

Ministers meet in Vienna Wednesday

OPEC to hold line on output despite price surge

PARIS, Sept 20: OPEC oil ministers meeting in Vienna from Wednesday are expected to reiterate their pledge to maintain output cuts until March despite soaring prices, says AFP.

"Most of the ministers have already said publicly that they will maintain the production cuts until March," so from that point of view the meeting is likely to be short and simple, an organisation of Petroleum Exporting Countries source said.

The real question, analysts say, is how high OPEC wants to see prices go before it boosts output and, more importantly, how long individual members will resist the temptation to try to reap more benefit from the higher price.

Crude oil prices have risen sharply since a second round of OPEC cuts in March and on late Friday Brent crude oil for November delivery was quoted at 22.80 dollars a barrel in London, more than double its level at the beginning of the year.

But OPEC members say they still plan to hold the line on output for the moment, although International Energy Agency executive Director Robert Priddie noted on Thursday that the higher the price, "the greater the temptation" for

producers to increase output.

And while high prices might be welcome to OPEC members now, "if it lasts too long it can only be detrimental to OPEC in the long-term," said Peter Bogin of Cambridge Energy Research Associates in Paris.

"What they are creating is a roller-coaster," Bogin said.

If prices get up to 26 dollars a barrel before the March meeting, OPEC could decide to hold an emergency meeting to discuss ending the cuts sooner — but that would immediately send the market a message that would lead to a "rapid price decline," he said.

What they are creating is a roller coaster," he added.

Venezuela is proposing to limit price fluctuations through a price band that would allow for automatic increases or cuts in output if the price went too high or too low, but "that is the thinking of people who have no understanding whatsoever of how the modern globalised economy works," Bogin said.

Venezuela has not won the support of other OPEC members for this idea.

While prices have risen in recent months, and demand is expected to rise further with the arrival of the northern hemisphere winter, stock levels still

remain high after rising to saturation levels still remain high after rising to saturation levels following the Asian financial crisis.

"We think there is still a substantial volume of stock held in the system" despite output cuts which have taken four million barrels a day off the market, Priddie said.

But if our figures are right, certainly by the end of this year we will be down at or below the level of stocks that was held at the end of 1997," presuming the OPEC output cuts hold, he said.

OPEC output in August averaged 26.04 million barrels a day, according to IEA figures, compared with 27.92 million barrels a day in 1998 and 27.71 million barrels a day in the first three months of the year.

This compares with demand for OPEC oil of 26.1 million barrels a day in the second quarter of the year.

But if the 11 OPEC members have managed to present a united front on output, they are shaping up for what could be a lengthy dispute over who is to succeed Rulwan Lukman as the organisation's secretary-general.

Lukman, who has held the post since the beginning of 1995, has been appointed oil

advisor to the Nigerian president, and already spends the bulk of his time on that job.

