

EU, Caribbean, Latam leaders meet on trade, cooperation

AFP, Guadalajara, Mexico

European Union, Latin American and Caribbean leaders gather here Friday for a trade and cooperation summit, but a handful of key leaders will be absent.

Latin America and the EU share diplomatic concerns about a US-dominated international community. And the EU is looking to increase trade with Latin America, with which the United States is seeking to forge a Free Trade Area of the Americas (FTAA) stretching from Canada to Chile.

Stumbling blocks on the trade front are significant, however,

reflecting the current deadlock in the World Trade Organization (WTO) over farm subsidies.

From Latin America, presidents Fidel Castro of Cuba, Nestor Kirchner of Argentina and Alejandro Toledo of Peru will not be at the summit.

Nor will prime ministers Tony Blair of Britain or Silvio Berlusconi of Italy -- two of US President George W. Bush's staunchest European allies.

Venezuelan President Hugo Chavez -- facing the possibility of a recall referendum at home -- will be here.

Chavez, an elected leftist-

populist ex-paratrooper, was ousted in April 2002 in a short-lived military coup. But the coup fell apart within 48 hours, and Chavez was returned to power.

Also present: Cuban Foreign Minister Felipe Perez Roque, who along with Castro issued a blistering statement charging the EU with being an "accomplice to the crimes and aggressions of the United States" against the island, and benefiting from an "unjust" world economic order.

"We care about human rights everywhere, not least in Cuba where they have been greatly trampled on," said EU External

Affairs Commissioner Chris Patten.

Cuba and Mexico had recalled their respective ambassadors, but on Thursday agreed to end their diplomatic spat and return their ambassadors.

The crisis erupted after Mexico and Peru were angered by Castro's May Day speech blasting them for having voted for an April 15 resolution condemning Cuba before the UN Human Rights Commission in Geneva.



PHOTO: BGIC

MA Samad, chairman of Bangladesh General Insurance company Limited (BGIC), and MH Samad, managing director and CEO of Central Depository Bangladesh Limited (CDBL), sign an agreement on behalf of their organisations on Wednesday in Dhaka. Under the deal, CDBL will convert the paper share certificates of BGIC into electronic ones for trading under the central depository system (CDS).



PHOTO: HEIDELBERGCEMENT BANGLADESH

KM Zahid Uddin, general manager (Marketing & Sales), HeidelbergCement Bangladesh Limited, speaks at a press conference in Chittagong to mark the launching of "Hello Bhalo Basha-RubyCement Advisory Cell" recently. Under the programme, a series of workshops will be conducted by a specialist consultant to provide solutions to various construction-related problems.

Weekly Currency Roundup

May 22 May 27, 2004

Local FX Market

Market experienced acute liquidity crisis for USD in the local interbank market. Huge import-related payment and profit remittances, coupled with liquidity crisis increased the rate of US dollar to one of its highest level against BDT.

Money Market

Bangladesh Bank issued BDT 2,305.00 million by the Treasury bill auction held on Sunday, compared with BDT 2,028.00 million in the previous week's bid. The weighted average yields of t-bills of different tenors were almost unchanged.

The call money rate was range-bound this week. The rate ranged between was 3.00-4.50 percent this week. The rate was 3.50-4.25 percent in the beginning of the week and ended the week at 4.00-4.50 percent.

International FX Market

In the beginning of the week the dollar bounced off recent two-week lows versus the Euro and Yen to hold at the top end of recent ranges after oil prices fell on news that Saudi Arabia was to raise output to ease supply concerns. Oil prices, a major concern for global growth-fell one percent on Monday after Saudi Arabia said it was raising oil output unilaterally and pressed OPEC to lift production levels. Following a fall in oil prices, Tokyo stocks ended higher and European equities were also up, with US stocks expected to open firmer. Against the yen, the dollar rose from its two-week trough fall on Friday. It rose against the Euro too.

The dollar slipped to its lowest levels in over two-weeks against the Euro and yen by the middle of the week as investor concern about high oil prices and their impact on the US economy kept the greenback on the defensive. Crude recovered on Wednesday after losing more than one percent the previous day as markets awaited to see if an expected rise in US oil stocks would be enough to meet peak holiday season demand for gasoline. Analysts said the lead against the dollar was coming from the yen and higher yielding currencies like sterling, with investors questioning whether high oil prices would harm US growth prospects and prevent the US Federal Reserve from raising interest rates. Euro reached 2-1/2 week high against the dollar. The dollar slipped more than 0.3 percent, also at a two-week low.

