

Apec supports WTO talks but eyes regional fallback

AFP, Cairns, Australia

Apec trade ministers pledged strong support for global trade talks but revealed they were also examining the possibility of an Asia-Pacific free trade area, in a communique issued Friday.

Trade ministers from 21 Apec economies, collectively representing almost 50 percent of world trade, said there was an urgent need to advance the World Trade Organisation's stalled Doha round of global trade talks.

The ministers, who have been meeting for two days in the northern Australian resort town of Cairns, felt so strongly about the need to push the WTO talks forward that they issued a separate statement on the issue.

"We will demonstrate the necessary political will and flexibility, and call upon other WTO members to do the same," it said.

The statement said an "ambitious and balanced" approach was needed for the talks to succeed.

"This means we need to make cuts in agricultural and industrial tariffs which result in real and substantial improvements in market access, and real and substantial reductions in trade-distorting agri-

cultural subsidies," it said.

But the trade ministers also ordered a report into establishing a Free Trade Area of the Asia-Pacific (FTAAP). US Trade Representative Susan Schwab said before the meeting that FTAAP talks were likely to intensify if Doha failed.

The trade ministers stressed that Doha remained their priority but a draft report on regional economic integration would be prepared for the Apec leaders' summit in Sydney in September.

"We agreed that the time is right to further examine the prospect for an FTAAP, including its implications," they said.

"We agreed that scope exists for more intensive activity across Apec's agenda in support of regional economic integration."

The Doha round of World Trade Organisation (WTO) talks are stalled over trade tariffs and a row about agricultural subsidies granted to farmers by the United States and the EU.

Critical discussions between the so-called "G4" -- the European Union and the United States on one side and Brazil and India on the other -- aimed at reviving the talks collapsed two weeks ago in Germany.

New Zealand Trade Minister Phil Goff said that collapse was "a real setback" but welcomed news that the heads, or chairs, of key WTO negotiating groups were preparing new texts that will act as a basis for reviving the talks.

"One thing is certain, all of us will find things in those texts that we don't like but we have to support the chairs," he said.

"If members undermine the chairs and their process then it will be some years before we get another chance to get a deal. The stakes are too high for that."

Goff said the tone of discussions among the trade minister in Cairns had been "sober".

"We all understand that if we don't get the breakthroughs this time then the round goes into hibernation for some years," he said, echoing comments that Schwab made Thursday.

Australia's trade minister Warren Truss said he hoped Apec's statement would give the WTO talks renewed momentum.

"This meeting makes it clear there's still a determination to succeed and willingness to put in effort to deliver good outcome," he said.

Oil prices inch up near \$72

AP, Undated

Oil prices inched higher Friday in Asia, holding on to gains made in the US after renewed violence and kidnappings in Nigeria, Africa's biggest oil producer.

Light, sweet crude for August delivery gained 6 cents to \$71.87 a barrel in electronic trading on the New York Mercantile Exchange, midway in Europe.

The contract advanced 40 cents to settle at \$71.81 a barrel Thursday despite larger-than-expected increases in U.S. crude and petroleum product inventories.

August Brent crude rose 30 cents to \$75.02 a barrel on the ICE Futures exchange in London, an 11-month high. Traders said the market seemed a "a little overbought" but did not rule out further gains later Friday as the current bullish run continued.

Kidnappers in Nigeria Thursday snatched a 3-year-old British girl as she was being taken to school in the country's troubled southern oil region, officials said.

US sees higher job growth

AP, Washington

Employers boosted payrolls by a better-than-expected 132,000 jobs in June, enough to keep the unemployment rate at a relatively low 4.5 percent. It was another sign that the economy is snapping out of a nearly yearlong sluggish spell.

The latest picture of the nation's employment climate, released by the Labor Department on Friday, also showed that workers saw solid gains in their wages last month.

The tally of 132,000 new jobs was stronger than the 125,000 that economists were forecasting. They did, however, predict that job growth would be sufficient to hold the unemployment rate at 4.5 percent, where it has stood for three straight months.

"The economy seems poised to return to its full potential," said Carl Tannenbaum, chief economist at LaSalle Bank. "Employers are seeking opportunities to add to their talent pools. The demand for labor is being driven by very solid demand for goods and services."



PHOTO: PRIME BANK

Prime Bank Ltd organised a workshop on 'Basel Capital Accord-II' in Dhaka recently. Naba Gopal Banik, general manager of Bangladesh Bank (BB), KM Abdul Wadood, deputy general manager of Basel-II Cell of BB, and M Shahjahan Bhuiyan, managing director of Prime Bank, among others, were present at the workshop.