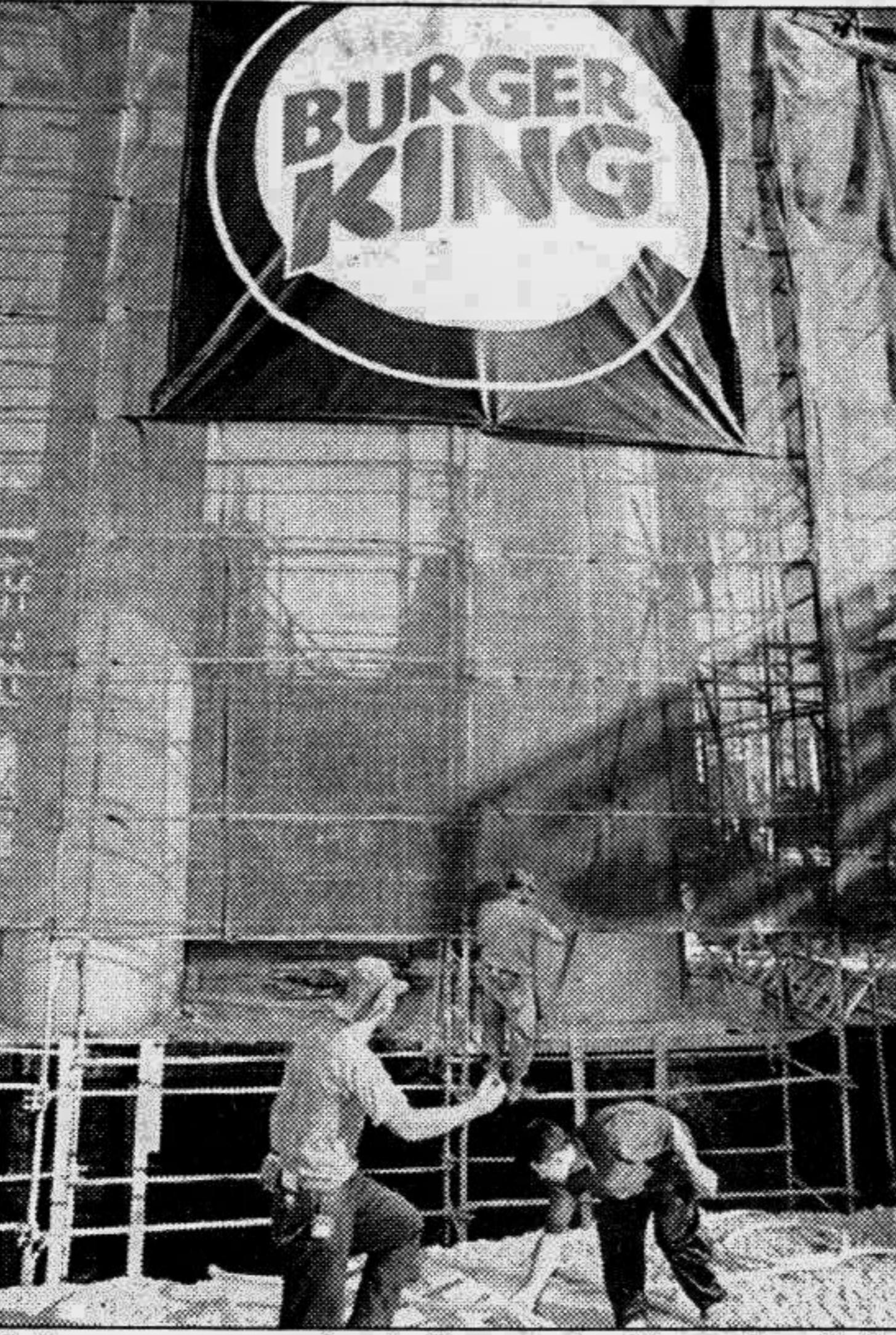
But last time the post fell vacant it took OPEC six months to agree a replacement, largely because any decision has to be unanimous.

Both Iran and Saudi Arabia, the world's largest oil producer, have already laid claim to the post for their candidate and show no sign of backing down. Saudi Arabia is nominating a senior oil ministry official, Suleiman al-Herbiche, while Iran has put forward Iranian oil ministry advisor Hussein Kazempoor Ardebili.

If neither steps down, Algeria is suggesting its oil minister, Youcef Yousfi as a compromise candidate.

It is all the more important that the OPEC secretariat in Vienna has someone at the helm over the next six months because the organisation is planning only the second summit in its 40-year history, to be held in Caracas early next year.

If the worst came to the worst, OPEC source say, the organisation could do what it did back in 1994 before reaching agreement on Lukman's appointment and name the current holder of the OPEC presidency for the interim.



Lebanese men work at the construction site of the American fast-food chain Burger King, in Jai el-Dib, north of Beirut on Monday. Arab and Moslem countries threatened to boycott Burger King after it opened an eatery in the Israeli settlement of Ma'ale Adumim in the occupied West Bank. — AFP photo

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to major currencies						
Currency	Selling TT & OD	Selling BC	Buying T.T Clean	Buying OD, Sight Export Bill	Buying OD Transfer	
US Dollar	49.7300	49.7700	49.3200	49.1570	49.0850	
Pound Stg	80.9803	81.0455	79.7948	79.5311	79.4146	
Deutsche Mark	26.6631	26.8848	25.8883	25.7879	25.7493	
Swiss Franc	32.3932	32.4192	31.9037	31.7983	31.7517	
Japanese Yen	0.4633	0.4637	0.4550	0.4535	0.4528	
Dutch Guilder	23.8415	23.8607	22.9763	22.8864	22.8529	
Danish Krone	7.0191	7.0247	6.8814	6.8388	6.8287	
Australians	32.5732	32.5994	31.2935	31.1901	31.1444	
Belgian Franc	1.3024	1.3035	1.2552	1.2503	1.2484	
CANADIANS	34.1154	34.1428	33.1407	33.0312	32.9828	
French Franc	8.0096	8.0161	7.7190	7.6888	7.6775	
Hong Kong \$	6.4156	6.4208	6.3379	6.3170	6.3077	
Italian Lira	0.0271	0.0272	0.0261	0.0260	0.0260	
Norway Krone	6.3309	6.3360	6.2272	6.2066	6.1975	
Singapore \$	29.6913	29.7152	28.7499	28.6479	28.6060	
Saudi Rial	13.2979	13.3086	13.1149	13.0716	13.0524	
UAE Dirham	13.5767	13.5876	13.3909	13.3466	13.3271	
Swedish Krone	6.0250	6.0299	5.9501	5.9304	5.9217	
Qatari Riyal	13.7016	13.7126	13.6086	13.4640	13.4443	
Kuwaiti Dinar	169.3224	169.4586	166.8702	165.3518	165.1228	
Thai Baht	12.4681	12.4727	12.2338	12.2297	12.2279	
Euro	52.5397	52.5820	50.6331	50.4351	50.3612	

