

# Global oil demand growth is slowing in 2016

REUTERS, London

The United States was one of the biggest sources of oil demand growth in 2015 but the outlook for 2016 is much more muted, according to official forecasters.

The US transportation sector continues to send mixed signals about the strength of fuel demand at the end of 2015 and heading into 2016.

US consumers are buying a record number of new vehicles, and more of them are choosing

intermodal units moved across the network down 2.5 percent compared with 2014, according to the Association of American Railroads.

Road freight was fairly flat last year, ending three years of strong growth, according to the American Trucking Associations.

"I remain concerned about the high level of inventories throughout the supply chain," the association's chief economist warned in a statement to the media last month.

"The total business-to-inventory sales ratio is at the highest level in over a decade, excluding

omy in which demand from consumers remains strong while industry-related demand has weakened. Data on fuel consumption tells the same tale of a two-speed economy.

The volume of gasoline supplied to domestic customers between January and November was up 2.7 percent compared with the same period in 2014, according to the US Energy Information Administration (EIA).

But the volume of low-sulphur distillate fuel oil, which includes the diesel used by trucks and trains, supplied to domestic customers was flat compared with 2014.

The growth in distillate consumption has been slowing since early 2015 and turned persistently negative from May onwards.

Gasoline consumption, on the other hand, has been growing strongly for most of 2015, at some of the fastest rates since before the recession. More recently, however, there have been some signs the growth in gasoline consumption is moderating, with smaller year-on-year gains in both October and November.

Gasoline consumption showed only modest year-on-year gains in December was actually down in January, according to the more timely but less reliable weekly estimates prepared by the EIA.

Diesel demand looks set to remain subdued for at least the next few months as US manufacturers, distributors and retailers struggle to cut excess inventories and deal with softer industrial demand.

The question is whether the slowdown in gasoline demand growth will be revised away, rebound, or turns into a longer pause.

The EIA is currently forecasting gasoline consumption will rise by 70,000 barrels per day in 2016, a much smaller increase than the 240,000 bpd increase in 2015.

By contrast, distillate consumption is predicted to increase by 80,000 bpd in 2016, after declining by the same amount in 2015.

Overall, total US liquid fuels consumption is predicted to rise by 160,000 bpd, down from 270,000 bpd in 2015 ("Short-Term Energy Outlook", EIA, Jan 2016).

During 2015, oil consumption in the United States increased almost 300,000 bpd according to the International Energy Agency (IEA).

Increased fuel consumption in the United States accounted for one-sixth of the global increase in oil demand last year of 1.7 million bpd, according to the IEA.



ASM Mainuddin Monem, chairman of the risk management committee of NCC Bank, opens the new premises of a branch of the bank in Brahmanbaria on Sunday. Golam Hafiz Ahmed, managing director, was also present.



A fuel pump assistant stands next to an old fuel pump during the early hours near the village of Salwa in Saudi Arabia.

fuel-hungry crossover utility vehicles, according to market intelligence supplier Wards Auto.

The volume of traffic on US roads has also hit a new record and is growing at the fastest rate for almost two decades, according to the Federal Highway Administration.

But the volume of freight transported by road, rail, air, barge and pipeline has been trending flat or lower since the end of 2014, according to the US Bureau of Transportation Statistics.

The amount of freight hauled in November 2015 was actually 1.4 percent lower than in the corresponding month in 2014.

Rail freight movements were weaker in 2015, with the total number of rail cars and

the Great Recession period. This will have a negative impact on truck freight volumes over the next few months at least."

Sales of the heavy-duty Class 7 and Class 8 trucks employed for most freight movements ended last year on a soft note according to Wards, down from the end of 2014.

Stocks of unsold heavy duty trucks at manufacturers and dealerships have risen steeply as sales fell towards the end of 2015.

At the end of December 2015, there was a 70-day supply of Class 8 trucks, up from 43 days at the end of December 2014, according to Wards.

