Saudi Arabia, Russia agreed in Sept to lift oil output

REUTERS, Moscow/Dubai

Russia and Saudi Arabia struck a private deal in September to raise oil output to cool rising prices and informed the United States before a meeting in Algiers with other producers, four sources familiar with the plan said.

US President Donald Trump has blamed the Organization of the Petroleum Exporting Countries (Opec) for high crude prices and called on it to boost output to bring down fuel costs before the US congressional elections on Nov. 6.

The deal underlines how Russia and Saudi Arabia are increasingly deciding oil output policies bilaterally, before consulting with the rest of Opec.

The sources said Saudi Energy Minister Khalid al-Falih and his Russian counterpart Alexander Novak agreed during a series of meetings to lift output from September through December as crude headed towards $80 a barrel. It is now over $85.

"The Russians and the Saudis agreed to add barrels to the market quietly with a view not to look like they are acting on Trump's order to pump more," one source said.

"The Saudi minister told (US Energy Secretary Rick) Perry that Saudi Arabia will raise output if its customers asked for more oil," another source said. Originally, the two countries had hoped to announce an overall increase of 500,000 barrels per day (bpd) from Saudi-led OPEC and non-Opec Russia at a gathering of oil ministers in Algiers at the end of September.

But with opposition from some in Opec, including Iran which is subject to US sanctions, they decided to defer any formal decision until a full Opec meeting in December. Since then, Reuters has reported that Riyadh planned to lift output by some 200,000 bpd to 300,000 bpd from September to help fill the gap left by lower Iranian output due to the sanctions.

Russian output rose 150,000 bpd in September. "I would expect Russia's oil production will hover at around 11.4 to 11.6 million bpd until the end of 2018 and may increase further to 11.8 million bpd later on in 2019," a source at a major Russian oil company said.

Russian produced 11.36 million bpd in September, up from 11.21 million bpd in August, Energy Ministry data showed.

Perry was made aware of the Saudi-Russia plan to lift output before the Algiers gathering, meeting with Falih three times in September and Novak once. The three did not meet together.

Perry's spokeswoman Shaylyn Hynes did not comment on details of the talks but said the energy secretary, "continues to be engaged with leaders from other major oil producing nations and remains confident in their ability to boost output if needed".

She said Perry had in recent meetings "impressed upon his counterparts that keeping supply up is important for the global economy". Oil prices rose to $85 a barrel this week as buyers of Iranian crude wound down their purchases to meet the terms of US sanctions on Tehran.

Sources said Riyadh would help fill that shortfall because buyers needed replacement supplies. Saudi Arabia has spare capacity to produce oil at a higher rate and holds a large volume of crude in storage.

At the same time, Saudi Arabia is keen to maintain unity among the so-called OPEC+ alliance, a group comprising Opec states, Russia and several other producers that has agreed on output curbs. That's because it may need to change course and seek the collaboration of Opec+ for any future production cuts.

In the run up to the private deal with Russia, Falih flew to the United States during the second week of September where he and fellow Texas A&M University alumnus Perry attended a football game in College Station, Texas.

REUTERS/FILE

Saudi Arabian Energy Minister Khalid al-Falih attends the inaugural session of the Opec Ministerial Monitoring Committee in Algiers.

US private sector hiring jumps in September

AFP, Washington

Hiring by US companies rebounded unexpectedly in September, hitting a seven-month high on the back of strong job creation in the service sector, according to monthly survey released Wednesday.

The jobs report from the payrolls firm ADP overshot estimates, as many economists expected the gain to be tamped down by the impact of Hurricane Florence on the US mid-Atlantic states.

The gain was boosted by a 184,000 increase in jobs in the services sector, but the goods sector jumped 46,000 -- double the gain in the prior month -- almost all concentrated in construction, the survey showed.

The report is scrutinized ahead of the government's official employment report, which is due Friday and which economists project will show a gain of 184,000 non-farm jobs and a drop in the unemployment rate to 3.8 percent from the current 3.9 percent. However, the two surveys are frequently out of step.

"The labor market continues to impress," said Ahu Yildirmaz, vice president and co-head of the ADP Research Institute. "Both the goods and services sectors soared."

In the services sector -- a key driver of the US economy -- professional and business services gained 70,000, while health services jumped 37,000, and trade, transportation and utilities added another 30,000.

