

Star BUSINESS

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Oil prices ease in Asian trade

AFP, Singapore

Oil prices eased in Asian trade Friday in a technical pullback after jumping back above 61 dollars on the view the Opec cartel is serious about production cuts, dealers said.

At 2:16 pm (0616 GMT) New York's main contract, light sweet crude for December delivery, was down 16 cents to 60.00 dollars a barrel from 61.16 dollars in late US trade Thursday, when prices touched their highest levels since October 26.

Brent North Sea crude for December fell two cents to 61.30 dollars.

Steve Rowles, an analyst with CFC Seymour in Hong Kong, said the market had eased in technical trade after the sharp gains, rather than on geopolitical or other news.

Prices rose in US trade in reaction to signs the Opec cartel is following through on production cuts and to a large fall in US inventory of distillates, including heating oil,

reported this week, he said.

The US Department of Energy said Wednesday that inventories of distillates, including heating oil and diesel, fell 2.7 million barrels to 138.6 million in the week to November 3. Analysts had expected a fall of only 800,000 barrels.

The DoE report intensified doubts about the outlook for energy supplies after Saudi Arabian oil minister Ali al-Naimi indicated Monday that Opec could cut output further at its meeting in December.

The Organisation of the Petroleum Exporting Countries last month said it would cut its total output by 1.2 million barrels per day (bpd), effective November 1, to put a floor under prices which have fallen from record highs above 78 dollars earlier this year.

Many oil pundits have been sceptical about whether Opec members will go through with the cut but the comments by al-Naimi and other cartel ministers lent credence to the cartel's official position.

"The market is stronger because Opec is saying and at least most of Opec is doing the right thing to support oil prices and the weather is getting colder here (in the United States), which improves demand," PFC Energy trader Carl Calabro said in US trading hours.

"Saudi Arabia seems to be leading the way for Opec to cut output again in the December meetings," said Rowles.

He said that after the US mid-term elections, in which Democrats gained control of Congress, geopolitical issues including Iran and North Korea will resurface.

Democrats have pledged to make the US more self-sufficient in energy by boosting alternative energies and reducing foreign oil imports.

Indonesia seeks economic partnership deal with Japan

XINHUA, Jakarta

Indonesia is hoping for a "mutually beneficial" spirit relations in the economic partnership agreement (EPA) it plans to sign with Japan later this month in Tokyo, a minister was quoted yesterday as saying.

Indonesia will ask Japan to invest in such industries as petrochemicals and steel so as to support the Indonesian manufacturing sector, said Industry Minister Fahmi Idris.

Indonesia also will seek compensation for the economic imbalances that arise from the deal.

The compensation is necessary because Indonesian agricultural products would likely continue facing difficulties in entering the Japanese market.

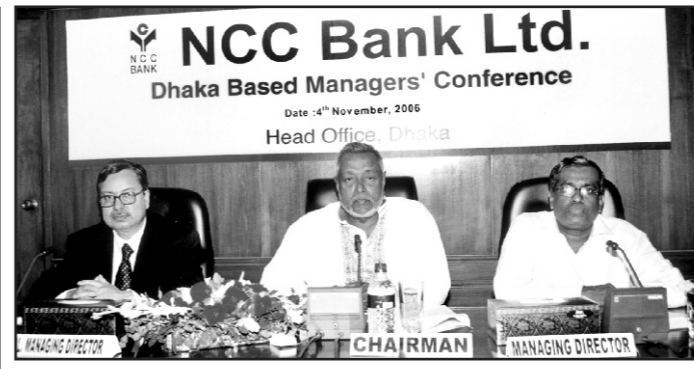
"The EPA is basically a liberalisation of trade, and if that's the case, then it will surely benefit Japan more," Fahmi was quoted by English daily The Jakarta Post as saying.

Fahmi explained that Japan might get the upper-hand in the deal, with that country's high-tech products still in big demand in Indonesia, and set to enjoy even lower duties.

By contrast, Indonesia's main agricultural and timber products would continue to face non-tariff, market-access barriers in Japan in the form of strict quality standards.

He therefore urged Japan to invest more in Indonesian manufacturing industry within the framework of the EPA.

"Let's just say this is to balance things up against the losses we might suffer under the agreement," he said, adding that there was a need for a joint statement to be issued during the signing of the EPA so as to ensure its fairness.



