

US eyeing Apec trade deals if WTO fails

AFP, Sydney

The United States will pursue free trade agreements in the Asia-Pacific region if talks on a global trade deal fail, US trade envoy Susan Schwab said in an interview published Friday.

Speaking ahead of an Apec trade ministers' meeting in Australia next week, US Trade Representative Schwab said there was scope for bilateral and regional deals if the WTO's troubled Doha Round of negotiations finally collapsed.

Schwab told The Australian newspaper that Washington was hopeful the Doha talks could be successfully completed but made it clear other options were being considered in the event they failed.

"You look at what's going on in the Asia-Pacific -- there's so much promise, it's so exciting and so how do you make sure you sustain that and how do you make sure it grows rather than turning in on itself," she said.

"I think you will see a real acceleration of bilateral and regional deals including something like a free trade agreement of the Asia-Pacific if the Doha round really disappears from the scene."

Schwab said Washington could look at "knitting together" the various bilateral trade agreements throughout the Asia Pacific region into a single deal.

"One of the big questions with the proliferation of bilateral and regional agreements is this: is there an inclination -- and if so what would it take -- to knit together multiple free trade agreements?" she said.

"Because all of us have multiple free trade agreements. That is another issue -- we would talk about it."

Schwab said it was also possible Australia could join the North American Free Trade Agreement (Nafta), even though Canberra and Washington already have a bilateral free trade deal that came into force in January 2005.

The Doha talks remain stalled over agricultural subsidies and trade tariffs following the acrimonious collapse of talks in Germany earlier this month between so-called "G4" -- the European Union, United States, Brazil and India.

Meanwhile, the Trade Promotion Authority (TPA), given to US President George W. Bush's administration to fast-track trade deals is due to expire June 30, with a Democrat-controlled Congress sceptical about the benefits of free trade.

The expiry of the fast-track would severely curb Schwab's ability to negotiate free trade agreements.

BRAZIL WARNS OF STAGNATION IN DOHA ROUND

Meanwhile, Xinhua reports from Rio De Janeiro: Brazilian President Luiz Inacio Lula da Silva warned

Thursday the Doha round of global trade talks will remain stalled if developed countries keep their high farm subsidies.

"There will be no business" with developing countries like Brazil and the Doha round will remain unaccomplished if the subsidies stay, Lula said at a gathering with agricultural businessmen.

He said trade officials from the European Union (EU) and the United States tried to convince Brazil and India to cut trade tariffs at a meeting last week as a condition to take further steps towards goals set by the World Trade Organization (WTO) for the Doha round.

Top trade officials from the United States, the EU, Brazil and India met in Potsdam, Germany earlier this month to try to break the deadlock over the Doha round.

Developing countries and rich nations are mainly at odds over the degree of state support for the agricultural sector particularly in the EU and the United States.

Rich nations meanwhile are also looking for more concessions from developing countries to further liberalize their markets for industrial goods and services.

Indian inflation falls to 14 months low

AFP, New Delhi

India's inflation fell to a 14-month low, according to data released on Friday, easing pressure for a further interest rate hike.

The wholesale price index, India's most closely watched cost-of-living monitor, showed inflation stood at 4.03 percent for the week ended March 10, down from 4.28 percent the previous week and 5.5 percent a year earlier.

The latest figure was below the central bank's inflation target for the current financial year of close to 5.0 percent and marked the tenth consecutive weekly drop.

The fall was driven by a drop in food prices, such as pulses, and some manufactured goods.

Inflation has emerged as a major political issue in the country because of its burden on India's millions of poor households.

Earlier in the week, Finance Minister P. Chidambaram said central bank tightening and a sharp appreciation of the Indian rupee had helped subdue inflation and more interest rate rises might not be needed if the trend continued.

China signs expanded trade pact with Hong Kong

AFP, Hong Kong

China signed a new free trade pact with Hong Kong here Friday, further opening the mainland markets to the former British colony two days before the 10th anniversary of its return to Chinese rule.

The new Closer Economic Partnership Arrangement (CEPA) builds on the trade agreement established in 2003 when Hong Kong was suffering a sharp economic slowdown due in part to the devastating outbreak of SARS that year.

It will further relax conditions for Hong Kong businesses operating in China's banking, tourism, exhibitions and medical services sectors.



SIGNING CEREMONY FOR CREDIT RATING
Credit Rating Agency of Bangladesh Limited and Sandhani Life Insurance Company Limited sign an agreement on behalf of their organisations in Dhaka recently. Under the deal, CRAB will provide rating services to Sandhani. Sandhani Chairman AF Ghulam Rabbi was also present at the signing ceremony.

CURRENCY

Following is Friday's (June 29, 2007) forex trading statement by Standard Chartered Bank.

