

Indian stocks take lead from RBI credit policy this week

BOMBAY, Oct 7: Indian stocks will take their lead next week from the central Reserve Bank of India's (RBI) credit policy and six monthly company results, brokers said Friday, reports AFP.

On the Bombay Stock Exchange (BSE) the benchmark 30-share BSE sensitive index closed Friday at 4,092.42 points, up just 2.04 points from the previous week's finish.

The RBI is scheduled to announce its monetary and credit policy for the six months to March 2001 on Tuesday.

RBI governor Bimal Jalan said Thursday that the policy would not contain any surprises.

"No change in the bank rate or the cash reserve ratio is being considered at this juncture," Jalan told reporters.

The bank rate is the rate at which the RBI lends to commercial banks while the cash reserve ratio is the amount of cash banks must have in reserve with RBI.

Broker Nimesh Shah said the market was expecting a "neutral" credit policy.

Investors and other market participants will be keenly awaiting the interim company results that begin next week.

Computer software company Infosys Technologies will announce its results for the six months to September on Tuesday.

"The market has already factored in good results from Infosys. So, if the net profits are up between 85 and 100 per cent year-on-year the stock price will not go up much."

In fact, it could come down as speculators unwind positions already built up," said broker Ajit Ambani.

Brokers said the market was still overbought because speculators have built up positions in anticipation of good financial results from computer software companies.

Over the week, Associated Cement Cos fell 1.10 to 91.15 rupees, while Glaxo India gained 3.10 to 45.1.

Reliance Industries was down 2.40 rupees to 340.20 and State Bank of India lost 6.95 to 170.10.

Tata Engineering was down 1.20 at 79.80 rupees and Infosys Technologies gained 46.05 to 7,389.65.

US accuses Brazil of holding up trade talks

WASHINGTON, Oct 7: US Trade Representative Charlene Barshefsky lashed out at Brazil yesterday, saying it threatened efforts to forge a 34-nation Free Trade Area of the Americas (FTAA), says Reuters.

Barshefsky told Reuters in an interview that Brazil has "quite intentionally dragged its feet" in the negotiations, which aim to strike an agreement bringing down trade barriers from Alaska to Argentina.

Despite Brazil's go-slow approach, Barshefsky said she was hopeful negotiations would be completed by the 2005 deadline if not sooner.

The United States and other countries were even "looking at the question of whether that deadline could be moved up to 2003," she said.

The FTAA was first proposed by the United States in 1994 and negotiations began in 1998.

Building on the North American Free Trade Agreement (NAFTA) between the United States, Canada and Mexico, all the countries of the hemisphere would be included in the FTAA except for Cuba.

But the plan has run into trouble as South America, represented by the Mercosur trade bloc of Brazil, Argentina, Uruguay and Paraguay, tries first to consolidate its clout against the might of Washington.

Foreign workers swell US workforce

WASHINGTON, Oct 7: Immigrants now represent 12 per cent of the US workforce, the highest percentage in 70 years, the New York Times reported Monday, citing government statistics, says AFP.

There were 15.7 million foreign-born workers in the United States last year, a 17-per cent jump from three years earlier, the daily said, citing new figures from the Bureau of Labour Statistics.

About five million of those workers immigrated illegally, according to the daily.

The influx of foreign workers is having "profound effects" on the US economy, it said.

On the one hand, it is providing an ample supply of workers for growing companies, but on the other, it is keeping wages low at the bottom of the wage scale.

Immigrants are especially prevalent in low-paying manual jobs such as meat packers, maids, demolition workers and fruit pickers.

But foreign workers are also in high demand in Silicon Valley, leading the administration of President Bill Clinton to favour increasing the number of high technology visas, according to the Times.

About 800,000 immigrants enter the United States legally each year under existing quotas, and another 300,000 enter illegally, the daily said.

China's WTO entry unlikely this year

WASHINGTON, Oct 7: China may be forced to wait until next year to join the World Trade Organisation (WTO), US Trade Representative Charlene Barshefsky said yesterday, due to slow progress in talks in Geneva, says Reuters.

Barshefsky said she planned to deliver that message in person to Chinese Premier Zhu Rongji and other leaders later this month or early in November, hoping to break a stalemate that threatens to delay Beijing's accession to the trade body.

