

International Business News

Indian imports to sustain 30-year-high sugar prices

AFP, Mumbai

Global sugar prices are likely to stay high in the coming year, analysts say, as India, the world's largest consumer of the commodity, reels from poor monsoon rains that will force it to rely on imports.

India could import more than six million tonnes this fiscal year, its highest in a decade.

That will keep world prices high for a commodity whose supply is expected to fall short of demand by some nine million tonnes globally in 2008-09, according to the International Sugar Organisation (ISO).

In India, sugar has major social and political implications, is a key part of the diet and an essential ingredient for delicacies at religious festivals.

"With the monsoon weak, India's sugar imports could rise to six to seven million tonnes in 2009-10 to meet local consumption demands of 26 million tonnes," said Mehul Agrawal, sugar analyst at equity research firm Sharekhan.

"Each time India enters the global market, prices could spike."

On Monday, sugar markets around the world jumped to highs not seen since the 1980s.

The benchmark raw sugar futures at the New York-based Intercontinental exchange rose five percent at 22 cents a pound for October delivery -- the highest since March 30, 1981.

White sugar prices also increased to a 26-year high in London at 557.4 dollar a tonne.

GM seeks to outdo Toyota with eco-friendly Chevy Volt

AFP, New York

Troubled US auto giant General Motors sought to trump Toyota by announcing that its Chevy Volt plug-in hybrid will save four times more fuel than the Japanese carmaker's Prius.

The former world leader in auto manufacturing, now 60 percent owned by the US government, said Tuesday that it would begin production in late 2010 on its new electric sedan, which will be marketed in 2011.

The Chevrolet Volt will be the "first mass-produced vehicle to claim more than 100 miles per gallon (42.51 kilometres per litre) composite fuel economy," GM boasted in a statement.

It said the Volt, whose prototype was first unveiled in early 2007, was expected to achieve city fuel economy of at least 230 miles per gallon (100 kilometres per 1.02 litres), based on development testing using government fuel economy methodology for labelling for plug-in electric vehicles.

Toyota's Prius, which was first introduced in the United States in 1997 and whose fourth generation vehicle was presented this year, gets 50 miles per gallon (21.26 kilometres per litre).



Workers of the Metro Manila Development Authority (MMDA) paint a bridge as part of its beautification programme in Manila yesterday. Many predicted a grim future for the export-dependent Philippines as the global slump hit world trade, but recent data suggest it could avoid recession as the government remains defiant.

BHP Billiton profit falls 30pc

AFP, Melbourne

The world's biggest miner BHP Billiton on Wednesday said annual profits fell 30.2 percent as commodities demand slumped, ending a seven-year run of record results but still beating market forecasts.

Net profit for the 12 months to June was 10.72 billion US dollars excluding one-off items, down 4.67 billion on the previous year as the China-driven resources boom slowed.

While the result narrowly bettered the 10.2 billion dollars predicted by analysts, profits including exceptional items plunged 61.8 percent to 5.877 billion dollars.

BHP said it had seen a collapse in demand for commodities early in the year as the world economy slowed, partially offset by government stimulus measures including China's massive four-trillion-yuan (585 billion dollars) package.

The Anglo-Australian company described the profit as "a strong financial result" in the circumstances, with chief executive Marius Kloppers expressing cautious optimism that markets were improving.

Sri Lanka launches mobile network in former warzone

AFP, Colombo

A Malaysian telecom group said on Wednesday it had launched a mobile phone network in Sri Lanka's former warzone, becoming the first international company to operate in the area.

Dialog Telekom, a unit of Malaysia's Axiata Group Berhad and Sri Lanka's biggest mobile operator, said it had set up base stations in northern areas previously held by the rebel Tigers.

"We now have a mobile footprint into areas that did not have cellular coverage before," Dialog's chief executive, Hans Wijayasuriya, told reporters.

The northern expansion drive is part of Dialog's network plans to install 60 base stations in the war-torn areas at a cost of up to 10 million dollars this year, Wijayasuriya said.

The government declared the end of fighting with Tamil rebels after crushing the guerrilla leadership in mid-May following a decades-long ethnic conflict.

REAL ESTATE

Singapore property booms

AFP, Singapore

Recession? What recession?

Despite Singapore's worst economic slump since independence, the residential property sector is in the midst of a new boom reminiscent of 2007, when the city-state was known as the world's hottest real estate market.

Greed and its twin brother fear are back in play as punters stake out condo launches days before sales open, with some offering blank cheques to pre-book flats, prompting the government to hint it may have to cool things down.

"Some of the practices and habits that you saw in the last property boom are beginning to come back, so I think we'll have to be careful," said Minister for National Development Mah Bow Tan, whose portfolio includes housing.

