

# OPEC production hike fails to contain oil prices

Inflationary damage to world economy feared

SINGAPORE. Oct 31 Oil remained firmly entrenched above \$30 a barrel today, shrugging off a new output hike by the OPEC producers' cartel in its latest attempt to tame runaway prices that threaten to dent global economic growth, says Reuters.

OPEC said yesterday it would raise production by two per cent on Tuesday to curb a price rally stoking fears of inflationary damage to the world economy.

The United Nations also removed one uncertainty troubling oil traders by approving an Iraqi proposal to receive payments for its crude exports in euros instead of dollars.

US benchmark light crude futures stood at \$32.90 a barrel, up nine cents from the day earlier close in New York dealings, when crude posted a slim

seven-cents gain.

North Sea benchmark Brent Blend crude futures rose 19 cents in London on Monday.

Despite OPEC's new injection of half a million barrels per day (bpd), the market remains sceptical the extra barrels will translate into winter heating oil to warm homes in the northern hemisphere, where fuel stocks are running at low levels.

Analysts doubt that OPEC's output rise, the fourth hike since April to quell this year's relentless price rally, would make much difference to physical crude supplies.

Most members of the Organisation of the Petroleum Exporting Countries (OPEC), with the exception of Saudi Arabia, are already pumping flat out.

"I don't think the hike will lead to any significant increase

in barrels," said Gary Ross, chief executive of Pira Energy Group.

Iran, Kuwait, Algeria and Qatar, as well as OPEC kingpin Saudi Arabia, have said they would contribute to the rise.

Under the latest increase, the group will have an official output ceiling of 26.7 million bpd for the 10 members subject to quotas. The 11th member, sanctions-bound Iraq, plays no part in production restraints.

OPEC, which is now producing more than that at any time in the past 20 years, has raised total output so far this year by 3.7 million barrels.

OPEC ministers are scheduled to convene for a policy-setting meeting in Vienna on November 12.

Non-OPEC Mexico also plans to jack up production. The Energy Ministry said on Monday

that Mexico will have an extra 100,000 bpd of output in December and another 200,000 bpd by April 2001.

Despite the extra oil flows, weaker than fuel stockpiles in the United States, the world's biggest energy consumer, have kept prices buoyant on concerns of shortages especially if there should be a severe chilly spell.

"Even with today's (Monday's) announcement, we remain concerned that US consumers are able to heat their homes this winter," US Energy Secretary Bill Richardson said in a statement on Monday.

Weather forecasters have predicted US temperatures this winter will be close to normal, or colder than the past three "mild" winters and pocked by cool blasts into the Midwest and Northeast from Canada.

UNITED NATIONS. Oct 31: A UN panel yesterday approved Iraq's plan to receive oil-export payments in Europe's single currency after Baghdad decided to move the start date back a week, reports Reuters.

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UN Secretary-General Kofi Annan's office is to report in three months on the impact of the switch to euros, which a UN study said would cost Iraq at least \$270 million.

Iraq's UN Ambassador Saeed Hasan reported earlier that Baghdad would delay the changeover until after Nov. 6, rather than put it into effect on Nov. 1, as originally announced.

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Hasan said the delay would give the United Nations time to make arrangements for the change, as it requested.

Iraq had also threatened to stop oil exports, the bulk of which flow through the UN humanitarian programme, if its request for payment in euros was denied.

On Friday, the chief UN financial officer, Connor, asked Iraq to delay any action until proper arrangements



Managing Director of Golden Life Insurance Limited AKM Mostafizur Rahman addresses the inaugural ceremony of the company's Mymensingh Divisional Office recently as the chief guest.

- Golden Life photo

## UN okays Iraq's plan to sell oil for euros

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could be made. He did not say how long he would need.

Connor, the UN undersecretary-general for management, told Hasan in a letter that the Central Bank of Iraq and UN officials should consult first on "banking arrangements involved and currency management issues."

Baghdad currently is selling about \$60 million in crude a day, about 5 per cent of the world's oil exports.

Under the UN "oil-for-food" programme, Iraq is permitted to sell unlimited quantities of oil to purchase needed supplies for its people, to alleviate the impact of UN sanctions.

The embargoes were imposed when Baghdad's troops invaded Kuwait in August 1990.

Contracts for goods as well as oil sales are approved by the United Nations, which has a dollar-based escrow account at the New York branch of the French bank BNP-Paribas.

More than \$10 billion is in the bank.

In a 10-page report on Friday, Suzanne Bishopric, the UN treasurer, outlined how Iraq should go about making the switch but said the euro would accrue lower interest than the dollar.

She said buyers of Iraqi crude would pay 10 cents a barrel less to offset the cost of dealing in euros rather than dollars.

