

High oil prices threat for US, global economic growth

US treasury secretary says

REUTERS, Racine, Wis

US Treasury Secretary John Snow said Thursday high oil prices were "not helpful" for US and global economic growth, and said a reduction in output by OPEC oil producers would be worrisome.

"It's not helpful, it's something we monitor," Snow told reporters after announcing the award of \$52 million in tax credits of a company engaged in community development projects.

Snow was asked about the potential economic impact of oil

prices at near \$40 a barrel. He noted the Bush administration had already expressed concern about the possibility of further OPEC output cuts and said it such reductions took place it would be "a matter of concern."

In Washington on Thursday, Algerian oil minister Chakib Khelil said OPEC ministers will likely hold an informal meeting in Amsterdam in late May to discuss the world oil situation.

Khelil told reporters after meeting US Energy Secretary Spencer Abraham that the Bush administra-

tion wants OPEC to produce more crude oil when the cartel assembles for its next formal meeting in June in Beirut.

Snow noted the US economy was less energy-intensive than in the past, which helped offset some of the oil price rises.

Asked how troublesome record US budget deficits could be to the economy, Snow replied, "It's an issue but if we deal with it, it's manageable."

Snow said a trip next week to Beijing by Treasury Under Secretary John Taylor was intended

to encourage China to continue moving forward with steps to lay a base for eventually moving to a more flexible exchange rate for China's yuan currency.

"What we have going on with the Chinese is a really good, strong exchange of views and a dialogue pointing toward modernization of their financial infrastructure so that ultimately they will be able to move to a flexible exchange rate, which is something they have reaffirmed to us as their objective," the US Treasury chief said.



PHOTO: THE ADVERTISING CLUB, DHAKA

Wazir Sattar, convener of 2nd Dhaka Advertising Festival, speaks at a press conference organised by The Advertising Club, Dhaka to announce the festival to be held on May 22 at Dhaka Sheraton Hotel. Convener of the Club Sanaul Arefin, joint convenors Yousuf Hasan, Apan Ahsan and Sarwat Ahmed are also seen in the picture.



PHOTO: INTERNATIONAL LEASING

Mafizuddin Sarkar, managing director of International Leasing and Financial Services Limited, and Rashed Mahmud, managing director of Dipon CNG Transport Services Limited, exchange documents after signing a lease finance facility agreement involving Tk 64.4 million for acquisition of 40 CNG-run buses.

Two Indian drug majors acquire US, German cos

AFP, Mumbai

Two leading Indian pharmaceutical players, Dr Reddy's and Wockhardt, have acquired overseas drug companies, the latest domestic firms in the sector to seek to expand their international presence.

South India-based Dr Reddy's Laboratories Ltd. bought privately owned US company Trigenesis Therapeutics Inc. in an all-cash deal worth 11 million dollars while Wockhardt Ltd. acquired Germany's esparma GmbH, also for 11 million dollars.

The purchases come as Indian drugmakers seek to boost their presence in overseas markets, especially in the United States and Europe where many drugs are slated to lose their patents.

In January, India's biggest drug firm, Ranbaxy Laboratories, completed the purchase of Franco-German pharmaceutical group Aventis' generic drugs business.

Dr Reddy's said the acquisition of Trigenesis Therapeutics, focused on dermatology, would give it access to the multi-billion US dollar dermatology drugs market and proprietary drug delivery technology platforms.

The purchase was "an important element of our overall corporate strategy in facilitating our transition into a specialty pharmaceutical firm focussed on the US market," Dr Reddy's chief executive officer G.V. Prasad said in a

statement Thursday.

The New York-listed firm already boasts a strong US generics presence but is aiming to become more of a specialty drug supplier.

Dr Reddy's, a research-driven company in areas such as cancer, diabetes, cardiovascular and bacterial infection, has been focusing on key global markets such as the United States, Europe and Russia in the past few years.

Wockhardt's purchase of privately held esparma marks its "entry into Germany, the largest generic market of Europe," Wockhardt chairman Habil Khorakiwala said.

"esparma's presence in urology, diabetology and neurology is in line with Wockhardt's therapeutic segment and emerged as the right vehicle for our entry into Europe's largest market," Khorakiwala said in a statement.