"A little bit of speculation is inevitable in every market, but when it becomes excessive, then it is something that we should try to avoid," he said.

The minister's words of caution fell on deaf ears.

A 297-unit condo called Optima in the extreme east -- well outside prime districts -- sold out in within three days in early August after Mah's warning, fetching as much as two million Singapore dollars (1.38 million US) a unit.

The developer had to issue ballots "to address the needs of the genuine buyers" and disperse the huge crowd that turned up for the launch of the project, which will only be ready for occupancy in 2014, a spokesman said.

Within days, some units were already being advertised for resale in the secondary market.

An AFP reporter who recently walked into the sales office of another high-rise condo being built close to the Orchard Road shopping belt was treated like royalty by agents expecting to close deals within days, if not hours.

Bank officers were ready to process loans on the spot.

"Buy before prices go up further," an agent whispered in his ear, gesturing to a "sky garden" bisecting the scale model of a glass-clad, 45-storey tower.

Singapore's economic output is officially forecast to shrink by four to six percent this year -- less severe than earlier estimates, but still its worst economic performance on record -- and office rents are still soft, reflecting weak business activity.

"It is too early to celebrate," Prime Minister Lee Hsien Loong warned over the weekend as he spelled out the country's economic prospects. "The outlook remains clouded."

The property frenzy began in middle-class condo projects due to pent-up demand from families upgrading from public to private housing but scared off by the 2007 price spiral.

Their enthusiasm quickly spilled over to more exclusive developments.

Prices of luxury condos -- the segment worst hit by the recession -- are now inching toward peak levels achieved around mid-2007, according to an analysis by business weekly The Edge.

Foreign investors, including Asians looking for a secure place to park their money, are also back in the Singapore market.

Singaporeans enjoy one of the world's highest savings and home ownership rates, but most live in relatively spartan government-built flats, making owning condos an obsessive goal for families.

A pension system forces them to save more than a third of their monthly income, and the accumulated funds can be tapped before retirement to buy property, creating a massive pool of financing ready to be used when market conditions are good for buyers.

Chua Chor Hoon, senior director and head of Southeast Asia research at property advisers DTZ Debenham Tie Leung, said various factors combined to spur renewed buying in Singapore properties.

Signs of economic recovery, the stock market rally, the imminent completion of massive casino resorts, low interest rates and lack of confidence in complex financial products encouraged property buyers.

Asked if the government will have to intervene to stop a bubble from forming, she said: "There's froth but no excessive speculation."

"The government is likely to increase the supply of housing units through the sale of government land and monitor the situation first."

Chua Yang Liang, head of Southeast Asia research at Jones Lang LaSalle, said demand is largely driven by buyers upgrading from government housing due to strong wealth creation in recent years, and the shrinking gap in cost between public and private housing.



A woman walks past an advertisement for a new condominium to be constructed in Singapore. Greed and its twin brother fear are back in play as punters stake out condo launches days before sales open, with some offering blank cheques to pre-book flats, prompting the government to hint it may have to cool things down.

ECONOMIC CRISIS

UK jobless rate at 14-year high



Economic haze means bumpy ride for oil demand: IEA

AFP, Paris

Oil demand is firming feebly this year, and a rally in 2010 driven by Asian economies is blurred by uncertainty over global recovery from the economic crisis, the IEA said on Wednesday.

The International Energy Agency said that Chinese demand had "rebounded" and that it saw "recovery in economic growth" outside the OECD area of advanced economies "prompting a demand rebound in 2010."

For 2009, the IEA revised upwards slightly its expected demand data but said that this was a drop compared to the overall fall from demand in 2008. It also noted record low oil output by Nigeria but unexpectedly high production by Russia.

The agency said that it was "now among the bears for 2009 demand" which would fall by 2.3 million barrels per day from the 2008 average, marking contraction of 2.7 percent.

"Has the global recession ended?" the IEA asked, posing the pivotal question because demand for energy is tied to economic activity.

"The most that can be said is that the global economy may be stabilising -- but even if this is confirmed, it remains far from evident that growth will resume strongly before the end of the year."

It said: "Only in China and India is industrial production growth positive."

Elsewhere industrial production remained in a state of contraction even though the rate of decline had slowed slightly.

"More worryingly, industrial production has seemingly not reached the bottom in the US."

The monthly report said that shrinkage of demand for oil in Europe had increased to 900,000 barrels per day in the second quarter of this year.

"And the US 2009 gasoline (petrol) season now seems to have fizzled out before getting started."

Initial US demand for gasoline in July was 1.8 percent below the figure for 2008 after a fall of 1.6 percent in June.