The data on vehicle sales and miles driven is consistent with other signs of a two-speed econ-

# World food prices start 2016 at near seven-year low

REUTERS, Rome

World food prices fell to near a seven-year low in January, weighed down by declines for agricultural commodities, particularly sugar, the United Nations food agency said on Thursday.

Food prices have fallen for four straight years and remain under pressure from ample agricultural supply, a slowing global economy, and a strengthening U.S. dollar.

The Food and Agriculture Organization's (FAO) food price index, which measures monthly changes for a basket of cereals, oilseeds, dairy products, meat and sugar, averaged 150.4 points in January against a revised 153.4 points the month before.

The 1.9 percent decrease from December follows an almost 19 percent slide in 2015. Food on international markets in January was 16 percent cheaper than one year ago, the FAO said.

"There are still prospects perhaps for further downward pressure on markets, but

the U.S. economy, exchange rates, and the overall macro conditions are impossible to predict and their implications could be quite important," FAO senior economist Abdolreza Abbassian said.

Positive revisions for wheat production prompted the FAO to raise its estimate for world cereal output in 2015 to 2.531 billion tonnes, still 1.2 percent below 2014's record harvest.

Early prospects for cereal harvests in 2016 are mixed, the FAO said, partly due to El Nino-associated weather patterns having a particularly deleterious effect in the southern hemisphere.

Southern Africa's crop prospects have been severely weakened by the dry and hot weather El Nino has brought, and wheat output in South Africa is likely to fall 25 percent, the FAO said.

Early-season dryness in Brazil and Argentina could also result in reduced plantings. Dry weather forced Ukraine to cut the area under wheat, but conditions are better in Russia.

## Industrial Attachment of BITAC Certificate Awarding Ceremony

Skill For Employment Investment Program  
Energypac Power Generation Ltd.  
January 26, 2016.



Bangladesh Industrial Technical Assistance Centre, a non-profit organisation under the industries ministry, organised a one-month industrial attachment programme at an assembly plant of Energypac Power Generation Ltd.

# Lower prices boosted air travel in 2015: IATA

AFP, Geneva

Global air passenger traffic jumped 6.5 percent in 2015 compared to a year earlier, boosted largely by lower air fares, IATA said Thursday. "Last year's very strong performance, against a weaker economic backdrop, confirms the strong demand for aviation connectivity," said Tony Tyler, head of the International Air Transport Association (IATA).

Last year's hike marked the strongest rise in global air passenger traffic since the global post-financial crisis rebound in 2010, and was well above the 10-year average annual growth rate of 5.5 percent, IATA said.

One thing that helped boost demand last year was a five-percent average drop in airfares compared to 2014, the organisation said in a statement.

Airline capacity meanwhile rose 5.6 per-

cent, while the average load factor, or percentage of seats occupied, climbed 0.6 points to a record annual high of 80.3 percent.

Carriers in the Asia Pacific region accounted for a full third of the total annual increase in traffic, IATA said.

Growth in international traffic was particularly high, up 6.5 percent, with all regions seeing a rise in demand.

The strongest overall growth was recorded by carriers in the Middle East with a 10.5 percent hike, followed by Latin America, at 9.3 percent, and the Asia-Pacific region at 8.2 percent.

European carriers meanwhile saw their international traffic swell five percent, as eurozone spending picked up, although growth slowed towards the end of the year due to Lufthansa strikes and the shutdown of Russia's Transaero, IATA said.

## LafargeHolcim considers revised divestment plan in India

REUTERS, Zurich

LafargeHolcim Ltd is reviewing its divestment plan in India after talks with Birla Corporation Limited (BCL) for the sale of the Jojobera and Sonadih cement plants in Eastern India fell through, it said on Thursday.

"LafargeHolcim today announced that it is considering a divestment of its interest in Lafarge India with an annual cement capacity of around 11 million tonnes," it said.

