C) US Dollar sight export bill 3 months forward purchase: |            |            |             |             | Tk. 40.0350 |
| D) US Dollar 3 months forward sale:                       |            |            |             |             | Tk. 40.5975 |

| Currency          | Selling T.T. & O.D. | Buying O.D. Transfer |
|-------------------|---------------------|----------------------|
| S Riyal           | 10.7647             | 10.6310              |
| UAE Dirham        | 10.9919             | 10.8550              |
| Kuwaiti Dinar     | 135.5641            | 133.6658             |
| Singapore Dollar  | 26.7943             | 26.4459              |
| D Guilders        | 22.7135             | 22.4204              |
| S Kroner          | 5.2227              | 5.1555               |
| Malaysian Ringgit | 15.6234             | 15.4246              |

Note: AMU—Asian Monetary Unit

## Shipping Intelligence

Chittagong port

Berth position and performance of vessels as on 9.8.94

| Berth No. | Name of vessels | Cargo      | Local agent | Date of arrival | Leaving |
|-----------|-----------------|------------|-------------|-----------------|---------|
| J/1       | Arktis Sun      | GI (COPRA) | Sing        | RSL 31/07       | —       |
| J/2       | Kutuzovo        | GI (COPRA) | KOSC        | Seacom 31/07    | 9/8     |
| J/3       | Samudra Raj     | Rice/GI    | Kara        | SSL 7/8         | 20/8    |
| J/4       | Dabai Glory     | GI         | Sing        | Prog 1/08       | 11/8    |
| J/5       | Khartoum        | SSP(P)     | SAFA        | COSMO 30/7      | 9/8     |
| J/6       | Khansoyarski    | GI (COPRA) | Sing        | Seacom 26/07    | 11/8    |
| J/7       | Al Reza         | Len/C.Pea  | Javo        | BSL 2/08        | 16/8    |
| J/8       | Safar           | Sugar (P)  | Bank        | ASHL 4/08       | 20/8    |
| J/9       | Ultima          | Cont       | Mong        | Baridhi 8/8     | 10/8    |
| J/10      | Dolores         | Idle       | —           | Seacom R/A      | 9/8     |
| J/11      | Alam Tenang     | Sugar (P)  | Bank        | Seacom 17/7     | 15/8    |
| J/12      | Lhotse          | Cont       | Sing        | LUXM 8/8        | 11/8    |
| J/13      | Esterbugge      | Cont       | Sing        | APL (B) 7/8     | 11/8    |
| MPB/1     | Fong Shin       | Cont       | Sing        | BDship 2/08     | —       |
| MPB/2     | Meng Kiat       | Cont       | Sing        | AML 7/08        | 11/8    |
| GSJ       | Attodor         | Cement     | Sing        | AEKA 21/07      | 9/8     |
| TSP       | Young II        | Repair     | Sing        | BML 28/07       | 15/8    |
| RM/4      | APJ Priti       | Cement     | Sing        | USTC 31/07      | 10/8    |
| RM/6      | Team Trinta     | HSD/MS     | Sing        | MSPL 10/07      | 10/8    |
| DOJ       | Blue North      | Cement     | Sing        | PSAL 5/8        | 13/8    |
| DOJ       | Banglar Maya    | Repair     | Cal         | BSC 1/08        | 10/8    |
| DOJ/1     | Pearl One       | Repair     | Yang        | ENCL 15/06      | 15/8    |
| DOJ/2     | Banglar Asha    | Repair     | —           | BSC R/A         | 14/8    |
| CUFJ      | Couper          | Urea       | Sing        | GEL 6/08        | 12/8    |

