

# IEA predicts easier oil market in 2008

AFP, Paris

The International Energy Agency predicted Friday that tightness on the global oil market would ease next year, forecasting that supplies will exceed robust demand.

"Overall, both in terms of spare upstream capacity and refinery flexibility, 2008 looks at this stage to be slightly more comfortable than 2006 and 2007," it said in its monthly oil market report.

The energy watchdog raised its 2008 forecast for oil product demand by 2.5 percent to 88.2 million barrels a day "largely due to a weather-related rebound in the OECD and strong demand in non-OECD countries," notably China and the Middle East.

The OECD groups 30 industrialised nations, including the Group of Seven, Britain, Canada, France, Germany, Italy, Japan and the United States.

The IEA said its 2008 demand growth projection "represents an increase of 2.2 million bpd, from the slightly revised (-0.1 million bpd) 2007 level of 86.0 million bpd," it said.

But it added that growing demand should be offset by an increase in OPEC capacity of one

million barrels per day, to reach 35.4 million barrels a day, and a one-million barrel-a-day increase in non-OPEC supply to 51 million barrels a day.

Despite the words of reassurance it signalled again that OPEC should pump more crude, notably during the ongoing US summer driving season when many Americans take to their cars for their holidays.

It noted that US refineries are expected to increase production by 2.8 million barrels a day over the coming weeks as the holiday season comes to a close.

"We have been suggesting for some months that we think OPEC should boost supply in the second part of the year. The message is similar," David Fyfe, one of the IEA's main analysts said.

"If OPEC delays increasing supply to the market the current comfortable crude inventories could diminish."

Brent futures soared above 77 dollars per barrel in mid-July on tight fundamentals, geopolitical tensions and indications of strong fund buying, the IEA said.

Earlier this week Abdullah al-Badri, secretary general of the Organisation of Petroleum

Exporting Countries, said OPEC did not plan to raise its oil output to ease the pressure on crude prices.

On Monday the IEA warned in a medium term forecast of increased tension on global oil markets after 2010 as spare capacity in the OPEC production cartel shrivels at a time when buoyant economic growth would be driving up demand.

Last month the IEA revised upward its forecast for world demand in 2007 to 86.1 million barrels. It revised the figure slightly down this month due to what it called minor baseline adjustments to OECD figures.

World oil supply in June fell by 550,000 barrels per day to 84.3 million barrels per day, as maintenance curbed North Sea production and seasonal factors limited North American output, it said.

OPEC saw crude supply down by 45,000 bpd on the month. The IEA said non-OPEC supply should rebound in July before maintenance again dents August output.

The IEA also expressed concern over supplies from Nigeria, which has lost capacity over the past 18 months due to political unrest and a wave of kidnappings in the Niger Delta.

## US telecom NextWave to enter Japan's mobile market

AFP, Tokyo

US telecom firm NextWave Wireless is set to become the second foreign company to enter Japan's crowded mobile telephone business after agreeing to buy a controlling stake in IP Mobile.

NextWave will acquire a 69.23 percent stake in IP Mobile -- which was awarded a cellphone operating licence in November 2005 -- from Japanese real estate group Mori Trust Co., the Japanese company said Friday.

NextWave is only the second foreign firm to enter Japan's mobile telephone market, one of the biggest and most competitive in the world, following in the footsteps of Britain's Vodafone which pulled out last year.

"NextWave has developed multi-dimensional business in the United States, with its high-level technologies in the area of mobile broadband," IP Mobile said in a statement.

"The company will prepare for the launch of its wireless broadband business planned by November with NextWave as its top shareholder."

## Nippon Steel, Arcelor Mittal reinforce alliance

AFP, Tokyo

Japan's Nippon Steel Corp. said Friday it has agreed to reinforce a business alliance with global giant Arcelor Mittal and consider expanding their joint activities in North America.

The two firms entered a non-binding memorandum of understanding to continue a strategic alliance that existed with Arcelor before the acquisition of the European steelmaker by Mittal Steel last year, the Japanese company said.

The two companies are also discussing an expansion of their joint business activities in automotive steel sheet in North America and hope to enter a definitive agreement as soon as they have come up with a firm plan, it added.



PHOTO: PUBALI BANK

Pubali Bank Ltd has recently shifted its Mokambazar branch in Sylhet to a new premises. Chairman of the bank Hafiz Ahmed Majumder, directors and managing director, among others, were present at the inaugural function.



