

## No deal at Hong Kong WTO meeting: Mandelson

AFP, London

European Union Trade Commissioner Peter Mandelson said Friday there would be no deal at the WTO meeting in Hong Kong in December after complaining that EU offers had been rebuffed by "very aggressive" farming countries such as Brazil, Australia, New Zealand and the United States.

"You'll not get a deal in Hong Kong in December, no..." Mandelson told BBC radio, which asked whether there would be an agreement at the World Trade Organization ministerial meeting.

"The European Union has made very serious, very credible offers on agricultural proposals to reduce our

domestic subsidies dramatically... by 70 percent and with unprecedented offers to cut our agricultural tariffs," he said.

"The problem is that whatever we offer it isn't enough for the highly competitive, very aggressive agricultural producers and exporters like Brazil, like Australia, New Zealand and the United States.

"They're holding out for more and more to maximize what they can get out of the round in agriculture. That doesn't, in my view though, coincide with the interests of the overwhelming mass of developing countries," he added.

Mandelson was cautious when asked whether an agreement was possible by next year.

He said chances would improve "if people start negotiating and start deal-making and trading off between agriculture and the other important areas of the negotiation in this round, which are industrial goods, industrial tariffs, which we need to lower in order to liberalise trade, free up trade and industrial goods, and in services".

He said: "That is much more in the interests of developing countries than simply keeping the round hostage by highly competitive agricultural producers and pushing the entire negotiation into an agricultural siding, which is what's happened all this year," he said.

WTO secretary general Pascal Lamy has said deadlock over reducing huge subsidies to inefficient farmers in rich

countries meant that the organization's 148 members would have to lower their goals for the Hong Kong meeting.

The December gathering of finance ministers and trade negotiators had been hoped to take the Doha round of trade talks close to a conclusion with an accord cutting agricultural tariffs and subsidies in return for greater liberalization of goods and services markets.

Talks in Geneva earlier this week failed to make enough progress so officials have downgraded expectations, seeing the meeting now as an opportunity for continued negotiations.

## Indian inflation quickens

REUTERS, Kolkata/New Delhi

India's inflation accelerated faster than expected to an annual 4.75 percent at the end of October and the finance minister said yesterday inflation of about 5 percent was "unavoidable".

Analysts had forecast wholesale price inflation for the week ending Oct 29 at 4.57 percent on an annual basis, compared with 4.49 percent in the previous week, and the data pushed the yield on the 7.37 percent 2014 government bond IN073714G up to 6.9834 percent from 6.9791 beforehand.

Separately, industrial output expanded 7.3 percent in September from a year earlier, after 7.4 percent expansion in August, with manufacturing production up 8.9 percent on strong consumer demand.

"Industry is clearly showing sustained resurgence," said SP Prabhu, head of fixed income research at IDBI Capital Market Services in Mumbai. "Certainly, as industry and GDP expand, concerns of demand side inflation getting in will rise."

Finance Minister Palaniappan Chidambaram said at a bank economists' conference in the eastern city of Kolkata the economic outlook was bright and repeated a gross domestic product growth forecast of more than 7 percent for the year to the end of March 2006.

But he cautioned inflation would accelerate. India has raised domestic prices of petrol and diesel by 14 percent this year to bring them more in line with record global oil prices.



PHOTO: NATIONAL TEA COMPANY

Mohd A Harris Chowdhury, chairman of National Tea Company Ltd, presides over the 424th meeting of the Board of Directors of the company recently. The meeting approved a 10-year long development programme, under which 2,472 hectares of land will be taken under tea plantation. Besides, a plan has been taken for plantation of different kinds of fruits, medicinal and timber trees and rubber in the land unsuitable for tea plantation.

## Weekly Currency Roundup

Nov 06-Nov 10, 2005

### Local FX Market

Demand for US dollar remained steady. USD eased slightly in the week.

### Money Market

In the Treasury bill auction held on Sunday, bid for BDT 10,277.00 million was accepted, compared with total of BDT 8103.00 million in the previous week's bid. Bids for only 28-day bill were accepted. The weighted average yield for 28-day-t-bills were up by 3 bps from the previous level.

Call money rate eased in the week after the Eid. Initially the rate ranged between 10.00 and 15.00 percent. By the end of the week, the rate eased and ranged between 8.00 and 9.50 percent.

### International FX Market

The dollar raced to a two-year high against the euro and hovered near a 26-month peak versus the yen early in the week, breaching key technical levels, as investors bet aggressively on higher US interest rates. The spread of social unrest in France and pressure from European politicians on the European Central Bank not to raise interest rates in a hurry also undermined confidence in the single currency.

