

WTO meet does little to boost struggling trade talks

AFP, Geneva

A meeting of the 148-nation World Trade Organisation drew to a close Friday with little done to energise struggling talks on a treaty to reduce global trade barriers.

Incoming WTO chief Pascal Lamy, who takes over on September 1 from current director-general Supachai Panitchpakdi, said efforts to deliver a deal must stay top of the agenda as a key summit focus.

"The coming months of preparation for the December Hong Kong Ministerial Conference will be instrumental to the future of our negotiations," he told a meeting of the WTO General Council, its top

negotiating forum.

Trading nations are running out of time to revitalise the Doha Round of multilateral negotiations, launched in 2001 with the goal of reducing barriers to global commerce and using trade to boost developing countries.

WTO governments gathered this week at the organisation's Geneva base to take stock of efforts to reach an agreement, amid persistent splits on trade rules, notably farm subsidies.

The on-and-off talks in the so-called Doha Round have alternately raised and dashed hopes since their launch in the Qatari capital in 2001.

The WTO goes into summer recess next month, and negotiations kick off again in September

chance to create a so-called "first approximation"—a loose draft of the treaty they hope to have in place by 2006.

But that target was gradually lowered, and the meeting has taken the form of largely gloomy reports by top trade diplomats and a readout by Supachai, who has struggled for solid grounds for optimism, even though he has said a deal is still possible by December.

The current WTO chief, who has repeatedly chastised governments for their sluggishness and failure to compromise, had his last chance to revive the talks this week.

The WTO goes into summer recess next month, and negotiations kick off again in September

under Lamy's leadership.

On Thursday, Supachai sketched out what he believes trading nations must do in the remaining months before Hong Kong.

He urged them to bridge their differences by October and come up with a draft treaty by November, saying they cannot risk waiting until the last moment because that raises the spectre of the organisation's failed Seattle summit in 1999.

The Seattle conference collapsed after ministers were faced with making their minds up within days on a draft text that was riddled with unresolved sections.



PHOTO: PUBALI BANK

Khondkar Ibrahim Khaled, managing director of Pubali Bank Ltd, speaks at a conference of regional managers and heads of corporate branches of the bank recently in Dhaka. Director Hafiz Ahmed Majumder, among others, was present at the meeting.



PHOTO: EASTERN BANK

Eastern Bank Ltd (EBL) organised a two-day training programme on 'Internal Control & Compliance and Anti Money Laundering' recently in Dhaka. Iftekhar Hossain, head of HR of EBL, inaugurated the programme while SM Akhtaruzzaman Chowdhury, head of Service Delivery, conducted the training session.

Weekly Currency Roundup

July 23-July 28, 2005

Local FX Market

Demand for US dollar remained high in the market.

Money Market

In the Treasury bill auction held on Sunday, bid for BDT 9,332.00 million was accepted, compared with BDT 8,692.00 million in the previous week's bid. Weighted average yield of t-bills was almost unchanged from previous week.

Call money rate was flat. Call money rate ranged between 4.00 and 5.00 throughout the week.

International FX Market

In the beginning of the week, the dollar posted gains across the board as the impact of last week's small but significant revaluation of the Chinese yuan faded and investors turned to economic data and interest rate differentials. The yen fell for a second straight day, giving back more of the sharp gains recorded after China ditched the yuan's decade-long peg to the dollar and let it move in line with a basket of currencies. China's yuan traded as high as 8.1089 to the dollar on Monday. The dollar was up 0.48 percent against the yen from its level in later New York trade on Friday. Dollar was supported by investors covering large near-term short positions betting on a dollar fall that were put in place in the wake of yuan revaluation.

The dollar firmed towards recent 14-month highs versus the

the middle of the week after breaking key technical levels ahead of this week's US data that could spur expectations for further interest rate rises.

New home sales and durable goods orders to be released later on Wednesday should provide clues about how much further the Federal Reserve could raise rates after nine straight rises since June 2004.

Strong US economic data could reinforce expectations the Fed will raise rates to 4 percent by year-end and perhaps even further in 2006. Euro was down 0.20 percent after hitting session lows. Euro also lost 0.16

percent versus the yen.

By the end of the week, the dollar rose towards a recent 14-month high against the euro ahead of this week's key US growth data that could reinforce expectations for further rise in US interest rates.

The yen erased gains made after senior Chinese central bank official said the bank would allow market forces to decide yuan exchange rates following a 2.1

percent revaluation last week. In an interview with the official Shanghai Securities News, vice governor of the People's Bank of China also said

Beijing was preparing to launch foreign exchange derivatives, without giving a timeframe. Comments briefly raised speculation of more yuan reforms to come.

- Standard Chartered Bank

Asian currencies to rise by mid 2006

REUTERS, Singapore

Asian currencies will rise against the dollar in the next 12 months, underpinned by strong growth and speculation China's yuan will rise further after last week's revaluation, a Reuters quarterly poll showed.

Yet, their gains will be modest and thwarted by the region's deteriorating trade balances, interventionist central banks, and rising interest rates in the United States, analysts said.

"The medium term dollar-Asia direction is clearly to the downside," said Bhanu Bawaja, a currency strategist with UBS in Singapore.

"Apart from the fact that many Asian currencies are undervalued and should see strong speculative inflows, possibly also into equities, we note that the market continues to expect dollar-yuan to shift lower," he said.

But Asian central banks would intervene to curb the strength of their currencies as their capacity to buy dollars and build reserves had not diminished, Bawaja said. Asian reserves now total \$2.6 trillion.

"The call for Asian currencies therefore remains one of modest appreciation," Bawaja said.

The Reuters regional poll showed the Singapore dollar rising 2.7 percent over the next 12 months from current levels around 1.6640.

The Thai baht was expected to

rise three percent by June 2006, the Korean won and Indian rupee just over a percent and the Taiwan dollar 2.75 percent.

Even the Indonesian rupiah, which has been a regional laggard this year as the country imports huge amounts of expensive dollar-denominated oil, was seen recovering 3.5 percent to 9,500 by the end of 2005.

The Malaysian ringgit, which was unshackled from its peg of 3.8 per dollar last Thursday in favour of a managed float, was seen gaining more than the others.

Analysts forecast it will rise 4.1 percent in a year from Thursday's spot rate of 3.75 per dollar.

China raised the yuan's value by 2.1 percent to 8.11 a dollar last Thursday, and said it would now manage the yuan against a basket of currencies. This week, Chinese authorities have told markets not to expect further adjustments in the short term.

Even if the yuan does not gain rapidly, analysts said, the expectation of a steady rise in the yuan would prop up other Asian assets.

Korea, Singapore, Hong Kong and Taiwan have been prime beneficiaries of the huge speculative rush of money into Asian assets in the last three years, betting on a yuan revaluation.

STOCK



PHOTO: GREEN DELTA INS CO

Kabir H Chowdhury, vice chairman of Green Delta Insurance Company Ltd, presides over an extra ordinary general meeting (EGM) of the company Thursday in Dhaka. Members of the Board of Directors and Nasir A Choudhury, managing director and chief executive officer of the company, were also present at the EGM.



PHOTO: AKTEL

Md Nasir Bin Baharom, managing director of AKTEL, and ANM Golam Sarwar, MD of Tele Barta, sign an interconnectivity deal Wednesday in Dhaka. Under the deal, AKTEL and Tele Barta will have access to each other's telephone network. Other senior officials from both the sides were also present.