

Oil falls further in Asian trade as improved US crude inventories

AFP, Singapore

Oil prices continued to fall in Asian trade Friday as higher US crude inventories cooled the market, dealers said.

However, prices are expected to resume their uptrend as demand peaks during the northern hemisphere winter season, with concerns over possible supply disruptions stoking price volatility, they said.

At 3:55 pm (0755 GMT), light sweet crude for December delivery was trading at 48.65 dollars a barrel, down 17 cents from its settlement of 48.82 dollars in New York on Thursday.

The US Energy Department reported Wednesday that crude oil

inventories rose 6.3 million barrels to 289.7 million barrels in the week to October 29 but the report's calming effect on the market is expected to be limited.

Prices rose after President George W. Bush won re-election on fears that four more years of the incumbent would lead to further tensions in the volatile oil-producing Middle East.

Some analysts, however, said the reaction to the Bush victory was overdue and the market is now pausing for its next lead.

Other analysts also pointed to a fall in US stockpiles of distillates - mostly crucial heating oil and diesel - as a reason for oil prices to remain volatile.

Distillates dropped 900,000 barrels to 115.7 million, below the average range for this time of year.

"After further review (of the US Energy Department report), it became abundantly clear it wouldn't be such smooth sailing for (those betting on lower prices) after all," said Phil Flynn, an energy analyst with Alaron Trading Corp. in the United States.

"The distillate category was the issue of concern as we are one week closer to winter and we're not building supply," he said in a market analysis posted on the company's website.

Tetsu Emori, chief commodities strategist at Mitsui Bussan Futures in Tokyo, said oil prices traditionally go on a downward cycle from end-

October to mid-November.

"People want to wait and see what happens in the winter so they don't want to keep long positions," he said.

Emori said 48 dollars a barrel is a critical support level, which if breached could see prices falling further in the short term.

However, he said the 48-dollar level is likely to hold and that he still projects prices to soar to 63 dollars by end December or early January due to a combination of factors, including higher demand for winter heating oil.

He also noted that despite the increase in US crude oil inventories, current levels are still lower compared with the past five years.

Bush vows to halve deficit, reform tax

AFP, Washington

US President George W. Bush vowed Thursday to halve the budget gap, rewrite tax law and reform health and pension systems, menaced by a wave of baby-boomer retirees.

Bush, declaring himself refreshed by victory in his first news conference since the November 2 election, gave scarce details of how he would achieve the goals.

He stuck to a promise to halve the record 2004 budget deficit of 413 billion dollars - the gap between government spending and income - by 2009 with a curb on spending, except for defense, and pro-growth policies.

Many analysts are skeptical that the deficit can be halved while financing a global "war on terror" without rolling back some of the nearly 1.9 trillion dollars in tax cuts Bush has passed.

Bush said the red ink could be mopped up with robust economic growth boosting government revenues if Congress ensured that

spending bills were "fiscally responsible."

"With good economic policy that encourages economic growth, the revenue streams begin to increase. As the revenues streams increase, coupled with fiscal discipline, you'll see the deficit shrinking."

Bush called for budgetary reform in Congress, saying he would like to gain a "line-item veto" - the power to reject expenditure items in a bill without rejecting the entire piece of legislation.

The president did not repeat a demand that Congress make his tax cuts permanent, a call he had made throughout the election campaign.

He promised to rewrite the tax system to make it simpler but vowed not to sneak in a tax increase.

Tax reform would be "revenue neutral," he told a news conference.

"If there was a need to raise taxes, I would say, 'Let's have a tax bill that raises taxes,' as opposed to, 'Let's simplify the tax code and sneak a tax increase on the people,'" Bush said.



Khondkar Ibrahim Khaleed, managing director of Pubali Bank Limited, inaugurates a new premises of a branch of the bank at Palashi in Narsingdi recently. Deputy Managing Director of the bank M Rafiqul Islam is also seen.

Weekly Currency Roundup

October 30-November 04, 2004

Local FX Market

US dollar was strong against Bangladeshi taka earlier this week on back of higher import demand. But at the end of the week, increased supply of dollar pulled the rate down against Bangladeshi taka.

Money Market

Bangladesh Bank borrowed BDT 6,053.00 million through the Treasury bill auction held on Sunday, compared with BDT 8,233.00 million in the previous week's bid. No significant change was seen in the weighted average yields of t-bills of different tenors from the previous bid.

Call money rate was volatile in this week. The rate ranged between 2.25 and 2.50 percent in the beginning of the week. The rate rose subsequently and ended the week at 4.00-5.00 percent.

International FX Market

The dollar nudged up from a six-month low against the yen on Monday as investors sought bargains after its recent sell-off, but uncertainty about the outcome of the US presidential election capped its recovery. A close race between US President George W. Bush and Democratic Senator John Kerry had heightened worries that deciding the winner of Tuesday's election could drag on as it did in 2000, encouraging investors to stay relatively light of dollar positions. US payrolls data on Friday could also be crucial for the dollar, which was trading less than 2 cents from record lows against the euro.

The dollar strengthened against the yen and euro in the middle of the week after US television networks projected that President George W. Bush had won the key states of Florida and Ohio and was nearing victory in the US election. A Bush victory was seen as more positive for the dollar in the short-term than a victory by Democratic challenger Senator John Kerry, who markets thought would be more aggressive in pushing for Asia to accept currency strength. The euro lost more than half a cent against the dollar as the market factored in a Bush win. Dollar was also stronger against the yen.