"The job market continues to power forward," Mark Zandi, chief economist of Moody's Analytics, which helped produce the report,, said in the statement. "At the current pace of job creation, unemployment will fall into the low 3%'s by this time next year."

Ian Shepherdson of Pantheon Macroeconomics said he was surprised not to see more of a slowdown from the impact of the hurricane that hit in mid-September and caused widespread damage and flooding in North Carolina.

MTB

Syed Mahmudul Huq, chairman of Auto Trade International, and Anis A Khan, managing director of Mutual Trust Bank (MTB), sign documents of an agreement at the bank's head office in the capital on Monday. The bank and its customers will get discounts and priority service at Auto Trade International.

Engage people from private sector to strengthen Bida

FROM PAGE B1

He was addressing the fourth Joint Chambers' Luncheon Meeting of CanCham Bangladesh at Four Points by Sheraton in Dhaka, participated by diplomats, local and foreign investors and CEOs of different companies.

So far the country's effort to make it an attractive destination for foreign direct investment (FDI) is yet to be optimum because of bureaucracy and lack of infrastructure and energy, Rahman said. Ease of doing business is very important for investors, said Kazi M Aminul Islam, executive chairman of Bida.

Earlier it took over a year to get an electricity connection but now it can be availed in just days, so improvement is taking place in the country, he said.

Enactment of a law is not enough to address a problem as its implementation matters, he said, adding that people of the private sector, should the government want, could be included in Bida for expediting its activities.

The size of the country's GDP will need to be at least $3 trillion and per capita income $15,000 if Bangladesh wants to be a developed country by 2041, he said. Achieving this target is possible if the country could be transformed, he said.

Bangladesh has many positive success stories to tell the world but it is still one of the lowest recipients of FDI, said Shehzad Munim, president of the Foreign Investors' Chamber of Commerce and Industry.

Ease of doing business is a major barrier in attracting FDI in the country, Munim said, adding that Bangladesh ranked 177th in the ease of doing business index. "We need to run a campaign to brighten our image."

It was a fantastic initiative of Bida to introduce an OSS centre under which 34 agencies will be engaged in 150 activities for the ease of doing business, he said. He identified an image crisis and lapses in attitude which overshadowed positive stories of the country.

Michael Foley, CEO of Grameenphone, said Bangladesh is still a good destination for investment. Grameenphone invested $5 billion over the last 22 years and created a customer base of 71 million people.

By this time, Grameenphone has become one of the largest taxpayers. Bangladesh needs to reduce the steps in opening a business and also the bureaucracy, he said.

Naser Ezaz Bijoy, CEO of Standard Chartered Bangladesh, said the investors need to run to different government agencies and department for investing in this country.

But it would be easier for them if the government can arrange a system where all the agencies and departments of the government will be made available to give permission to save time and money, he said.

Francois de Maricourt, CEO of HSBC, also spoke.

Focus more on manufacturing to create jobs: analysts

FROM PAGE B1

Muhith said the government has only one target from the very beginning and that is poverty reduction. "It will continue in the coming years as well if we come to power again." He said the simple way to reduce the number of poor people is to increase the effective demand in the economy.

Effective demand refers to the willingness and ability of consumers to purchase goods at different prices. "To increase the effective demand, we should target 20 lakh people who are entering the job market every year. If we can give jobs to them, the effective demand will increase," said the finance minister.

The increase in effective demand will boost the demand for diversified goods and services, said Muhith.

Md Azizur Rahman, chairman of the economics department of the university, said if the labour market at home and abroad can create jobs for the 20 lakh people, the GDP will grow at a higher rate and poverty alleviation will accelerate.

"We are passing through a period of demographic dividend, so it is the best time to use the young people effectively," he said.

Bangladesh has had a majority of its population within the economically active group in the last two decades and it will continue up to 2040, said Rahman.

Md Aynul Islam, chairman of the economics department of Jagannath University; Md Zahirul Islam Sikder, principal of Dhaka City International College; Muhammad Mahboob Ali, a professor of Dhaka School of Economics, and Father James Clement Cruze, chairman of the board of trustee of Notre Dame University, were also present.

Banks' capital base weakens further

FROM PAGE B1

Social Islami, which went through an ownership change last year, entered the negative territory for the first time in recent years.

"This is not a good indication for the banking sector," Islam said.

Since 2009 the government has injected Tk 14,505 crore into state banks but they are yet to show any sign of strengthening their capital base.

