

Oil prices hold above \$48

Oil's advance wavered a little on Friday as the US government prepared to lend out some strategic crude stocks, but traders said the amounts were small and that supply worries remained.

Rebel threats to oil infrastructure in Nigeria underpinned prices.

New York light crude shed 27 cents to \$48.19 a barrel after trading as high as \$49 on Thursday, 40 cents below the \$49.40 record set on Aug 20.

London Brent crude fell 35 cents to \$44.78. Brent also set a new record at \$45.75 a barrel on Thursday on nagging fears over a US oil supply shortfall caused by Hurricane Ivan.

Traders said the slightly weaker market reflected some profit taking from gains of more than \$4 over the last eight days.

"The next big question for the market is whether we can actually get above \$50 in New York," said Tony Machacek of brokerage PrudentialBache.

"Otherwise everything in the nearby trend suggests that we are still going higher."

Disruptions due to Hurricane Ivan, together with spiraling prices, have prompted the Bush administration to start negotiations with refineries over two-to three-week oil loans from the nation's emergency stockpile.

The US Energy Department is set to approve the loans from the 670-million-barrel SPR, once the details are worked out with the refineries, a congressional source briefed on the pending decision told Reuters.

Two refiners have asked to borrow 100,000-200,000 barrels and one million to two million barrels

from the SPR (Strategic Petroleum Reserve), respectively. The last time Washington loaned oil from the SPR was in late 2002 when Hurricane Lili disrupted shipments.

A rebel commander in Nigeria's oil rich delta region threatened on Thursday to attack oil wells and pipelines in Africa's top crude exporter unless the army halted an offensive there.

These factors added to unease in a tightly stretched market already unnerved by regular attacks on oil infrastructure in Iraq and turmoil at Russian oil giant Yukos.

Opec producers are pumping almost flat out to meet the strongest demand growth in 24 years, but their marginal production increments are mostly of heavy, sour crude, out of favor with refiners.

US crude oil inventories are at their lowest since Feb 6 following shipment disruptions due to

Hurricane Ivan that have cut down imports by almost 1.5 million barrels per day (bpd) to about 8.4 million bpd.

With the peak demand northern hemisphere winter approaching, traders are concentrating on weather forecasts and stocks of distillate fuels -- supply of which was also disrupted by Hurricane Ivan.

In Iraq, where sabotage has crippled attempts to export Kirkuk crude via Turkey, a North Oil Company engineer said the main pipeline running north, out of action since September 2, was fixed but not yet pumping.

Exports through a smaller pipeline have been running at about 200-250,000 barrels per day, less than half their previous rate, since earlier in the week.

Gold jumps \$6 to 5-month high

AFP, London

The price of gold rose by more than six dollars on Thursday to 411.50 dollars per ounce, the highest level since April in the wake of a renewed surge in oil prices and a weak dollar amid strong demand in India, analysts said.

The price of gold climbed to 411.50 dollars per ounce at the afternoon fixing, the highest level since April 13, against 405.35 dollars late on Wednesday.

"A stronger Euro across European trade has added support to gold," said James Moore, an analyst at the online magazine TheBullionDesk.com.

"Rising oil prices on the back of supply concerns have also added support to the (gold) market," he added.

Oil futures closed above 48 dollars per barrel in New York on Wednesday, for the first time in nearly one month in response to a slump in weekly US crude inventories.

The November contract price on the New York Mercantile Exchange surged 1.59 dollars to 48.35 dollars per barrel at the close.

A surge in oil prices weighs on global economic growth, analysts say, allowing gold to benefit from its status as a safe haven.



PHOTO: TRANSCOM ELECTRONICS

Transcom Electronics Limited Executive Director Obaidur Rahman Khan, General Manager (HR and Admin) Shahriar A Chowdhury, General Manager (Finance) Habibur Rahman Mollah, National Sales Manager A Kader Khan and Transcom Beverage Limited Executive Director GQ Chowdhury pose for photograph with the award winning dealers of Philips bulbs at the two-day dealers' conference of Transcom Electronics held in Gazipur recently.



