

Bruised US investors see perilous waters ahead

AFP, New York

Credit fears have played havoc with Wall Street stock portfolios and US investors could suffer more bruises from fresh upheavals sweeping world markets in the week ahead, despite an emergency rate cut.

Confidence was in short supply on Wall Street this past week as investors sold off stocks amid more gloom housing news which has spoiled investors' appetite for mortgage-backed securities and some financial shares.

The Federal Reserve's surprise action Friday, cutting the interest rate it charges commercial banks and making borrowing cheaper, fueled hopes the Fed will soon move to trim short term rates.

"We expect more volatility in both the credit and stock market in coming days," warned Frederic Dickson, an equity analyst at the DA Davidson Co. investment firm.

The blue-chip Dow Jones Industrial Average stock barometer slumped 1.22 percent to 13,079.08 in the week ended Friday after diving and rocketing over 300 points during the week.

The index has lost over 900 points since closing at a record high just over 14,000 on July 19.

The broad-market Standard Poor's 500 fell a lesser 0.55 percent in the week to Friday to finish at 1,445.94 while the tech-rich Nasdaq composite tumbled 1.57 percent to 2,505.03.

The Dow was badly pummeled in the week, but gained traction on Friday after the Fed slashed its discount lending rate by half a percentage point to 5.75 percent.

Economists said this increased the odds the Fed will trim its short term federal funds rate, which has been pegged at 5.25 percent since June 2006, at a meeting set for September 18.

"The Fed has substantially

downgraded the priority level assigned to inflation concerns and is opening the door to a cut in the target federal funds rate to support growth," said Nigel Gault, a US economist at Global Insight.

Concerns about the US credit market have roiled world markets.

American banks have tightened lending standards in response to rising home foreclosures, especially on risky subprime mortgage loans granted to people with stretched finances.

Analysts said US markets could endure fresh turbulence in the coming week because the depth of the crisis sweeping the multitrillion dollar mortgage market remains unclear.

Fed chairman Ben Bernanke last month cited forecasts suggesting mortgage losses could leave the economy with a 100-billion-dollar bill.

The turmoil gripping Wall Street has even prompted some investors

to start whispering of a potential recession, but most economists say the world's biggest economy is on a healthy footing even if the housing market's foundations are shaky.

Wall Street could suffer more losses if another large mortgage lender admits trouble.

Countrywide Financial, America's biggest mortgage lender, was forced Thursday to use an 11.5 billion dollar credit line, revealing a worsening liquidity picture. The revelation pitched stocks lower on Thursday.

FED INJECTS \$66B INTO FINANCIAL SYSTEM
Another report from Washington adds: The US Federal Reserve on Friday injected six billion dollars into the distressed financial system, the Federal Reserve Bank of New York said.

The New York Fed, which handles such operations for the Fed, made the cash infusion, the bank said on its website.

The central bank earlier Friday cut its discount rate to commercial banks to 5.75 percent from 6.25 percent in a surprise move marking its most decisive action since fears of a global credit crunch swept global markets.

"Financial market conditions have deteriorated, and tighter credit conditions and increased uncertainty have the potential to restrain economic growth going forward," the Fed cautioned in a statement.

The central bank has pumped a total 94 billion dollars into the financial markets since August 9 to ease tightening credit stemming from the troubles roiling the US housing market.

Outcry in India over Nokia phones

AFP, New Delhi

The world's leading mobile phone maker Nokia pleaded for calm in India on Friday as thousands of anxious customers sought free replacements for potentially defective batteries made in Japan.

Police laid on extra security at one Nokia customer centre and crowds thronged others across India, one of the world's largest mobile markets, after the Finnish firm on Tuesday warned that some batteries were overheating.

"Your Nokia Is Safe To Use," the Finnish firm said in page-one advertisements in Indian newspapers.

The company received 165,000 SMS messages of distress following the advisory, said Devinder Kishore, the marketing chief of Nokia's Indian arm.

"Out of these calls and messages, about 4.5 percent of batteries were found in the batch for which the product advisory has been issued," he told reporters. He said there had been no overheating complaints in India.

The batteries were manufactured by Japan's Matsushita Battery Industrial Co Ltd.

Japan's Kyodo news agency reported that the country's trade ministry had ordered Nokia's Japan unit to report on the troubles within the next week.

Nokia said this week that about 46 million batteries supplied by the Japanese firm could overheat.

China launches first 1.5 mw wind-power generator

XINHUA, Beijing

China's first 1.5 megawatt (1,500 KW) wind-power generator with completely independent intellectual property rights has rolled off the assembly line in the southern Guangdong province.

The price was at least 20 percent lower than similar imported products or those manufactured by joint ventures, said the Guangdong Mingyang Wind Power Technology Co., Ltd.

The generator was designed for China's climate and is resistant to typhoons, sand storms and extremely low temperatures. The technologies of the generator have been certified by GL Germanischer Lloyd, according to the company.

The company has received orders for 250,000 kw of its wind power generators valued at 1.6 billion yuan (210.5 million US dollars), said Zhang Chuanwei, chairman of the parent company Guangdong Mingyang Electric Group Co., Ltd.

He said that company's annual production capacity of wind power generators will rise from the current 450 units to 1,000 units by 2010.