Diplomats have warned in recent weeks that China's 14-year-old bid to join the WTO was in serious jeopardy, after talks in Geneva stalled over Beijing's commitment to implement WTO rules on intellectual property and carry out other promised market reforms.

"It is still possible to finish this up by year-end," Barshefsky told Reuters in an interview. Previously, she had predicted with near certainty that China would become a member before the end of 2000.

Now, Barshefsky conceded, obstacles have emerged. "For us to wrap up the negotiations this

year, China will have to make every rapid progress in the talks," she said. "If the negotiations conclude this year, great. If they conclude next year, great. It is largely up to China."

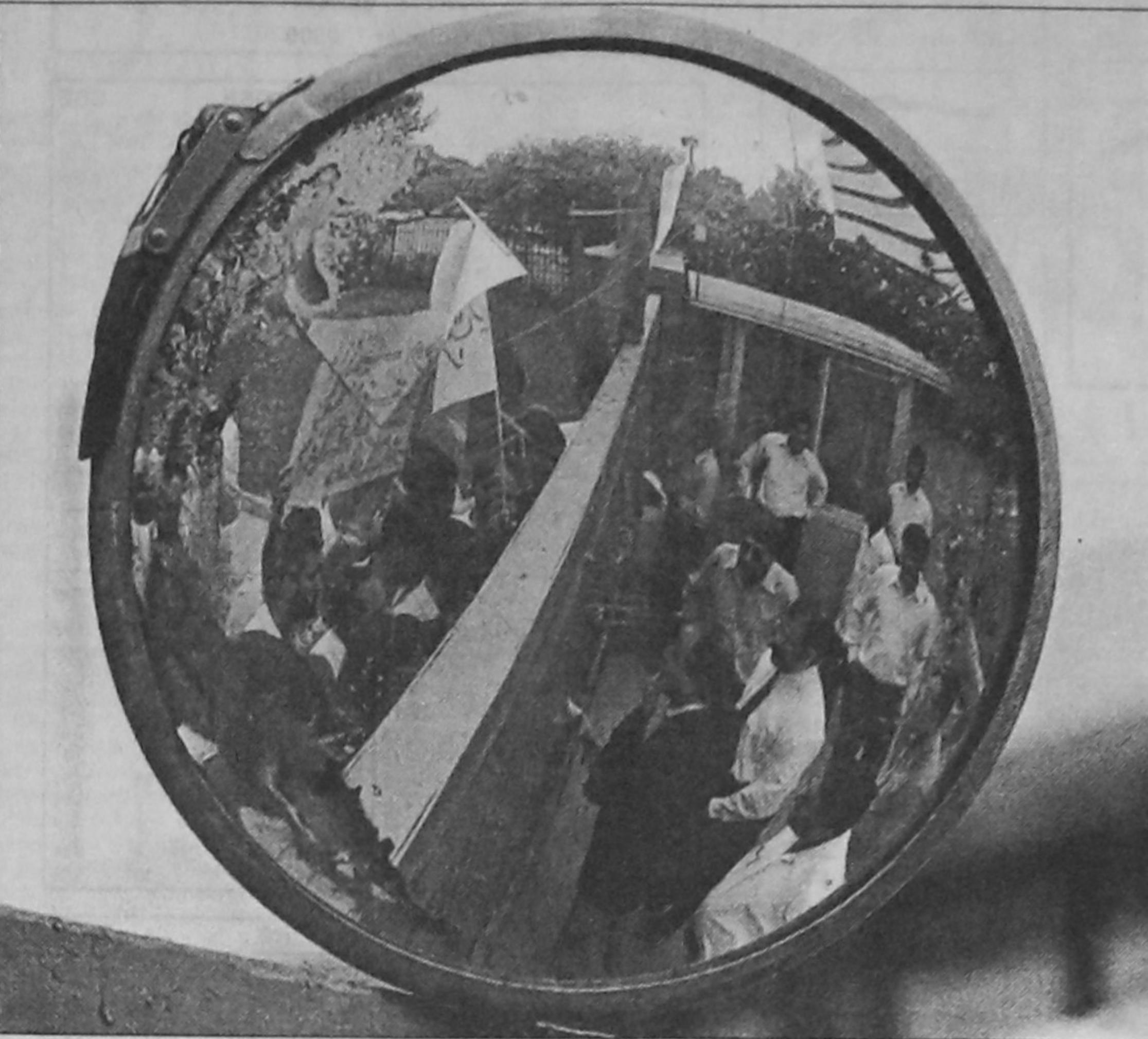
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Diplomats say the sticking points include how China will implement WTO rules on intellectual property, how it will assign safeguard quotas for a vast array of goods imported under special tariffs, and what it will do about import duties for product volumes.