PHOTO: LEXCO

Abdul Mateen, chairman of Lexco Limited, presides over the annual general meeting of the company on Thursday in Dhaka. The company has approved a five percent dividend for its shareholders for the year 2003.



PHOTO: LOYEDS INSURANCE

The Loyeds Insurance Company Limited Chairman Fazlur Rahman gives away a prize to MA Zaher Chowdhury, DGM and in-charge of the company's Laldighi branch, at its executives' conference held recently. Among others, Managing Director of the company Mosleh Uddin Ahmad was present.



PHOTO: MUTUAL TRUST BANK

Mutual Trust Bank Ltd Chairman Syed Manzur Elahi inaugurates a new branch of the bank at Aman Bazar in Chittagong on Sunday. Among others, Samson H Chowdhury, sponsor director of the bank, and Hedayetullah, vice-chairman, were present.



PHOTO: BCCCI

Science, Information and Communication Technology Minister Abdul Moyeen Khan speaks at the annual general meeting of Bangladesh-China Chamber of Commerce and Industry (BCCCI) held in Dhaka on Thursday. Among others, Commerce Minister Altaf Hossain Choudhury, Chinese Chargé d'affaires in Dhaka Duan Zhi Quan and BCCCI President FR Siddiqui were present.

India's inflation rises to 7.87pc

AFP, New Delhi

India's inflation rose to 7.87 percent after dipping last week, according to official data Thursday, dealing a blow to government efforts to rein in prices and avoid an interest rate hike.

Inflation rose 0.06 percentage points for the week ended September 11, driven by higher food and manufactured product prices, the data showed.

The government has introduced a wave of duty cuts and other measures and so avoid a rise in interest rates that it fears could choke off growth in Asia's fourth-largest economy.

India's economic growth is already under pressure from erratic monsoon rains that are expected to hurt agricultural output and from rising oil prices.

Inflation has shot up from 4.32 percent in late April, mainly driven by high global oil and other commodity prices.

Raja Bandyopadhyay, analyst at Birla SunLife Securities, said the government needed to introduce measures to bring down prices of food products as they have been rising sharply due to the weak seasonal monsoon rains.

Weekly Currency Roundup

September 18-September 23, 2004

Local FX Market

US dollar strengthened against Bangladeshi taka in this week. Higher demand of greenback for import related transaction pushed the rate up in the week.

Money Market

Bangladesh Bank borrowed BDT 4,266.00 million through the Treasury bill auction held on Sunday, compared with BDT 3,846.00 million in the previous week's bid. The weighted average yields of t-bills of different tenors were almost unchanged from the previous bid.

Call money rate was volatile in the week. The rate ranged between 3.75 and 4.25 percent in the beginning of the week while ended the week at 2.75-3.25 percent.

International FX Market

In the beginning of the week, the dollar held firm against the euro and yen buoyed by widespread expectations that the U.S. Federal Reserve will raise interest rates this week and awaiting signals on future rate hikes. The market is pretty much unanimous in expecting the FOMC to raise the federal funds rate by 25 bps. The market was also watching the oil price which reached to \$46 a barrel on Monday.

The dollar held near the previous day's one-month low against the euro on Wednesday after the Federal Reserve raised rates as expected, but signalled that tightening would continue only at a moderate rate. The Fed raised rate by a quarter percentage to 1.75 percent on Tuesday, its third such move since the benchmark was raised from a 46-year low of 1.00 percent in June. The greenback also lost over one percent against the Swiss franc on back of indication of easing of inflation expectation.

During the end of the week, yen dipped to 5-week lows against US dollar and euro hit by steep oil prices and the resulting slump in Asian Stock markets. Euro gained some ground against the dollar following 25 basis point rate rise by US Federal Reserve on Tuesday and Fed's cautious outlook on inflation. Market still believes that Federal Reserve would increase funds rate by another quarter percentage point in the next policy setting meeting in November, but they are unsure of further rate hikes from that point onward. Market players are also focusing on developments in the oil market as analysts feel costlier fuel prices may push the dollar lower in future.

- Standard Chartered Bank

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