## Exchange Rates

Following are yesterday's Standard Chartered Bank foreign exchange rates (indicative) against Taka to foreign currencies. Central Bank buying and selling rate of USD: BDT 53.85/BDT 54.15					
TT/OD	BC	Currency	Buying		
			TT Clean	OD Sight Doc	OD Transfer
54.2500	54.2800	USD	53.8150	53.6464	53.5779
46.2098	46.2967	EUR	44.4417	44.2583	44.1817
79.3320	79.3740	GBP	77.5281	77.2616	77.2070
29.1385	29.1630	AUD	26.1450	26.0525	25.9724
0.5039	0.5041	JPY	0.4841	0.4859	0.4849
30.2588	30.2833	CHF	29.5932	29.4986	29.4141
5.3994	5.4045	SEK	5.3100	5.2923	5.2764
35.7066	35.7311	CAD	34.8667	34.7721	34.6889
6.9911	6.9924	HKD	6.8676	6.8499	6.8325
31.3334	31.3548	SGD	30.2016	30.1578	30.0431
14.8919	14.9095	AED	14.5023	14.5242	14.4838
14.5791	14.5975	SAR	14.2406	14.2039	14.1857

### Usage export bills

TT DOC	30 DAYS	60 DAYS	90 DAYS	120 DAYS	180 DAYS
53.7041	53.3727	52.9304	52.4217	51.8688	50.6303

### Exchange rates of some Asian currencies against US dollar

Indian Rupee	Pak Rupee	Lankan Rupee	Indo-Rupiah	Thai Bhat
BUY 46.60	56.00	78.40	9445	44.03
SELL 46.70	56.90	79.48	9545	44.06

Local foreign exchange market was calm. Demand for dollar was steady and trading of dollar/Taka was rangebound. In the Money market, demand for call money was steady. Call money rate fluctuated in a narrow range and traded between 6.0 and 6.50 per cent.

In the international markets after rallying to two week high against dollar, euro sank in late US trading giving up virtually all its earlier gains. The mini rally fizzled as European euro euphoria ceded once again to negative sentiment among US dealers, who said the currency looked vulnerable to a retest of last Thursday's record low of 2.25 cents.

Meanwhile losses in the Japanese stocks and wariness over Japan's economic recovery continued to weigh on the yen, which has firmly embedded itself in a narrow range against the dollar.

Losses on Tokyo's benchmark Nikkei index which closed on Monday near its all time low, have hurt the yen's performance. Continued fall out from Japan's tumultuous political environment also dragged on the yen, after last week's resignation of Chief Cabinet Secretary Hidemao Nakagawa.

## Shipping Intelligence

### Chittagong port

Berth position and performance of vessels as on 31.10.2000.					
Berth No	Name of vessels	Cargo	L Port call	Local agent	Date of Leaving arrival
J-1	Hanjin Houston	GI/WT(P)	Sing	Mutual	11/10 4/11
J-2	Anhong Jiang(Liner)	GI	S Haj	Bdship	25/10 4/11
J-3	Pathen	Rice(P)	Yang	MTA	14/10 2/10
J-4	Triumph Chittagong	GI(Log)	Yang	RML	24/10 1/10
J-5	Chong Chon Gang	GI	Tutu	CCN	25/10 5/11
J-6	Xiang Cheng	GI	S Haj	Bdship	26/10 4/11
J-7	Yong Jiang	GI	Dali	Bdship	26/10 6/10
J-8	Pride	Salt(TCB)	Kaud	UML	22/9 6/11
J-9	Mergul	Rice(P)	Yang	MTA	23/10 6/11
J-10	Century	GI(WT CE)	Bank	Rainbow	20/10 31/10
J-11	Golden-D	C.Clink	Pipa	NWSL	28/10 10/11
J-13	Jurong Balsam	Continue	Sing	Nol	27/10 1/11
CCT/1	Jaya Mars	Cont	Col	Everest	26/10 30/10
CCT/2	Buaya Bijoy	Cont	P.Kel	Bdship	27/10 31/10
CCT/3	Banglar Shikha	Continue	Sing	BSC	28/10 1/11
CCJ	Ocean Prince	C.Clink(Ruby)	Krab	PSL	24/10 2/11
GSI	Stringisan-9	GTSP(P)	Sing	Delmure	24/10 7/11
TSP	Hans	Salt(TCB)	P.Kel	SEBS	26/9 31/10
RM/3	OM Sunshine	Cpo	Mala	MTCL	28/10 31/10
RM/6	Eltanin	C.Clink	Sing	PSAL	3/10 4/11
DOJ/1	Belgrac Shourabb	Repair	P.Kel	BSC	2/10 2/11
DDJ/1	Banglar Gourab	Repair	P.Kel	BSC	2/10 2/11
DDJ/2	Dea Calipion	Repair	K.Dia	Arafeen	R/A
RM/8	Banglar Urmil	Repair	P.Kel	BSC	5/11
CULJ/1	Mary Nour	Cement(Scan)	Lang	BSL	21/10 2/11