

Oil prices edge lower

REUTERS, London

Oil prices edged lower on Wednesday, as fears of disruption to supplies due to conflict in the Middle East receded, at least for the time being.

Brent crude fell 49 cents, or 0.56 percent to \$87.16 a barrel by 1002 GMT. US West Texas Intermediate (WTI) crude fell by 55 cents, or 0.64 percent to \$85.42.

Brent and WTI had surged more than \$3.50 on Monday on concern the military clashes between Israel and Palestinian Islamist group Hamas could escalate into a broader conflict, but settled slightly lower in Tuesday's session.

"Both WTI and Brent retreated yesterday as concerns of a sudden and unexpected supply disruption have been swept aside for now," PVM analyst Tamas Varga said.

But Swiss trading house Mercuria sees oil prices reaching \$100 a barrel if the situation in the Middle East escalates further, deputy CEO Magid Shenouda said on Wednesday.

Israel produces very little crude oil and has a refinery

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capacity of around 297,000 barrels per day, but markets are worried that the conflict could broaden and disrupt wider Middle East supply, worsening an expected deficit for the rest of the year.

Saudi Arabia said on Tuesday it is working with regional and international partners to prevent the escalation of the situation in Gaza and neighbouring areas, and reaffirmed it supports efforts to stabilise oil markets.

Russia and Saudi Arabia met in Moscow on Wednesday, where the oil market and OPEC+ collaboration were discussed.

Kremlin spokesman Dmitry Peskov said on Wednesday it is difficult to overestimate Russia's coordination with Saudi Arabia and other partners on the oil market.

Elsewhere, investors will be looking ahead to the release of the US Federal Reserve's September policy meeting minutes due later on Wednesday for clues on future interest rate policy decisions.

Several Fed officials in recent days have suggested that the US central bank doesn't need to raise borrowing costs any further.

US economy headed for soft landing

Treasury Secretary Yellen says

REUTERS, Morocco

US Treasury Secretary Janet Yellen said on Wednesday she continued to expect the US economy would have a soft landing, even though the conflict between Israel and Palestinian Islamist group Hamas brought additional risks.

"I still see as the base case for the United States a so-called soft landing," due to the resilience in the labour market and moderating wage pressure, Yellen told a briefing.

"Of course, the situation in Israel causes additional concerns. I'm not saying soft landing is an absolutely sure thing. But I continue to think it's the most likely path."

Yellen said Washington was monitoring the potential economic impact of the escalating conflict, though it was unlikely a major driver of the global outlook.

"Thus far, I don't think we've seen anything suggesting it would be very significant," she said.

Crude oil prices jumped and safe-haven currencies like the yen rose following a massive incursion into Israel from Gaza launched by Hamas on Oct. 7.

Yellen said she had nothing to announce yet on whether the United States would tighten sanctions on Iran if evidence emerged that the country was involved in the attack.

"This is something that we have been constantly looking at, and using information that become available to tighten sanctions," she said. "We will continue to do that."



Wheat import surges

SOHEL PARVEZ

Wheat imports grew four times in the first quarter of this fiscal year as businesses showed an interest in tapping into reduced international prices of the second most-consumed grain in Bangladesh.

Support from banks in opening Letters of Credits (LCs) for imports gave further impetus to the private sector to bring in an increased volume of wheat.

Bangladesh has to depend largely on the global market to meet its domestic requirement for wheat for household and industrial use.

The public and private sectors imported 13.28 lakh tonnes of wheat in the July-September period of the fiscal year 2023-24, which was a 259 percent year-on-year increase compared to the 3.69 lakh tonnes imported in the same period a year ago, according to Food Ministry data.

Private importers accounted for 12.8 lakh tonnes of total imports.

"We got good support from banks in the June-August months to open LCs and import an adequate amount of wheat. The grains have arrived," said Md Aminul Islam, managing director of Nabil Group, one of the largest importers of wheat.

Bangladesh's wheat imports fell to an eight-year low of 38.75 lakh tonnes in the fiscal year 2022-23 as a result of reduced consumption due to high prices and banks' sluggishness in opening LCs amid the US dollar crisis, importers said earlier.

Wheat prices increased on the international market following Russia's invasion of Ukraine in February last year and India's ban on shipments of the grain in May the same year.

Impacted by high international prices and reduced supply, the price of the grain soared locally

wheat price fell to \$325 per tonne in the July-September period this year, down 18 percent from \$394 a year ago.

The grain has been registering a downturn in prices since the beginning of 2023, according to the World Bank's commodities price data.



since July 2022 and hit a record high of Tk 62.26 per kilogramme in December.

Prices began to drop in later months, but local consumers could not take full advantage because of reduced imports and high cost of the US dollar due to the depreciation of Bangladesh's taka, importers said.

In July, average retail prices of wheat flour stood at Tk 44.50 per kilogramme, according to data from the Food and Agriculture Organisation.

Globally, US hard red winter

Importers source the grain from Russia, Bulgaria, Romania, Canada and Argentina, according to the officials.

"There is ample supply of wheat on the international market, especially in Russia. Going forward, the international market should remain stable. This is good news for Bangladesh," said Md Taslim Shahriar, deputy general manager of Meghna Group of Industries (MGI), a leading commodity importer and processor.