Mahbul Alam Tara (C), chairman of National Credit and Commerce (NCC) Bank Ltd, speaks at a conference of the executives and managers of Dhaka-based branches of the bank recently in the capital. Md Nurul Amin, managing director, and Kazi Md Shafiqur Rahman, additional managing director, were also present.

Growth in sub-Saharan Africa hinges on investment

XINHUA, Lusaka

Boosting economic growth in sub-Saharan Africa is dependent to a large extent on expanding infrastructure investments, improving the investment climate, harnessing skills for innovation and building institutional capacity across the continent, a latest report by the World Bank has said.

World Bank Vice President for the African region Gobind Nankani, said in a statement obtained by Zambia News and Information Services on Thursday that Africa is on the move and has reached a point of breaking out of the long economic stagnation of the 1970's and 1980's.

Nankani said that last 10 years have seen renewed growth and improved governance across a number of African states, setting the stage for taking advantage of opportunities that are emerging from a rapidly changing world economy.

He said, however, Africa's erratic growth performance, particularly when compared to other developing

regions, has been identified as the single most important reason behind its lagging position in eradicating poverty.

The World Bank study pointed out that two primary factors accounting for Africa's slow growth over the last decades are a relatively low rate of capital accumulation and a low growth rate of productivity for the investments that are made in the region compared to productivity in other developing regions.

Benno Ndulu, the author of the study, urged African countries to create rights conditions to benefit from opportunities offered by the growing global economy and by information-based technology.

Key among these conditions is the need to lower indirect costs that seriously constrain export-led growth, invest in skills and support innovation to spur productivity and competitiveness, he said.

Weekly Currency Roundup

November 05-November 09, 2006

Local FX Market

Demand for US dollar was stable throughout the week and USD rose marginally against Bangladeshi taka.

Money Market

In the Treasury bill auction held on Sunday, bid for BDT 7,185.00 million was accepted, compared with total of BDT 7,370.00 million in the previous week's bid. Weighted average yield fell slightly for 28D, but remained unchanged for all other categories of T-bills sold on the day.

Overnight money market was steady throughout the week. The call money rate remained unchanged throughout the week and ranged between 6.50 and 7.00 percent.

International FX Market

The dollar strengthened on Friday after a report showed the U.S. economy created more jobs than previously estimated, which supported views that the Federal Reserve will hold its benchmark interest rate steady. The euro fell 0.5 percent against the yen and the dollar rose 0.8 percent. The week began as the dollar hit a one-week high against the yen and rose versus the euro on Monday, supported by last week's solid U.S. jobs report which reinforced the view that the Federal Reserve was unlikely to cut interest rates. The dollar was up a quarter percent on the day against the yen, around one-week highs and rebounding from a one-month low hit last week. The euro dipped against the dollar, but was up 0.1 percent against the yen. With the Fed likely to keep rates at 5.25 percent, the dollar will maintain its yield advantage over the euro and yen. The Bank of Japan is seen raising rates to 0.5 percent in the January-March quarter, but Japan's still extremely low rates have prompted many market players to sell the yen to buy higher-yielding currencies.

In the middle of the week, the dollar held steady near six-week lows against the euro on Wednesday as investors took the view no major U.S. policy shift was likely after the Democrats took control of the House of Representatives in the midterm elections. The euro was steady on the day, having hit an intraday high on Tuesday. The euro shrugged off data on Wednesday that showed Germany's trade surplus in September widened more than expected to 15.0 billion from an upwardly revised 12.4 billion in August. The dollar was also steady against the yen. The euro was unchanged on the day against the yen, around half a yen off its record high. The Australian dollar fell against the US dollar, erasing gains made after the Reserve Bank of Australia earlier raised rates as expected to 6.25 percent. Analysts say comments from the RBA, which left open the question of more rate hikes, were not sufficiently hawkish to further lift the Aussie.

The dollar shuffled within sight of a six-week low against the euro on Thursday as investors looked ahead to U.S. trade data later in the session that is expected to show a slight improvement in the country's gaping deficit. The U.S. trade figures are expected to show the deficit narrowed to \$66.0 billion in September from the record \$69.9 billion the previous month. The dollar was little changed against the yen, having recovered from a one-month low struck last week. The euro inched up on the day but was off the six-week peak struck on Tuesday. For the past six months the euro has shuffled between \$1.25 and \$1.30.

- Standard Chartered Bank



PHOTO: SOUTHEAST BANK

Senior officials of Southeast Bank Ltd pose for photographs with the participants in a foundation training course at the inaugural session of the training programme on Sunday in Dhaka.

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