The euro fell towards recent two-year lows against the dollar and slipped versus the yen on Wednesday as investors awaited more clues about a future interest rate hike from the European Central Bank. The single currency has come under pressure in recent weeks as the dollar rallied across the board on expectations for higher US interest rates. Widespread riots in France, along with pressure from Euro zone finance ministers and business leaders for the ECB not to raise rates, have also soured sentiment on the euro. The market expected the ECB to raise interest rates as early as December but the rhetoric among Euro zone monetary policymakers was mixed. So investors were waiting for ECB President Jean-Claude Trichet to speak at a news conference at 1145 GMT. Governing Council member Axel Weber was also to speak at 1000 GMT.

Dollar hovered in narrow ranges near two-year highs against the euro and the yen on Thursday as dealers awaited trade figures to provide short-term direction for the greenback. Economists were estimating the September US trade deficit at a record USD 61 billion against a figure of USD 59.03 billion in the month before. Analysts were of the opinion that if the trade deficit does not vary significantly from forecast, it was not going to dampen the dollar positive environment. Dollar had gained around 7 yen in the past two months, partly due to Japanese investors' strong appetite for higher-yielding foreign bonds and also data showing Japanese machinery orders falling 10 percent in September compared to the previous month. Bank of England was expected to leave its key rate at 4.5 percent for a third straight month as the August rate cut has helped to boost manufacturing activity.

- Standard Chartered Bank



PHOTO: ARDENT

Shahidul Islam, acting president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Faisal Samad, BGMEA vice president (Finance), and Frank S Yuan, chief executive officer of ASAP, pose for photographs with the apparel buyers from the US and EU at the opening ceremony of 'ASAP Trade Show' titled 'Bangladesh Buying Trip 2005' in Dhaka on Thursday.



PHOTO: DHAKA BANK

Officials of Dhaka Bank Ltd pose for photographs with the participants of a workshop organised by the bank recently in the capital.

## Siemens profits plunge

AFP, Munich, Germany

German electronics giant Siemens said Thursday that bottom-line earnings tumbled in the final quarter of its business year, pulling down full-year earnings, owing mainly to one-off charges incurred with the sale of its mobile phones business.

Siemens, which runs its business year from October to September, said in a statement it booked net profit of 77 million euros (90 million dollars) in the period from July to September, down from 654 million euros a year earlier.

That brought full-year earnings down by 34 percent to 2.248 billion euros in the 12 months to September, Siemens said.

At operating level, fourth-quarter profits were down by 37 percent at 926 million euros and full-year earnings were cut by nine percent to 4.687 billion euros.

By contrast, sales were up 13 percent at 22.1 billion euros in the July-September period and rose by 7.4 percent to 75.445 billion euros for the full year.

And new orders climbed by 16 percent to 23.596 billion euros in the fourth quarter and were up by 10.6 percent at 83.791 billion euros in the year as a whole.

## US trade gap no longer dollar's nemesis: Analysis

REUTERS, New York

There was a time when a monthly US trade deficit of \$66.1 billion would have triggered a massive sell-off in the dollar.

That time, as events yesterday show, is clearly not now.

After withstanding a flurry of selling in the wake of the record deficit for September, the dollar regained its footing and marched on to a new two-year high against the euro and within sight of a fresh two-year peak against the yen.

If anything reflected traders' bent toward buying dollars based on attractive interest rate differentials and their lack of concern over the "twin" US budget and current account shortfalls, this was it.

"The dollar corrected lower a bit, but how shallow the pullback was is evidence of the underlying bullishness toward the dollar," said Marc Chandler, head of global currency research at Brown Brothers Harriman in New York.

The euro ticked up around 25 ticks initially. But its failure to breach \$1.18 heralded a slide as low as \$1.1675, well

down from Wednesday and its lowest level in two years.

Against the yen, the dollar rose to 118.25 yen, less than 10 basis points from levels last reached in August of 2003.

September's trade report contained some one-time factors that contributed to the surprising number, such as a strike at Boeing that depressed aircraft exports, analysts said.

The faster rate of US economic growth relative to other major economic blocs will ensure the trade deficit stays wide in the coming months, likely at \$60 billion or more, they say, even though September's blow-out number will prompt a downward revision to third-quarter growth forecasts.

In its campaign to bring interest rates back up toward more neutral levels and nip building inflationary pressures in the bud, the Federal Reserve has raised the federal funds rate at each of its past 12 policy meetings.

## STOCK