The dollar hit eight and half month low against the euro on Thursday after the spotlight quickly swung back to the US economy and the growing US trade gap once the presidential election was over. The dollar came under pressure due to speculation that the administration of President Bush would tolerate a weaker dollar to help narrow the trade deficit. Analysts see the yen benefiting from the dollar's vulnerability, depending on oil and stock prices. But the market is also nervous that Japan might intervene to prevent the rise of yen for protecting their export-led economic recovery.

- Standard Chartered Bank



Mutual Trust Bank Limited Managing Director Mosharrar Hossain and Deputy Managing Director Iftekhar Ali Khan pose for photographs with the participants of a month-long training course organised by the bank's training institute on Wednesday in Dhaka. Other senior officials of the bank were also present.



Managing Director of Rupali Bank Limited Md Abdul Hamid Miah addresses a conference of branch managers under Khulna zone of the bank at Khulna recently. General Manager Md Selim Khan and Zonal Head Md Mosarrar Hossain Khan of the bank are also seen in the picture.

US to examine free trade deal with Australia next week

REUTERS, Canberra

US officials will examine details of the free trade deal with Australia next week in a bid to finalise the agreement so it can start as planned on Jan 1, US Ambassador to Australia Tom Schieffer said Thursday.

Schieffer said he would return to Washington to talk next week and would discuss the free trade agreement with US Trade Representative Robert Zoellick.

"That's one thing that I'll be doing in Washington this next week - going through and seeing what problems remain," Schieffer told reporters.

Close allies the United States and Australia missed a deadline to sign letters of agreement by October 31 in order to confirm laws in each country were consistent with the agreement so that the trade deal could start on Jan 1, 2005.

The detailed endorsement of the deal was held up by election campaigns in both nations and final checking. But an Australian official has said the 60-day notice period could be shortened.

India's iron ore export to China may stay steady

REUTERS, Hong Kong

India's iron ore exports to China are likely to stay steady at up to 44 million tonnes this year, despite a drop in orders due to Beijing's efforts to cool the steel sector, an industry official said Wednesday.

"Demand (from China) is picking up since October. Now we can safely say (2004) exports to China will reach a similar level to last year," Glenn Kalavampara, joint secretary of the Goa Mineral Ore Exporters' Association, said.

India, the world's number three exporter of iron ore after Australia and Brazil, produced 120 tonnes of iron ore last year and planned to boost annual output by more than 50 percent to 185 to 190 million tonnes by 2010 or 2011, he said.

India exported 62 million tonnes last year, including 42 million tonnes to China, now the world's biggest producer of crude steel.

While Chinese total iron ore imports are likely to exceed 180 million tonnes this year, up 21 percent from 148 million last year, Kalavampara said Indian exports were partly restricted due to problems such as port congestion.

He said talks were under way on investment over large reserves in Jharkhand, Orissa and Chattisgarh.

"In 2010 or 2011, we expect this (Indian crude steel output) to double up from 32 million to 60 million, which means iron ore requirement would go up from 55 to 100 million," he said.

"But we are planning to produce around 185 to 190 million tonnes, which means around 100 million will go to India and roughly around 80 to 85 million could be exported."

South Korean steel maker Posco Ltd., the world's fifth-largest steel maker, was interested in the new iron ore mines, he said.

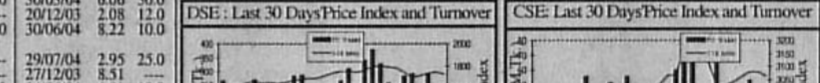
TRADED ISSUES IN THE WEEK

Table with columns: Company, FV/M/L (TLN/A), Price, Change, Turnover, Share, CSE, Price, Change, Turnover, Share, Financial Performance, Last AGM, EPS, DPS, Div (%)

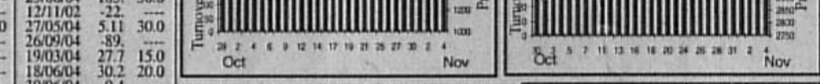
Weekly Market - Oct 30 - Nov 04, 2004

Table with columns: Indicators, DSE, CSE, 7 days DSE 20 Index, Change in Price Index, Total Turnover (Taka), Total Turnover (Volume), Number of Contract, Total Traded Issues, No. of Issue Gain, No. of Issue Loss, No. of Unlisted Issue, Market Cap. (Taka), Market Cap. (USD), Total No. of Listed Securities, Total No. of Listed Companies, Total No. of Listed Mutual Fund, Total No. of Listed Debenture, Total No. of Share & Debenture, Total Issued Capital, Price Earning Ratio, Earning Per Share (%)

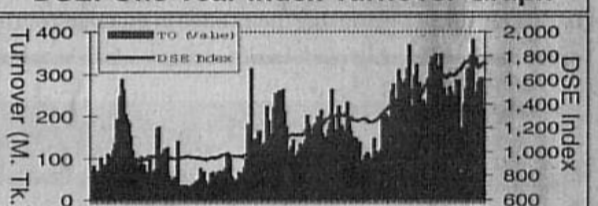
DSE: Last 30 Days Price Index and Turnover



CSE: Last 30 Days Price Index and Turnover



DSE: One Year Index Turnover Graph



CSE: One Year Index Turnover Graph



Non Traded Issues

Table with columns: Company, FV/M/L (TLN/A), Last Closing Price, Last Trading Day, DSE, CSE, Last Closing Price, Last Trading Day, Financial Performance, Last AGM, EPS, DPS, Div (%)

Turnover Exchange

Table with columns: Company, Value (Share), Value (000Tk), % of Total

Capital Gainers

Table with columns: Company, Price, Turnover, % of Total

Capital Losers

Table with columns: Company, Price, Turnover, % of Total

Div./Dividend/Dividend Yield

Table with columns: Company, Dividend, Dividend Yield, Date, Venue, Time