

Oil prices hit new 10-year high on ME tensions

LONDON, Sept 19: Oil prices scaled to new ten-year peaks yesterday, rushing ahead to levels not seen since Iraq's 1990 invasion of Kuwait as dealers took flight at rekindled Middle East tensions and lowly Western oil stocks.

London Brent crude futures for November delivery soared to a 10-year high of \$34.98 a barrel before profit-taking clipped wings, putting the contract up 47 cents at \$34.45 on the day.

US light crude futures rose 96 cents to \$36.88 after topping \$37 a barrel at one point, also a decade high.

Iraqi President Saddam Hussein stepped once again into the spotlight of the volatile world oil stage, warning fellow OPEC member states against pressure mounted by "superpowers" on producers to knock down blazing market in October.

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In the Middle East, Iraq has revived accusations that Kuwait was stealing its oil and warned of unspecified measures against the neighbour it invaded in 1990, leading to the US-led Gulf War in 1991.

But traders remain just as concerned about low levels of Western heating oil inventories heading into the peak usage Northern Hemisphere winter season, despite crude oil output hikes in the past seven months.

"US refiners are doing their best to avert a winter heating oil crisis," said London's Centre for Global Energy Studies.

Yet stock cover should remain around the 30-day mark to the end of 2000, three days down on the same period last year, providing

scant comfort during a winter quarter and no defence against cold snaps.

The oil market took little notice of Saudi comments that it expects OPEC to raise production before its November 12 extraordinary meeting if prices keep rising at current levels.

"If prices stay as high as they are, there is no doubt that OPEC will reach an agreement to increase production. There is no doubt it will happen," a Saudi source told Reuters.

OPEC would lift output by at least the 500,000 barrels a day agreed under an information pact to boost supplies if the price of a basket of OPEC crudes stays above \$28 for 20 consecutive working days, the source added.

But in Brasilia, Saudi Oil Minister Ali al-Naimi told Reuters that the kingdom would assess conditions after new barrels hit the market in October.

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Kuwait's cabinet on Sunday issued a statement saying that Iraq posed a real and present threat to the strategic oil-rich Gulf and urged international steps to contain its former occupier.

US Defence Secretary William Cohen said in Singapore on Sunday that the United States was watching Iraq closely and would not allow President Saddam Hussein to become a threat again.

Iraq's most influential paper, Babel, said the United States was planning a new military attack against Iraq.

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Crude oil prices in New York reached a new record on Monday, surpassing 37 dollars a barrel during trading in New York, the highest level since the 1990 Iraqi invasion of Kuwait.

The protests spread as oil consuming nations joined forces to persuade OPEC to boost supplies. Several European governments have put together compensation packages following widespread consumer protests against escalating fuel costs.

Group of Seven industrial nations are set to tackle the oil issue at a summit in Prague later this week, German Chancellor Gerhard Schroeder said over the weekend.

China ups oil prices for 7th time in a yr

BEIJING, Sept 19: China has raised oil prices for the seventh time in less than a year in response to soaring world market prices, state media reported today, says AFP.

The State Development Planning Commission yesterday increased the retail price of gasoline by 4.5 per cent to 4,160 yuan (501 dollars) per ton, while hiking the price of diesel oil by 9.2 per cent to 3,564 yuan (429 dollars) per ton, the China Daily said.

Local consumers feared there would be more price hikes in the coming months, the paper said.

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Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to clients							
Currency	Selling TT & O.D	Currency BC	Buying TT	Buying O.O. Sight	Buying O.D.	Buying O.D. Transfer	
US DOLLAR	54.2500	54.2800	53.8150	53.6970	53.6250		
POUND STG	76.6336	76.6759	75.4432	75.2778	75.1769		
DEUTSCHE MARK	24.1040	24.1173	23.0715	23.0209	22.9900		
SWISS FRANC	30.5823	30.5992	29.9822	29.9164	29.8783		
JAPANESE YEN	0.5103	0.5105	0.5010	0.4999	0.4992		
DUTCH GUILDER	21.3927	21.4045	20.4763	20.4314	20.4040		
DANISH KRONA	8.2472	8.2506	8.1238	8.1021	8.1021		
AUSTRALIAN \$	30.0165	30.0331	28.6726	28.6098	28.5714		
BELGIAN FRANC	1.1687	1.1593	1.1186	1.1161	1.1146		
CANADIAN \$	36.8571	36.8775	35.8074	35.7289	35.6810		
FRENCH FRANC	7.1869	7.1909	6.8791	6.8640	6.8548		
HONG KONG \$	6.9712	6.9751	6.8879	6.8728	6.8636		
ITALIAN LIRA	0.0243	0.0244	0.0233	0.0233	0.0222		
SINGAPORE \$	31.4547	31.4721	30.4780	30.4112	30.3704		
EURO	47.1433	47.1693	43.1233	43.0249	44.0646		
SAUDI RIAL	14.5030	14.5110	14.3091	14.2777	14.2586		