If Beijing fails to make "rapid progress" in upcoming WTO talks, Barshefsky said, China's accession could fail to Clinton's successor - Democratic presidential nominee Al Gore or his Republican challenger George W Bush.

"I think for any administration, there are two important tests of success. One is what you accomplished as an administration. And the other is what have you set in train for the next administration to finish if it needs finishing," Barshefsky said.

Clinton has made Beijing's accession one of his last foreign policy objectives, arguing that opening the vast Chinese marketplace will benefit both the



A mirror mounted at the main entrance of the World Bank building in Islamabad gives view of talks between the Bank officials (R) and the protestors on Friday. Protestors belonging to this country's sportsman turned politician Imran Khan's party held a protest rally against the IMF and World Bank policies for the Third World countries.

- AFP photo

Beijing's WTO access to help stabilise world trade

ROK, Thai, Japan trade ministers say

CHIANG MAI, Thailand, Oct 7: China's accession to the World Trade Organisation would help build a much more stable world trading environment, and without China's participation the WTO can't be called an international trading institution, trade ministers of South Korea, Thailand and Japan said here Saturday, reports Xinhua.

All the three ministers reiterated their position in supporting China's accession to the WTO at joint press conference after the second meeting of the ASEAN economic ministers and the ministers of China, Japan and South Korea.

The opening-up of China's agricultural market would be very significant for our farmers, he said.

He also admitted that China's participation in the WTO will make China more competitive in some labour intensive industry and electronic and electrician products.

Japanese International Trade and Industry Minister Takeo Hiranuma reiterated Japan's support for China's WTO accession, saying that China's joining would be good for the early launch of the new round trade negotiation of the WTO.

The accession would be a very good occasion for China to rationalise its economic system and also to achieve higher growth, he said, adding that China's accession to the WTO would give a much more stable trading environment to the Asian nations as well as to the world.

China's accession to the WTO would create a more competition-boosting effect to the region, which would also enhance growth potential of South Korea, he said.

We are welcoming China's access to the WTO not only in terms of our good-neighbourly relationship but also from the perspective of growth and prosperity in this region as well as in the global economy,"

However, he admitted after China entered the world trading body, there will be some competition for South Korea in some areas.

Thailand's Deputy Prime Minister Supachak Panichpachak said since China is one of the world's largest trading countries, the WTO itself could not be called a global trading institution without the participation of China.

All the countries attending this meeting are in favour of

the accession, he said.

He acknowledged that a tripling in oil prices since early 1999 drained household spending, but said the underlying force of European growth remained sufficiently strong to cope and that taming inflationary expectations had to be its prime objective.

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His words failed to calm markets, which were upset by a September decline in French consumer confidence, recent falls in Germany's influential

ECB rate hike seen no gamble with growth

FRANKFURT, Oct 7: The European Central Bank's latest rate hike does not gamble with growth despite a harsh market verdict to the contrary, analysts said yesterday, reports Reuters.

The ECB on Thursday surprised analysts with lifting rates by a quarter point to 4.75 per cent.

Markets gave the move the thumbs down for focusing on the impact of oil on headline consumer prices over the deflationary damage done to domestic demand, and for ignoring evidence that this was already curbing business and consumer confidence.

But analysts cautioned that the weakness of the common currency was easing the impact of the rate move by making European exports more competitive and the bank was correct to confront price pressures before they fed into the wages cycle.

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IFO business climate survey and a cut on Thursday in an official French forecast for 2000 growth.

But analysts argued that these reflected concerns over fuel protests last month which grounded traffic across the region and said that strong German August new industrial orders provided a reminder that the regional outlook remained bright.