Major currency exchange rates	Exchange rate of some currencies			
	BC Sell	TT Buy	Per USD	BDT per Currency
US dollar	69.2000	68.2000	Indian rupee	40.60 1.69
Euro	94.4303	89.9763	Pak rupee	60.55 1.13
Pound	140.2200	135.0292	Lankan rupee	111.45 0.62
Australian dollar	60.0656	56.4423	Swiss franc	53.9984 1.91
Japanese yen	0.5741	0.5497	Thai baht	34.55 1.12
Swiss franc	57.0392	53.9984	Malaysian ringgit	5.91 11.62
Swedish kroner	10.6874	9.5123	USD forward rate against BDT	
Canadian dollar	66.5449	63.6550	Buy	Sell
Hong Kong dollar	8.8729	8.7052	1M	68.2947 69.3545
Singapore dollar	46.2258	44.3866	2M	68.4164 69.5647
UAE dirham	18.9948	18.4185	3M	68.5649 69.7879
Saudi riyal	18.5987	18.0404	6M	69.0038 70.5007
Danish kroner	13.0783	11.7826	All currencies are quoted against BDT	
Kuwaiti dinar	236.8312	235.0555	* The forward rates are indicative only and fixed dated	

* Rates may vary based on nature of transaction

Local Market

FX: Local inter-bank FX market was subdued on Friday. The demand for USD was stable against the Bangladeshi Taka. The volume of cross currency transactions remained steady.

Money Market

Money market was active on Friday. Call money rate was stable and most of the deals ranged between 6.50 and 6.60 percent.

International Market

The dollar strengthened against the low-yielding Japanese yen on Friday after the Federal Reserve reiterated its concern over persistent price pressures, suggesting little chance of an interest rate cut soon. However, the dollar struggled to gain ground against other major currencies as traders took the view that recent data showing an easing of inflation and signs of weakness in growth and housing market indicators will discourage the central bank from raising rates. The Fed left key interest rates on hold at 5.25 percent on Thursday as expected. The relatively neutral statement from the Fed helped depress implied volatility on currency options, which in turn emboldened investors to put on carry trades of selling low-yielding assets for assets offering higher returns. May US inflation figures as measured by core personal consumption expenditures due out later in the day will be watched closely for clues on the Fed's outlook and implications for risk appetite in currency and other financial markets. Both the Australian dollar and the New Zealand dollar gained against the dollar. The perkiness of the Antipodean currencies stood in contrast to the yen's continued weakness, a difference highlighted by the gaping relative interest rate differentials. Tame Japanese inflation and manufacturing data overnight overshadowed stronger employment figures, which did nothing to strengthen investors' bets on the Bank of Japan raising rates from 0.5 percent.

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Weekly Currency Roundup

June 24-June 28, 2007

Local FX Market

The US dollar/BDT market was liquid and BDT gained ground against the USD in the week. The dollar showed a downward trend against the Bangladeshi Taka.

Money Market

Oversight money market was flat this week. The call money rate was range bound and most of the deals ranged between 6.50 and 6.60 percent throughout the week.

International FX Market

The yen rebounded against major currencies at the beginning of the week on Monday following comments from the Bank for International Settlements over the weekend on the yen's recent weakness and as traders sought to reduce risk exposures. The ultra-low yielding yen last week sank to multi-year lows against a range of higher-yielding currencies including a record low against the euro but dealers on Monday decided to take profits on these over-extended positions.

The yen rose broadly during the middle of the week and high yielders dipped as worries about the US sub-prime mortgage sector dimmed appetite for the carry trade. Falling stock markets, due partly to concerns about the exposure of US lenders sub prime mortgages, have reduced investor interest in risk assets around the world. Analysts said the yen's strength was bolstered by changes in the Japanese government, with Naoyuki Shinohara set to replace Hiroshi Watanabe as vice minister for international affairs. Watanabe had been seen as more opposed currency intervention than his predecessors.

The yen's three-day rally fizzled out on Thursday as a rebound in stocks eased concerns about the US high-risk mortgage market, prompting investors to borrow the Japanese currency again to fund carry trades. The dollar steadied versus the euro, with markets awaiting the outcome of a two-day Federal Reserve meeting later in the session. The bank is seen holding rates at 5.25 percent and its statement will be scrutinized for clues on future policy. Softer US data this week had shifted investor sentiment back towards the next Fed move being a cut rather than a hike, although most see rates on hold for the rest of the year. The Nikkei share average <N225> closed 0.48 percent higher on Thursday and European shares jumped 0.8 percent in early trade <FTSEU3> after gains on Wall Street overnight, showing investor risk appetite is reviving. The Australian and New Zealand dollars jumped against the yen as people resumed carry trades, in which low-yielding currencies are borrowed to fund higher-return investments.

- Standard Chartered Bank



AM Hamim Rahmatullah, director and chief operating officer of Singer Bangladesh Limited, formally inaugurates 227th Singer Plus Store at Bandarban on Sunday. Among others, merchandising manager, area manager and district managers of the company and local elites were present.

STOCK



Commercial Bank of Ceylon Ltd organised a seminar on 'UCP 600' (Uniform Customs and Practice for Documentary Credits) on Sunday in Dhaka. Country Manager of the bank S Renganathan and other senior officials were present at the seminar.

PHOTO: COMMERCIAL BANK OF CEYLON LTD