Bill buying rates

TT Day	30 Days	60 Days	90 Days	120 Days	180 Days
53.7512	52.3665	52.9181	52.4696	52.0212	51.1243

US Dollar London Interbank Offered Rate (LIBOR)

Buying (\$)	Selling (\$)	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
53.6250	54.2500	USD	6.6215	6.6575	6.74	6.75	6.78
75.1789	76.6336	GBP	6.0590	6.1894	6.28281	6.34089	6.41156
Cash/TC	Cash/TC	EUR	4.665	4.8165	4.99825	5.08813	5.16250

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Tha Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
45.85/45.95	55.35/55.45	42.17/42.27	3.7995/	8645/8665	1130/1133

Amex notes on Tuesday's market

The interbank USD/BDT market has changed little from yesterday. The rates ranged between 53.93 and 53.95. The call rates moved between 5.5 and 6.5 per cent.

The beleaguered euro hit record lows against the dollar and the yen on Tuesday amid concern that the Group of Seven industrial powers may not come up with a strong enough strategy to reverse the single currency's slide. The euro fell below a key psychological underpinning of 0.85 marking its seventh record low in just 10 trading days. It has now lost nearly 29 per cent of its value since its birth in January 1999. The euro had clawed back about a quarter from its record low against the dollar by European midday but traders expected the single currency to stay under pressure. In the absence of actual intervention, rhetoric from financial authorities were providing little support for the euro. The market barely moved after International Monetary Fund Chief Economist Michael Mussa said the euro had fallen too far and central bank intervention might help correct it.

The euro's weakness dragged the Swiss franc down toward 11-year lows against the dollar it had hit earlier this month. The franc then rebounded against the US unit and gained ground against the euro, approaching record highs against single currency. The dollar was little changed against the yen, drifting in the middle of recent ranges around 107 yen.

Against the dollar, sterling was testing its lows for the day around \$1.4014, within a cent of 14-year lows set a week ago around \$1.3945. Dealers said while there was a risk of further sterling/dollar weakness on any fresh falls in euro/dollar, the pound was due some correction having lost more than seven per cent of its value against the dollar over the past month.

At GMT 11.00 today, the exchange rates of major currencies against USD were GBP/USD 1.4033/1.4038, USD/CHF 1.7804/1.7814, USD/EUR 106.93/107.03, EUR/USD 0.8529/0.8534.

Japan ready to help euro stabilise

Concerns over the euro have been expressed in a statement by European finance ministers as well. We hold the same view.

But Miyazawa expressed puzzlement on where the Europeans in fact stand on the euro, and left unstated was whether the United States generally seen as sceptical toward market intervention would join any action.

Miyazawa quoted European Central Bank President Wim Duisenberg as having previously said a weak euro was not a problem as long as price stability could be maintained. But the Japanese finance minister added that recently surging oil prices may have changed the view of European authorities.

The beleaguered euro was enjoying on Tuesday a rare, pre-G7 respite on the back of the recent comments by European officials.

A shortly after midday in Tokyo, the euro stood at about \$0.853, above Monday's record low of \$0.853, and at 91.17 yen, not far from last week's record low around 90.75 yen.

Referring to comments by German central bank chief Ernst Weltevete that the euro's drop was not justified by economic fundamentals, Miyazuchi said: "That has been said by many in Europe.

The euro recovered slightly after European Central Bank Vice President Christian Noyer said in an interview with French daily newspaper Les Echos that the euro was "dangerously undervalued" and warned there could be a "violent reversal" following the G7 meeting.

The euro hit 85.10 cents in early trading Monday, its lowest level since its introduction at \$1.16 in January 1999.

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