Bill buying rates

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
49.2112	48.9090	48.4980	48.0870	47.6760	46.8540

US dollar London Interbank Offered Rate (LIBOR)

Buying	Selling	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
49.0850	49.7300	USD	5.38125	5.51250	5.94125	5.90000	6.04125
79.4146	80.9803	GBP	5.19156	5.46313	5.94281	6.11031	6.29297
Cash/TC	25.8000	Euro	2.68663	3.10925	3.20000	3.31000	

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
43.545/	51.780/	39.970/	3.7995/	8280/	1200.7/
43.550	51.800/	40.001/	3.8005/	8280/	1201.0/

Annex notes on Monday's market

The interbank USD/BDT market is still liquid in USD. The market remained stable and the rates today were at 49.45-59.25 level.

Call rates went down a little as T-bills maturity and acceptance figured mismatched by almost 200 crore taka. The rates today ranged in the 7.75-8.50 per cent level.

Prices of Japanese government bonds ended higher on Monday as speculation mounted that the BOJ would be forced to ease monetary policy to fight a surge in the yen that may derail Japan's economic recovery. JGBs had been surprisingly well bid for the day. Hopes for a monetary easing are heating up among overseas operators and in the Euroyen futures market in particular. Key March 10-year JGB futures ended at 132.44, up sharply from Friday's close of 131.75. Turnover was a light 25,415 lots. The yield on the key 10-year 215th JGB stood at 1.650 per cent at 0642 GMT, down from 1.705 per cent late on Friday. Besides a BOJ Policy Board meeting on Tuesday, market would be focusing on the results of an auction of 10-year JGBs the same day. Judging from current market conditions, the coupon rate for the new 10-year JGBs is likely to be set at 1.7 per cent, a level that may be too low to attract active bids by Japanese investors.

The yen was on its heels in early European trading on Monday as speculation grew that Japanese authorities might be gaining support from their Group of Seven counterparts to curb the currency's strength. The dollar and the euro retained most of their overnight gains to one-week highs against the yen as the market awaited Tuesday's BOJ's policy board meeting. Any move toward a further credit easing would be seen as a first step toward concerted foreign exchange intervention. Unless there is some comments to the contrary — Japanese officials downplaying the room for the BOJ to do anything on monetary policy — the market will basically trade in fairly narrow ranges and see what comes out this evening. The dollar was trading at 107.66/71 yen at 0715 GMT after rising to a one-week high of 108.16 yen overnight from 106.97/02 yen late in Europe on Friday. The euro was last at 112.31/41 yen after touching a one-week high of 112.76 yen, compared with 111.29/39 yen late on Friday. Sterling held its position above chart support at \$1.62. Pound edged lower against euro, fades from Friday's all-time peak.

At around 0814 GMT, major currencies closed against USD at 107.83/107.88 JPY, 1.5370/1.5380 CHF, Euro at \$1.0434/1.0439 GBP at \$1.6216/1.6226.

Shipping Intelligence

CHITTAGONG PORT

Berth position and performance of vessels as on 20.09.99

Berth No	Name of vessels	Cargo	L Port call	Local agent	Date of arrival	Leaving
J/1	Clover Trust	C.Clink	Pada	MBL	16/9	25/9
J/2	Arktis Vision(24)Spl	Cargo	P.Kel	Bdship	20/9	20/9
J/3	Froest Venture	G.P.said	Rainbow	8/9	23/9	
J/4	San Sebastian	Sugar(G)	Sant	Seacom	8/9	24/9
J/5	Nikolay Malakhov	G.P.	Land	MSA	10/9	24/9
J/6	Cardhu	G Sing	Everett	3/9	21/9	
J/7	Tecam Sea	Wheat(G)	P.Wasim	Ancient	16/9	22/9
J/8	Revenge	P.G.	Mumb	Sunshine	3/8	21/9
J/9	Bangler Gourab	Rice(P)/G	Kochi	BSC	12/9	21/9
J/10	KenZui	Wheat(G)	Bris	RSA	22/8	23/9
J/11	Bulk Emerald	R.Seed	Fran	MSA	3/9	26/9
J/12	Eliza	Cont	Col	Baridhi	17/9	21/9
J/						