The impact of the weak euro on net exports tends to be overlooked which is why we feel that the ECB's analysis is reasonable," he said.

Metal: Weekly Roundup

Gold down on negative sentiment, others follow

LONDON, Oct 7: The price of gold fell this week amid renewed instability linked to the new slide in the euro, says AFP.

Prices had risen last week after the euro rebounded, which had increased economic stability and thus prospects for stronger global growth and higher gold prices, analysts said.

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But analysts cautioned that the weakness of the common currency was easing the impact of the rate move by making European exports more competitive and the bank was correct to confront price pressures before they fed into the wages cycle.

Negative sentiment is also being compounded by signs of weakness in the European and US economies," GNI said.

By Friday, an ounce of gold was selling at 270.80 dollars on the London Bullion Market, against 274.10 dollars the previous week.

Three-month nickel prices fell to 7,980 dollars a tonne in London at the close on Thursday, from 8,340 dollars seven days ago.

Three-month copper prices remained below the 2,000-dollar threshold at 1,971 dollars a tonne, compared with 1,984 dollars a week ago.

Aluminum prices slipped to 1,548 dollars a tonne from 1,602 dollars a tonne the previous week.

Zinc prices stood at 1,155 dollars a tonne, down from 1,148 dollars.

Three-month lead prices dipped to 494 dollars from 503 dollars a tonne.

ROK Sept trade surplus powered by record exports

SEOUL, Oct 7: South Korea said today it posted a preliminary trade surplus of \$2.0 billion in September, up from \$1.46 billion in August, powered by record monthly exports, says Reuters.

Customs-cleared exports stood at \$15.3 billion in September, up 28.1 per cent year on year as long-term contract prices of dynamic random access memory chips held steady around \$8 per piece, the Ministry of Commerce, Industry and Energy said.

"Despite the reduced working days because of the Chuseo (Thanksgiving) holidays, September exports was the record largest for a single month," it added in a statement.

It reiterated that the trade surplus for this year was expected to beat the targeted \$10 billion led by robust exports, even after taking into consideration rising oil costs.

Semiconductor shipments in September grew an estimated 42 per cent from the corresponding month in 1999, while computer exports leapt approximately 38 per cent.

Oil and petrochemical products added to the bullish exports in the wake of price rises stemming from higher crude oil prices, amid stable exchange rates over the past month.

The September trade surplus also beat that posted in the same month of a year earlier which came in at \$1.8 billion.

But the cumulative surplus in the year to September was halved to \$8.4 billion, compared with \$17.0 recorded in the same period a year earlier, largely due to mounting oil import prices, the said.

Strong oil prices boost Iranian economy

LONDON, Oct 7: Strong oil prices have lifted key crude producer Iran onto solid economic ground and built confidence in potential international investors, a senior Iranian official said, reports Reuter.

"Oil revenues are more than 60 per cent higher during the first quarter of 2000 versus the same period last year," Iranian Central Bank Governor Mohsen Nourbakhsh said at Iran Invest in London. He was referring to the first three months of the Iranian year which began on March 21.

Oil prices hovering at decade highs of around \$30 a barrel have left producers raking in profits while raising the alarm in consuming nations.

The huge influx of petro dollars has allowed Iran - OPEC's second biggest producer - to balance its books during the first quarter and push its trade account surplus to \$2.7 billion, he said. GDP growth this year is projected at about four per cent, Nourbakhsh added.

These encouraging economic prospects could well boost Tehran's standing in international financial circles.

The Central Bank chief insisted Iran was still keen on a \$500 million Eurobond issue, targeted mostly at Europe.

Iran first expressed an interest in tapping international debt markets several months ago, but bankers do not expect the issue to emerge until 2001.

"That is definitely a market we would like to be in," Nourbakhsh said. "That way we would have access to the capital market."

Malaysia for curb on labour drain to S'pore

KUALA LUMPUR, Oct 7: A Malaysian minister has urged authorities to check a large labour drain to neighbouring Singapore, saying some 200,000 locals travel there daily to work, says AFP.

International Trade and Industry Minister Rafidah Aziz, quoted in newspapers, called on the state government of southern Johor bordering Singapore to set up a task force to reverse the labour drain.

"We