Wockhardt will have access to esparma's production facilities but will later move manufacturing to its British and Indian bases.

esparma, with annual turnover of 20 million dollars, has 87 product marketing rights in Germany, nine international patents and 94 trademarks.

The takeover marks Wockhardt's third overseas acquisition. In 2003, it bought CP Pharmaceuticals, making it one of the 10 generic companies in Britain, and in 1998 acquired Britain's Wallis Labs.

Oil prices on brink of \$40

REUTERS, London

World oil prices simmered close to 13-year highs on Friday, on the brink of \$40 a barrel for US crude and prompting warnings from the United States that higher fuel costs could stunt economic growth.

US light crude was trading 48 cents higher at \$39.85, just off a peak of \$39.97 hit on Thursday. London Brent gained 53 cents to \$37.06.

Analysts and traders said a move above \$40 looked inevitable. It would be the highest level since the record of \$41.15 hit in October 1990 after Iraq invaded Kuwait in the crisis that led to the Gulf War.

Last weekend's shootings at a Saudi Arabian chemicals plant and attempts a week earlier to bomb Iraq's Basra oil export terminal have fostered fears of a bigger attack on oil facilities in the Middle East, which pumps about a third of the world's oil.

"People are watching events in the Middle East very closely. We could be getting toward the point when supplies will be disrupted and that's very worrying," said Tony Machacek of Prudential Bache brokerage.



PHOTO: ICB CAPITAL MANAGEMENT

A Qadir Choudhury, managing director of Phoenix Leasing Company Ltd, and Md Iftikhar-uz-Zaman, CEO of ICB Capital Management Ltd, exchange documents after signing an agreement on Monday in Dhaka. Under the deal, ICB Capital Management will act as manager for the proposed bond issue of Phoenix Leasing Company. Among others, Managing Director of ICB Md Ziaul Haque Khondker, general managers Md Fayekuzzaman and Md Jahangir Mia and Executive Vice-president of Phoenix Leasing Kazi Emdadul Haque were present.



PHOTO: BRAC

Visitors crowd Brac stall at the agricultural show in Dubai. The exhibition was held from April 26 to 29.

Weekly Currency Roundup

May 01-May 06, 2004

Local FX Market

The local interbank market was closed half of this week due to government holidays. US dollar was on bullish mode against Bangladeshi taka in this week. The rally resulted from higher demand of greenback mainly due to import payments for capital machinery, scrap vessels and industrial raw materials.

Money Market

Bangladesh Bank borrowed BDT 5,616.00 million by the Treasury bill auction held on Sunday, compared with BDT 2,032.00 million in the previous week's bid. The weighted average yields of t-bills of different tenors fell few basis points.

The call money rate moved in narrow range in this week amidst holidays. The rate was 3.00-3.40 percent in the beginning of the week and ended almost at the same level at 3.00-3.50 percent.

International FX Market

In the beginning of the week, the dollar remained stable against other majors. In the middle of the week, the dollar slipped to four-week lows against the euro, remaining weak after the US Federal Reserve signaled that it could take a gradual approach to interest rate rises expected to start this year. This left markets awaiting Friday's US non-farm payrolls report as the biggest event on the horizon affecting interest rate expectations, which acted as a key support for the dollar during its rally of nearly 12 cents from February to April. The euro also firmed against the yen to 132.61 while the dollar fell a third of a percent against the Japanese currency to 109.05 yen. The greenback also fell two thirds of a percent against the Swiss franc to 1.2730, its lowest since early April.

The dollar hovered near a four-week low on the Euro at the end of the week, as the market awaited the outcome of a European Central Bank policy meeting and held back before the key US jobs data later this week. While a move in Euro Zone interest rates was not on the cards, policy makers in Britain were expected to raise borrowing cost by a quarter percentage point in their rate announcement at 1100 GMT, leaving Sterling vulnerable to profit-taking ahead of the decision. Euro reached four-week high of \$1.2180 on Wednesday. Against the yen, Euro was 0.4 percent up while the yen also lost ground against US dollar. Market was also waiting on Thursday for the European Central Bank's policy meeting, due at 1145 GMT, followed by a news conference with ECB President Jean-Claude Trichet at 1230 GMT.

-- Standard Chartered Bank

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