By the end of the week, the dollar fell half a percent to a three-week trough against the Euro and the yen on Thursday, on concerns that high oil prices could hurt the US economy and delay the expected interest rate rise. Traders said the market was growing nervous about whether next week's US employment data for May would back market the expectations that Federal Reserve will raise rates in June. Sterling has also risen to its highest level since April 13. High-yielding commodity currencies the Australian and New Zealand dollars also hit three-week highs against the greenback.

-Standard Chartered Bank



PHOTO: UCBL

Hamidul Huq, managing director of United Commercial Bank Limited (UCBL), and Andy Ng, chief operating officer of Bangladesh Electronic Payment Systems Limited (BEPS), exchange documents of an agreement on Thursday. Under the deal, UCBL will issue both Visa Credit and Visa Debit cards to its customers. Other senior officials of UCBL and BEPS were also present.



PHOTO: JANATA BANK

Janata Bank Managing Director Murshid Kuli Khan speaks at the inaugural session of a workshop for women entrepreneurs in Dhaka on Thursday. Among others, General Manager of Head Office of the bank Syed Abdul Hamid was present.

US, Bahrain reach FTA

AFP, Washington

The United States and Bahrain struck a free-trade agreement (FTA) here Thursday after four months of negotiations, prompting cheers from business leaders.

US Trade Representative Robert Zoellick and Bahrain Finance and Economy Minister Abdullah Seif announced the deal, which must still be approved by the US Congress.

"Our two nations have committed to strengthening a friendship a century in the making," Seif said in a statement.

"This free trade agreement provides the essential tools that will fortify our two nations' political, economic, cultural and strategic relationships. Our success is the result of a strong commitment by the leadership in both countries to produce a comprehensive agreement that will benefit the people of America and Bahrain."

Seif said the deal would help the United States in its effort to create a free-trade zone in the Gulf region.

The two sides decided to pursue a free trade agreement one year ago. Negotiations began in Manama, Bahrain on January 26 this year.

According to the business lobby group, the deal would provide duty-free access to all trade in non-textiles industrial goods, all of Bahrain's agricultural exports and 98 percent of US agricultural exports.

Oil prices steady after midweek tumble

REUTERS, London

World oil prices steadied on Friday after a midweek fall caused by profit-taking and dealers said it was too early to call time on oil's recent record-breaking rally.

US light crude was trading just three cents lower at \$39.41 a barrel following Thursday's dollar dive. London Brent crude was up five cents to \$36.30 a barrel.

Oil has turned tail from a recent \$41.85 peak as the Organisation of the Petroleum Exporting Countries considers a big increase in output limits at a meeting in Beirut on June 3.

"Thursday's retracement was badly needed but there were many reasons the market went up and those reasons, political and otherwise, are still there," said Rob Laughlin of brokers GNI.

"We have started to see a bit of reality check on prices but in the longer-term I would not say the bull run was over," said Tom James of Tokyo Mitsubishi Bank in London.

Markets shrugged off comments by an OPEC source that the cartel could consider lifting quota restrictions altogether to help put psychological pressure on prices. Most expectations are for an increase somewhere on the scale of 2.3 million barrels daily, 10 percent,

matching existing leakage above official limits.

"The spotlight is still on OPEC and they still have to perform," Laughlin said.

Saudi Arabia, the only OPEC member with any significant immediate spare capacity, has already made clear it will be pumping real extra volumes of some 700,000 bpd, irrespective of quotas. Suspending quota limits altogether would give Riyadh official cartel clearance to pump at will.

But some in Opec may oppose a big addition for fear of a price collapse. Cartel number two producer Iran has already said an increase should be "cautious, limited and temporary."

This weekend's US Memorial Day holiday marks the start of peak summer holiday motoring in the United States and lasts through to U.S. Labor Day in September.

"The million dollar question is still -- Has U.S. gasoline demand slowed or not? The signals we're getting from the States are that demand is pretty robust," said Deborah White, senior energy economist at Societe Generale.

U.S. data this week showed gasoline consumption in the year so far up 2.9 percent at 8.925 million barrels per day, leaving an inventory deficit of 2.4 percent against last year.

STOCK