PHOTO: ARAMEX INTERNATIONAL

ARAMEX International, which provides services including express courier, domestic courier, freight forwarding and shop & ship, opened a branch office in Mirpur, Dhaka yesterday. Saman Gunawardena, country manager, and Mahbubul Anam, managing director of ARAMEX International (Bangladesh), among others, were present at the inauguration.

## SKorea hopes for quick FTA with EU

AFP, Seoul

South Korean President Roh Moo-Hyun called Friday for a quick free trade deal with the European Union, describing it as another golden opportunity to make the Korean economy more competitive.

"We should make all-out efforts to conclude free trade talks with the EU," Roh told a meeting of economic ministers, according to his office.

South Korea can't afford to delay the deal "as other emerging economies are quickly catching up," he said.

The FTA deals "are expected to elevate Korea's economic system and competitiveness to the levels of the US and EU," he said.

Trade Minister Kim Hyun-Chong said a free trade pact with the EU could bring greater economic benefits than the deal signed last

month by Washington and Seoul.

"The EU appears to be aggressive in talks with our side. We also hope for a quick deal," he said.

Asia's third largest economy and the world's biggest trading bloc began talks in May and will hold a second round starting July 16 in Brussels.

The EU was South Korea's second largest trading partner after China last year, with trade reaching 78.56 billion dollars. It is the biggest single foreign investor, committing 4.97 billion dollars last year alone.

At the first round in Seoul both sides agreed in principle to scrap about 95 percent of each other's tariffs on merchandise. South Korea's average tariff is 11.2 percent compared to the EU's 4.2 percent.

In its latest proposal, the EU offered to eliminate or phase out tariffs on 100 percent of goods within seven years, Kim said.

## KL gets \$800m loan for bridge project from China's Exim Bank

AFP, Kuala Lumpur

The Export-Import Bank of China has given Malaysia a 800 million-dollar loan for the construction of a second bridge linking northern Penang island to the peninsular, state media said Friday.

The loan is the largest amount of financing given by China for a single project in a foreign country, reflecting the close bilateral ties between the two nations, Bernama news agency reported.

The loan will be repayed over 20 years with a favourable three percent interest rate, it said.

The signing between the Exim Bank, one of China's three major policy lenders, and Bank Pembangunan Malaysia, a devel-

opment bank, was witnessed by Second Finance Minister Nor Mohamed Yakcop and China Commerce Minister Bo Xi Lai in the administrative capital of Putrajaya.

The 826 million-dollar bridge project was launched last year by Prime Minister Abdullah Ahmad Badawi to boost Malaysia's economy in the northern region.

Penang is considered Southeast Asia's "Silicon Valley" as it houses hundreds of IT-related companies including Dell, Intel and Motorola.

Construction of the planned 24-kilometer (15-mile) bridge linking the town of Batu Maung on the island and Batu Kawan on the mainland is expected to be completed by January 2011.

### Weekly Currency Roundup

July 08-July 12, 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 FX Market**

This week saw the euro hit a record high against the dollar on the back of some concerns on the health of the US economy. The euro also hovered near a record high against the yen. The sterling remained near its 26 year high against the US dollar.

**US dollar**

The dollar struggled against the euro, hitting a record low, after Standard & Poors indicated that they would change the rating of \$ 12 bn worth of subprime related debts. The dollar also slipped a little against the yen, and recovered slightly later in the week. The fact that US interest rates would be on hold while the rest of the economies are going to raise theirs has also hurt the dollar in recent weeks.

**Euro**

The euro hit a record high against the US dollar after comments by Standard & Poors. The comments cast a doubt over the health of the overall US economy.

**Sterling**

Sterling hovered near a 26 year high of 2.0342 and was moved with a range. The rising interest rate of Britain has given sterling a boost against the dollar.

**Yen**

The yen recovered slightly against the dollar from its 4 and a half year lows, but the recovery was short lived because the Bank of Japan has kept its interest rate on hold at 0.5 percent which is the lowest in the industrialised world.

- Standard Chartered Bank



SQUARE Hospitals Ltd and Grameenphone Ltd have recently signed a corporate agreement under which employees of the mobile phone operator and their dependants will get coverage of health check-up, medical consultation, diagnostic services, and outdoor and indoor patient services at special rates from the hospital. Sanawar Hossain, director of Medical Services of the hospital, and Md Shahnawaz, head of Health Safety & Environment of Grameenphone, signed the deal, while other senior officials from both the sides were present.

## STOCK