PHOTO: MUTUAL TRUST BANK

Mutual Trust Bank Ltd organised a month-long training course on 'Foreign Trade and Foreign Exchange' recently. Managing Director of the bank Kazi Md Shafiqur Rahman and other senior officials are seen at the inaugural session of the programme.

Dollar stable as euro pauses in Asian trade

AFP, Tokyo

The dollar edged higher in Asian trade Friday as players awaited key US unemployment data for fresh clues on the health of the world's largest economy, dealers said.

They said the greenback gained after some stronger than expected US economic data and less hawkish comments from the eurozone and British central banks than some in the market had expected.

The dollar rose to 123.15 yen in Tokyo afternoon trade from 122.92 in New York late Thursday.

The euro bought 1.3592 dollars, down slightly from 1.3596 in New York, while rising to 167.38 yen after 167.12.

Signs that the US economy might be getting back on a stronger footing helped support the dollar, which has weakened in recent months as speculators have favoured currencies offering the

prospect of higher yields.

The dollar got a boost from data showing a robust US services sector and from a private job survey which raised hopes of a solid report on monthly US non-farm payrolls which is due for release later Friday.

The Institute of Supply Management's ISM non-manufacturing index rose to 60.7 percent, well above the 50 percent level signifying growth.

"The dollar attracted temporary buy-backs" after the data, said Kikuko Takeda, currency research manager at the Bank of Tokyo-Mitsubishi UFJ.

"This is unlikely to be a new trend," she said, adding that the euro was still the strongest market performer, followed by the dollar and then the yen due to interest rate differentials.

Indian bike sales skid as bank loans dry up

AFP, Bangalore

India's banks are cutting back on loans to buyers of motorbikes and scooters, crimping sales growth in the world's second-largest two-wheeler market, an industry executive said Thursday.

Easy bank credit has in recent years fuelled a market also driven by a booming economy, new model launches, deficient public transport and rising oil prices that prompted commuters to buy fuel-efficient bikes and scooters.

Sales growth in the market, projected to reach 10 million units by 2010, has skidded in the past four months as banks closed off the loan tap to curb a rise in defaults, said K.N. Radhakrishnan, president of TVS Motor Company, India's third-biggest maker of two-wheeled vehicles.

"The non-availability of finance is driving the sector," Radhakrishnan told reporters after TVS introduced a new premier model, the Apache RTR, targeted at young racing enthusiasts.

"Gone are the days when a buyer could go to a showroom, get an instant loan without even showing proof of income and drive off with a bike," Radhakrishnan said.

India's two-wheeler market grew by 11.42 percent during the year ended March.

But sales of scooters and motorcycles -- two-thirds of which are financed by banks -- dropped in June for the fourth month in a row, hurting sales at the biggest manufacturers including Hero Honda, BajajAuto and TVS.

At TVS, sales last month dropped 15 percent to 97,984 units.

Banks have raised loan rates by as much as 2.5 percentage points since the start of 2007.

Weekly Currency Roundup

July 02-July 05, 2007

Local FX Market

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

Money Market

Overnight 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 ex market

This week saw the euro hit a record high against the yen, while the sterling again reached record 26 year highs against the US dollar. The euro held steady against the US dollar.

US Dollar

The dollar lost ground against the euro and the sterling after both the ECB and the Bank of England indicated for interest rate hikes later in the year. The Fed on the other hand is expected to keep interest rates unchanged.

Sterling

The Bank of England is expected to raise its interest rates to 5.75 percent within this week, instead of August as previously anticipated. At 5.75 percent, the BOE interest rate would be 25 basis point higher than that of the US Federal Reserve. This has given the sterling a boost against the US dollar, moving the sterling to a 26 year high against the US dollar.

Euro

The euro hit a record high of 167.30 yen, after news that the ECB will raise interest rates later in the year from its current 4 percent. The ECB is seen holding rates steady this month, but investors expect the rate to increase by September.

Yen

The yen has been hurt massively because of the current low level of interest by the Bank of Japan. Japanese rates will remain the lowest in the industrialised world even if the Bank of Japan does tighten monetary policy in the coming months. The yen still remains a very attractive currency for carry trade investors, who borrow the low yielding yen to fund their investment in other high yielding currencies.

- Standard Chartered Bank



PHOTO: GRAMEENPHONE

Santosh Kumar Ghosh, general manager (Commercial Division) of Shamsul Alamin Group, a business house, and Khandaker Omar Farhan, deputy general manager (Commercial Division) of Grameenphone Ltd, among others, pose for photographs at a corporate agreement signing ceremony recently. As per the deal, the mobile phone operator will provide complete communication facilities under its 'Business Solutions' package for Shamsul Alamin Group.

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