Metals slump, oil rises amid market volatility

AFP, London

Metals prices plunged this week as traders sold heavily investments in gold and copper owing to fears of a global economic slowdown caused by the ongoing US housing crisis.

But a move Friday by the US central bank aimed at easing market worries helped push up crude futures.

Losses in the US subprime mortgage market -- high-risk property loans to which many US banks and investment funds are exposed - has spread to other regions and affected equity, commodity and foreign exchange trading since August 9.

"The biggest risk to the commodity market has been and continues to be fund liquidation," Goldman Sachs analysts noted on Friday.

In a move aimed at tackling fears of a global credit crunch, the US Federal Reserve on Friday slashed the lending rate it charges commercial banks.

The decision by the US central bank, to cut its so-called discount window rate by 50 basis points to 5.75 percent, helped world share prices to recover from losses over the past week and led the euro to rebound against the dollar and yen.

OIL: Oil prices rebounded, with Brent crude bouncing back above 70 dollars a barrel in London, lifted by the Fed's monetary policy change on Friday and fears that Hurricane Dean could damage energy facilities in the Gulf of Mexico.

"If by some miracle the damage from Dean is not that bad and the stock market is (again) lousy we could see a big drop in (the crude) price next week," Alaron trader Phil Flynn said.

It was a roller-coaster of a week for oil prices, as they fell steeply on Thursday when hefty declines on world stock markets left traders fretting about potentially risky investments in the commodities markets.

Traders had said that some speculators and investment funds were moving cash into more secure

investments and out of riskier holdings, and that some of this movement had dented the oil market.

Oil prices rebounded Friday, however, owing to the Fed action and news that Hurricane Dean was forecast to become a major hurricane within the next 24 hours.

Crude futures won support also from news that crude inventories had fallen last week. The US Department of Energy said Wednesday that US crude inventories slumped by 5.2 million barrels last week -- more than double a fall of 2.5 million forecast by analysts.

The Organization of the Petroleum Exporting Countries meanwhile increased its forecast for world oil demand growth in 2007. Opec said in a monthly report that it would hit 1.3 million barrels per day, "slightly higher" than the estimate given in July.

New York's main oil futures contract, light sweet crude for delivery in September, gained to 71.92 dollars a barrel, from 70.68 dollars.

PRECIOUS METALS: Gold, silver, palladium and platinum prices all dropped owing to the financial uncertainty.

Gold fell despite traditionally being seen as a safe store of value in troubled times, while the other precious metals mirrored its downward spiral.

"Gold is being sold to pay for losses in other markets," UBS analyst Robin Bahr said.

"Gold is the ultimate safe haven ... If you believe it's the end of the world next Friday, then you'll buy gold," Bahr added.

On the London Bullion Market, gold fell to 657.50 dollars an ounce at Friday's late fixing, from 670.50 dollars a week earlier.

Silver declined to 11.69 dollars an ounce, from 12.69 dollars.

On the London Platinum and Palladium Market, platinum slipped to 1,245 dollars an ounce at the late fixing Friday, from 1,269 dollars a week earlier.

Palladium decreased to 334 dollars an ounce, from 349 dollars.

BASE METALS: The prices of

base metals slumped.

"Base metals prices are likely to continue tracking movements in the financial markets, which could mean further short-term losses," Barclays Capital analyst Gayle Berry said.

Three-month aluminium prices fell to 2,498 dollars a tonne, from 2,599.50 dollars.

Three-month nickel prices dropped to 25,900 dollars a tonne, from 26,100 dollars.

Three-month lead prices slipped to 2,498 dollars a tonne, from 2,785.25 dollars.

Three-month zinc prices fell to 3,075 dollars a tonne, from 3,250 dollars.

Three-month tin prices dived to 13,565 dollars a tonne, from 16,352.50 dollars.

SUGAR: Sugar prices plunged to a two-year low of 273.50 pounds a tonne in London on Friday.

"White sugar futures declined to two-year lows as the sharp sell-off in global equities undermined virtually every commodity market," said Fimat analyst Jim Cassidy.

By Friday on the LIFFE, the price of a tonne of white sugar for October delivery shrunk to 280.50 pounds, from 281.00 pounds a week earlier.

On the NYBOT, the price of unrefined sugar for October delivery decreased to 9.37 US cents a pound, from 9.54 cents a week earlier.

WOOL: The price of wool rose in major producer Australia this week on strong foreign buying despite a lack of interest by key consumer China.

"Purchases were again widely spread, with the reduction in activity by buyers for China again evident, but to a lesser extent," the Australian Wool Industry Secretariat said.

The secretariat said the issue of whether China has reached its Australian wool quota for the year was still unresolved.



PHOTO: LANKABANGLA FINANCE

The half-yearly meeting-2007 of LankaBangla Finance Ltd was held recently in Dhaka. Chairman of the company Mohammad A Moyeen, Managing Director Mafizuddin Sarker and other senior officials were present.



PHOTO: PAPYRUS COMMUNICATIONS

Kazi Inam Ahmed, director of Kazi & Kazi Tea Estate Ltd, and Hosne-Ara-Begum, executive director of Thengamara Mohila Sabuj Sangha (TMSS), an NGO working for women empowerment and poverty alleviation, sign an agreement recently at a function. Under the deal, the tea producing company will supply its organic tea to all the corporate and regional offices of TMSS. Senior officials from both the sides were present.