# Rate cut prospects grow as big central banks adopt a dovish tone

REUTERS, Frankfurt

The world's central banks have all but given up hopes they can return to conventional monetary policy soon, openly touting more easing and venturing deeper into the untested waters of unconventional policies.

With global economic headwinds rising, this time from emerging markets, the world's biggest central banks have all hit a strongly dovish tone in the past day. They pointed to risks from emerging markets, China's economic slowdown and ultra-low inflation emanating from low oil prices.

That suggests global interest rates are likely to go even lower. And it raises the risk they will set off a vicious cycle of competitive currency devaluations and fuel growing doubts they can meet their mandates.

That is a marked contrast to the start of the year. The US Federal Reserve and the Bank of England both expected to raise rates then, and the European Central Bank said it hoped it was done easing.

In marked contrast, New York Fed Governor William Dudley, among the most influential policymakers on the Federal Open Market Committee, on Wednesday poured cold water on any lingering hopes for a rate hike this year.

"One thing I think we can say with more confidence is that financial conditions are considerably tighter than they were at the time of the December meeting," when the Fed raised rates for the first time in almost a decade, Dudley said.

"So if those financial conditions were to remain in place by the time we get to the March meeting, we would have to take that into consideration in terms of that monetary policy decision," he added.

The Fed's well-telegraphed rate increase in March suggested to markets that three or four hikes could come this year. But those expectations have faded since the start of the year. Now markets only see a 40 percent chance of an increase hike in next February.

The Bank of England, which meets on Thursday, is also seen sending strong signals that it was not in a hurry to raise rates.

Bank of Japan Governor Haruhiko



The building of the central bank of the United States is seen.

Kuroda added fuel to the fire overnight when he said he would not hesitate to ease policy further to hit a 2 percent inflation target at the "earliest" date possible. The BoJ surprised markets with a rate cut last week that took Japanese rates into negative territory.

His comments, among others, strengthened the euro, putting pressure on the ECB, which relies to a great extent on the weak currency to generate much-needed inflation.

Conscious that his comment could be seen as battle call in a currency war, Kuroda asked other central banks for their understanding.

"As with the Federal Reserve, the European Central Bank or any other major central bank, the BOJ doesn't target exchange rates in guiding monetary policy," Kuroda told parliament.

"By pushing down interest rates and the yield curve, we hope to push down real interest rates so that we can stimulate consumption and investment," he said on Thursday.

But pushing down currencies has been a key aim for several big central banks and another big devaluation in China is a persistent fear.

The People's Bank of China has

been fighting to keep the yuan stable since Jan. 6, when its second sharp depreciation in six months sparked fears of more devaluation as growth slows in the world's second-biggest economy, already at a 25-year low.

Chinese stocks have lost over a fifth of their value since the start of the year, and a renewed slide in oil prices, a major indicator of economic activity, took Brent crude to its lowest since 2003. The CBOE Volatility Index, the US equity market's "fear gauge", has risen sharply.

Mario Draghi, the European Central Bank's president, also weighed in, arguing that acting too late to combat low inflation was more risky than acting too quickly. His remarks suggested the ECB could cut rates deeper into negative territory as early as March.

"Adopting a wait-and-see attitude and extending the policy horizon brings with it risks: namely a lasting de-anchoring of expectations leading to persistently weaker inflation," Draghi said on Thursday.

"And if that were to happen, we would need a much more accommodative monetary policy to reverse it," he said. "Seen from that perspective, the risks of acting too late outweigh the risks of acting too early."

Indeed, markets already expect the ECB to cut its deposit rate to -0.4 percent from -0.3 percent in early March, and they see high chance it will tweak its 1.5 trillion-euro asset purchase programme.

Seema Haider Chaudhury, owner of Shiraz Restaurant, and Azmat Ullah Khan, head of corporate and platinum service experience at Airtel, sign a deal in Dhaka. Airtel Favorites clients and employees of the operator will enjoy attractive discounts at the restaurant.