In August this year, the US

Department of Agriculture (USDA) revised upward its projection for Bangladesh's wheat imports for the fiscal year 2023-24 to 60 lakh tonnes, a 3.4 percent increase from its previous forecast.

The agency also hiked its forecast on Food, Seed and Industrial (FSI) consumption of wheat in Bangladesh by 5 percent to 68 lakh tonnes in the current fiscal year, expecting higher imports, lower local prices, and higher domestic and industrial consumption of wheat flour, locally known as aata or maida.

The USDA estimated Bangladesh's FSI consumption at 65 lakh tonnes in the previous fiscal year 2022-23.

Shahriar said there would be adequate imports if they get dollars from banks to open LCs to import the grain.

Islam of Nabil Group said the rate of opening of LCs declined in September and October due to a dollar shortage in banks. This may affect supply in the domestic market and stoke prices, he added.

MGI official Shahriar said the price of wheat dropped on the wholesale market in line with the decline internationally. The wholesale price has fallen below Tk 40 per kilogramme, he added.

He said prices would fall further if local mills could get better prices of wheat bran, used as livestock feed.

Shahriar alleged that the price of the wheat bran is low as it is smuggled into the country from neighbouring India.

Southeast Asia eyes hands-off AI rules

REUTERS, Singapore

Southeast Asian countries are taking a business-friendly approach to artificial intelligence regulation in a setback to the European Union's push for globally harmonised rules that align with its own stringent framework.

Reuters reviewed a confidential draft of the 10-member Association of Southeast Asian Nations' (ASEAN) "guide to AI ethics and governance," whose content has not previously been reported.

Three sources told Reuters the draft is being circulated to technology companies for feedback and is expected to be finalised at the end of January 2024 during the ASEAN Digital Ministers Meeting. Companies that have received it include Meta, IBM, and Google.

EU officials earlier this year toured Asian countries in a bid to convince governments in the region to follow its lead in adopting new AI rules for tech firms that include disclosure of copyrighted and AI-generated content.

In contrast to the EU's AI Act, the ASEAN "AI guide" asks companies to take countries' cultural differences into consideration and doesn't prescribe unacceptable risk categories, according to the current version reviewed. Like all ASEAN policies, it is voluntary and is meant to guide domestic regulations.

With almost 700 million people and over a thousand ethnic groups and cultures, Southeast Asian countries have widely divergent rules governing censorship, misinformation, public content and hate speech that would likely affect AI regulation. Thailand, for example, has laws against criticising its monarchy.



Technology executives say ASEAN's relatively hands-off approach is more business friendly as it limits the compliance burden in a region where existing local laws are already complex and allows for more innovation.

"We are also pleased to see this guide aligns closely with other leading AI frameworks, such as the United States' NIST AI Risk Management Framework," IBM Asia's vice president of government affairs Stephen Braim said, referring to voluntary guidelines developed by the U.S. Department of Commerce's National Institute of Standards and Technology.

Meta and Google did not respond to request for comment.

BENEFITS VS HARM

The guide, which is meant to be periodically reviewed, urges governments to aid companies through research and development funding and sets up an ASEAN digital ministers working group on AI implementation.

Senior officials in three ASEAN countries said they are bullish on the potential of AI for Southeast Asia and believe the EU has been too quick to push for regulation before the harms and benefits of the technology are fully understood.

The ASEAN guide advises companies to put in place an AI risk assessment structure and AI governance training, but leaves specifics to companies and local regulators.

"We see it as putting 'guardrails' for safer AI," one official told Reuters. "We still want innovation."

The guide warns of the risks of AI being used for misinformation, "deepfakes", and impersonation, but leaves it to individual countries to work out the best way to respond.

China saves billions of dollars from record sanctioned oil imports

REUTERS, Singapore

China has reaped savings this year of nearly \$10 billion through record purchases of oil from countries under Western sanctions, according to Reuters' calculations based on data from traders and shiptrackers.

An unintended consequence of sanctions imposed by the United States and others on Russia, Iran and Venezuela has been to lower the oil import costs for refiners in top economic rival China, which often criticises such "unilateral" penalties.

Reuters' analysis of China's savings on oil purchases from the three sanctioned countries compares what Chinese importers would have paid by purchasing similar grades from non-sanctioned producers.

The lower-priced imports have been a boon by bolstering throughput and margins for the world's second-largest oil consumer and refiner, especially small independent operators known as "teapots", and facilitating lucrative exports by state-owned refiners of diesel and gasoline as the country faces economic headwinds.

China's purchases are also a revenue lifeline for Moscow, Tehran and Caracas, whose economies are otherwise curtailed by Western sanctions and a decline in investment.

China shipped in a record 2.765 million barrels per day (bpd) of crude by

sea from Iran, Russia and Venezuela in the first nine months of 2023, according to an average of data provided by tanker trackers Vortexa and Kpler.

The three countries accounted for a quarter of China's imports between January and September, up from about 21



PHOTO: REUTERS/FILE

Oil and gas tanks are seen at an oil warehouse at a port in Zhuhai, China.

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