Vessels due at outer anchorage

| Name of vessels    | Date of arrival | Last port | Local agent | Cargo      | Loading |
|--------------------|-----------------|-----------|-------------|------------|---------|
| Kota Bintang 31/7  | 9/8             | Sing      | CTS         | Cont       | Sing    |
| Tirgu Secuiesc     | 9/8             | Braz      | USTC        | P.Iron     | —       |
| Enlivener          | 10/8            | Mong      | BEA         | GL         | Japan   |
| New Genlord 6/8    | 10/8            | Cal       | BDship      | Cont       | Sing    |
| Banglar Shobha 1/8 | 10/8            | Mong      | BSC         | Cont       | Sing    |
| Continent-1        | 11/8            | Olkh      | CLA         | GI         | —       |
| Pelopidias         | 12/8            | —         | Litmond     | Wheat      | GI      |
| Golden Lake        | 12/8            | —         | Prog        | GI         | —       |
| Hua Quan           | 12/08           | Sing      | PRSA        | R.Phos     | —       |
| Lydia-11           | 12/8            | Sing      | Seacom      | Sugar(P)   | —       |
| Banglar Moni 31/7  | 13/8            | Mong      | BSC         | Cont       | Sing    |
| Banglar Holi 2/7   | 13/8            | Sing      | BSC         | Cont       | Sing    |
| Nikolay Gogol      | 14/8            | —         | PSAL        | Cement     | —       |
| Optima 6/8         | 15/8            | —         | RSL         | Cont       | Sing    |
| Petr Starostin 7/8 | 15/8            | —         | CT          | Cont       | Sing    |
| I. Yamburenko 7/8  | 15/8            | —         | CT          | Cont       | Sing    |
| Arktis Island      | 16/8            | —         | BSL         | GI (COPRA) | —       |
| Fong Yun 7/8       | 16/8            | —         | BDship      | Cont       | Sing    |

Tanker due

Al Dhabiyah 9/8 Sing MSPL SRO/JP-1

Vessels at Kutubdia

Name of vessels Cargo Last port Local agent Date of arrival

Vessels at outer anchorage

Clipper Aquamarine D.Pens Sing MSA 16/7

Catrina Sugar (P) Kaus Seacom R/A(29/7)

Pan Trader Wheat (P) Sing OWSL 2/8

Dong Fang Yang Sugar (P) Kosh OWSL 7/8

Vessels not ready

Iran Elham Cement Yang BSC 05/08

Vessels awaiting instruction

Banglar Shourabh — — BSC R/A (31/07)

Banglar Jyoti — — BSC R/A (7/8)

Vessels not entering

Rybny Merman Scraping SUEZ Unimarine 15/7

Rosario Del Mar Scraping CAPE OTBL 25/7

Dona Ouarina Scraping KAPT JF 4/8

GEORGIOS-L Cement LIAN SIS 8/8

Movement of vessels for 10.8.94

Outgoing Incoming Shifting

J/1 Arktis Sun MPB/1 Kota Bintang RM/6 Trinta to RM/5

J/6 K. Komomolets J/9 New Genlord DOJ B North to GSJ

APJ Priti RM/6 Al Dhabiyah

Ultima J/6 Dang F Yang

PSHIN

The above were the Tuesday's shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.

## Dhaka Stock Prices

At the close of trading on August 9, 1994

Bullish trend

Star Report

A bullish trend took over the floor of the Dhaka Stock Exchange on Tuesday as turnover on the DSE rose sharply.

A total of 1,05,503.50 shares changed hands at Tk 6,93,59,637.00 as against Monday's 47,317.00 shares worth Tk 99,23,446.00.

The number of issues traded rose to 77 from 60, in which 38 gained, 25 incurred losses and the share prices of 14 issues remained unchanged.

Monno Ceramic led the gainers in terms of volume with 8730 shares traded.

Zeal Bangla Sugar (4700), Beximco Textile (3360), GQ Ball Pen (4565) and Beximco Ltd (4600) also gained significantly.

City Bank dominated the gainers' list in terms of value with a rise of Tk 11.75 per share.

Apex Tannery topped the losers' list in terms of volume. Its 60035 shares were traded. Among the losers, 8th ICB M Fund (1390), Beximco Fisheries (2720) and Quasem Silk (1300) were major volume leaders.

Apex Foods incurred a loss of Tk 140.00 per share, leading the losers in terms of value.

The DSE All Share Price Index increased from

709.47220 to 710.51768, showing a gain of 0.1474 per cent.

Trading at a glance

DSE All Share Price Index 710.51768

Market Capitalisation Tk 3