Of the ten banks, BKB had the highest amount of capital shortfall of Tk 8,010 crore, followed by Sonali at Tk 6,602 crore, BASIC at Tk 3,106 crore and Janata at Tk 2,195 crore.

The scale of capital shortfall in the state-run banks is expanding at the same pace as the default loans, Islam said.

The state-run banks have either disbursed large amounts of loans to those with political connection or to influential people, he said.

Bangladesh to be 26th largest economy

FROM PAGE B1

One of the most striking rises amongst the rankings will be by India, which is set to become the world's third-largest economy in just over a decade, up from seventh today – leapfrogging the second- and third-largest developed economies of Germany and Japan.

The report focuses on six main categories of economic indicators: catch-up potential, population (size and shape), human capital (education and healthcare), politics, openness and technology.

Better educated workers are more likely to be productive, it said.

Poorer countries will have room to catch up by simply adopting best practice elsewhere, and those with strong governance are more likely to facilitate investment and growth. Environmental challenges will be one of the policy challenges, said the report.

"It is no coincidence that four of the top six countries for projected growth – India, Pakistan, the Philippines and Bangladesh – also top the list of countries that have estimated to be the most vulnerable to climate change."

The report said the biggest immediate danger to the projections is if the open borders that have delivered so much prosperity are closed.

"Recent actions by the US administration are not encouraging on this front as it is hard to see how such a wave of protectionism could benefit any individual economy, or the system as a whole." Global growth would inevitably be weaker but as always, there would be distributional effects, it said.

The impact on confidence and investment would likely be negative while the disruption to integrated global supply chains established over the past few decades would ultimately weigh on living standards.

Natural disasters can send economies seriously off course as their development seeks to replace what was lost (although they have a temporary upward impact on GDP growth) rather than make any further leap forward.

The report said the quality of institutions will play a big role in delivering on the potential growth in a country. Without a regulatory environment that makes investment attractive and facilitates investment, potential growth will be lower.

Reforms underway for green industries

FROM PAGE B1

He said Bangladesh's "Green industry and sustainable development philosophy" is inspired by the "Golden Bengal" vision of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman and Vision 2021 of Prime Minister Sheikh Hasina.

The minister also spoke at the ministerial panel discussion on "Regional perspectives on green industry policy", the Bangladeshi embassy in Bangkok said in a press release. Industries ministers from 15 countries of Asia and the Pacific, including Myanmar, Lao PDR, Cambodia, Albania, Armenia, Mongolia and Thailand, took part in the event.

Later in the afternoon, Amu held a bilateral meeting with Li Yong, director general of the UNIDO, at the UNESCAP secretariat. The minister thanked the UNIDO for its sustained partnership with Bangladesh for the last two decades.

Amu also invited new technical collaboration projects with the UNIDO especially for upgradation of the national metrology laboratory, effective solid and liquid waste management and central ETP for the leather and leather goods industry and development of a green industry policy for Bangladesh.

Yong praised Hasina for achieving a 7.8 percent growth rate prioritising low-carbon growth and assured Bangladesh the UNIDOs' continued support specially in embarking on new projects, including upgradation of standards, competitiveness, green industry and industry 4.0 policies.

Saida Muna Tasneem, Bangladesh ambassador to Thailand and permanent representative to the UNESCAP, and AM Mansurul Alam, additional secretary of the ministry of environment, were also present.

S Alam now sets sights on insurers

FROM PAGE B1

"That's why we sold off the ownership," he said, while blaming the IDRA's ceiling on commission for the insurer's precarious financial state.

Life insurance companies cannot give more than 40 percent commission to agents, as per the new IDRA rules.

"This made the market heavily competitive. Agents are not willing to bring business to us," said Zafar Ullah, who has 4.75 percent stakes in the company.

Moreover, Padma Islami Life Insurance's business was also affected by the delay in its licence renewal by two years by the authorities, he said.

"We took the licence willingly but later realised that it is not so easy to make insurance business." The company got the licence for insurance business in 2000 and became listed on the Dhaka Stock Exchange in 2012.

"The financial health of Padma Life is very poor," said Gokul Chand Das, a member of the IDRA.

If a business group willingly buys such a company and can meet the policyholders' liabilities, then it is good for the company, he added. The insurer's liabilities now stand at about Tk 80 crore, according to Zafar Ullah.

In the last one month, each share of Padma Islami Life traded between Tk 24 and Tk 26. The company was downgraded last year to the 'Z' category after it declared no dividend.