TRANSCOM ELECTRONICS

Mohammed Selim, managing director at RDS Properties, and Mahbub Alam, head of sales at Transcom HVAC, a concern of Transcom Electronics, attend a deal signing ceremony in Chattogram recently. RDS Properties will avail Samsung DVM S, a smart system air conditioner, for its project 'RDS Tower Shopping Mall' in the port city from Transcom Electronics, an official distributor of Samsung Bangladesh.

Saudi Arabia trims 2020 spending amid oil crash

AFP, *Riyadh*

Saudi Arabia will trim this year's budget by around five percent, the finance minister said, in its first austerity measure as the economy reels from the fast-spreading coronavirus and crashing oil prices.

Saudi Arabia is bracing for an economic slump after it shut down cinemas, malls and restaurants, suspended the year-round umrah pilgrimage and locked down eastern Qatif region -- home to around 500,000 people -- in a bid to contain the deadly coronavirus.

The world's top crude exporter also faces plunging oil prices, the mainstay of government revenue, which slipped below $25 a barrel this week to touch 18-year lows on the back of sagging demand and a price war with Russia.

"The size of the partial reduction ... has reached approximately 50 billion riyals ($13.32 billion), which represents less than 5 per cent of the total expenditures approved in the budget for 2020," said Finance Minister Mohammed al-Jadaan.

In a statement released by the official Saudi Press Agency late Wednesday, the minister added the cuts would have "the least social and economic impact".

But the economic consultancy Nasser Saidi and Associates has reported the cuts will be deeper, saying the finance ministry has instructed various government bodies to submit proposals to slash this year's spending by 20 to 30 per cent.

The Energy Intelligence Group says the kingdom has asked government bodies to prepare budget scenarios in which crude prices could drop as low as $12-$20 per barrel.

The deep-pocketed kingdom, with fiscal reserves of around $500 billion, has reiterated it is an ultra low-cost producer of crude and can withstand low prices for years.

But Riyadh has posted a budget deficit every year since the last oil price rout in 2014. It has borrowed over $100 billion and drawn from its reserves to plug the deficit.

Late last year, the kingdom projected a budget deficit of $50 billion in 2020 as spending was projected at $272 billion.

The budget shortfall is expected to jump substantially as crude prices decline.

Saudi Arabia needs a crude price of about $80 a barrel to balance its budget.

World leaders rush in to shore up panic-hit global financial system

REUTERS, *Hong Kong*

World finance leaders tried to lift confidence with emergency measures to pour cash into panic-stricken markets on Thursday, as investors everywhere dumped assets, switching to dollars amid the escalating coronavirus pandemic.

Policymakers in the United States, Europe and Asia have slashed interest rates and opened liquidity taps to stabilize economies left almost comatose, with quarantined consumers, broken supply chains, paralyzed transportation and depleted shops.

While finance ministers and central bankers adopted similar strategies, markets and nations where borders were being closed and cities placed in virtual lockdown were further alarmed by bickering between global powers - the United States and China.

There were almost 219,000 cases of coronavirus reported globally, including over 8,900 deaths linked to the virus. Over 20,000 of those cases were reported in the past 24 hours, a new daily record.

China, where the epidemic first started in December, provided a glimmer of hope, as it reported zero new local transmissions of virus, though imported cases surged, accounting for all 34 new cases on Wednesday.

While the economic crisis spawned by the pandemic caused carnage in stock markets, almost every currency, except the euro and safe-haven yen, collapsed against the dollar.

The European Central Bank launched new bond purchases worth 750 billion euros ($817 billion) at an emergency meeting late on Wednesday, in a bid to prevent a deep recession that threatened to outdo the 2008-09 global financial crisis.

"Extraordinary times require extraordinary action," ECB President Christine Lagarde said, amid concerns that the strains from burgeoning crisis could eventually tear apart the euro zone as a single currency bloc.

In the United States, the Federal Reserve rolled out its third emergency credit program in two days, aimed at keeping the $3.8 trillion money market mutual fund industry functioning if investors made rapid withdrawals.

On Sunday, the Fed slashed interest rates to near zero and pledged hundreds of billions of dollars in asset purchases, while President Donald Trump's administration drew up a $1 trillion stimulus and rescue proposal.

US infections were closing in on 8,000, with the death toll climbing to at least 151. Millions of Americans were staying at home.

The desperate state of industry was writ large in Detroit, where the big three automakers - Ford Motor Co, General Motors Co and Fiat Chrysler Automobiles NV - confirmed they would be shutting US plants, as well as factories in Canada and Mexico.

The United Kingdom was bracing for the virtual shut down of London as underground train stations across the capital closed and Prime Minister Boris Johnson mulled tougher measures to slow the contagion, with schools set to shut on Friday.

REUTERS

An empty Times Square is seen on the street following the outbreak of coronavirus disease (COVID-19), in New York City on March 18.

The British pound GBP=D3 plunged to its lowest level against the dollar since 1985, as Bank of England Governor Andrew Bailey said he would not rule anything out when asked about printing money to give to individuals.

Australia made a historic foray into quantitative easing after an out-of-schedule meeting on Thursday and cut interest rates for the second time in a month.

"Really nothing is off the table," Australia central bank Governor Philip Lowe said. "We are in extraordinary times and we're prepared to do whatever is necessary."

South Korea warned of a global credit crunch and said it was setting up crisis funds to stabilize markets.

"We're in this phase where investors are just looking to liquidate," said Prashant Newnaha, senior interest rate strategist at TD Securities in Singapore.

Central banks in emerging countries from Brazil to India have stepped in this week to buy government bonds to prevent a jump in borrowing costs that would put more pressure on their economies.

Despite those moves, which together with other liquidity injections and stimulus announced in recent weeks reached levels unseen since World War Two, nearly every stock market in Asia was in the red, with Seoul, Jakarta and Manila hitting daily loss limits that trigger the suspension of trade.

The Philippines bourse was down 24 per cent at one point. The Philippine central bank cut its policy rate be 50 basis points and said it was ready to deploy other policy tools as needed. Indonesia and Taiwan also cut rates.

J.P. Morgan economists forecast the US economy to shrink 14 per cent in the next quarter, and the Chinese economy to drop more than 40 per cent in the current one, one of the most dire calls yet on the potential scale of the fallout.

But, it was not just the dire state of the economy that panicked investors. Tensions between the world's two biggest superpowers reached some of their most elevated levels and other powers were locking heads over their reactions to the outbreak.

Trump ratcheted up his rhetoric against China over the coronavirus on Wednesday, saying Beijing should have acted faster to warn the world and dismissing criticism that his labeling it the "Chinese virus" was racist.

Trump's language added to strains between the world's top two economies as their war of words widened to include the global pandemic and media freedoms.

A European Union document seen by Reuters said Russian media have deployed a "significant disinformation campaign" against the West to worsen the coronavirus impact, generate panic and sow distrust.

Russia reported its first coronavirus death on Thursday.

German business confidence hits 11-year low in March

AFP, *Frankfurt*

German business confidence fell in March to its lowest level since August 2009, a closely-watched survey showed Thursday, as firms reckon with the likely economic fallout from the coronavirus pandemic.

Falling 8.3 points month-on-month to 87.7 points in a preliminary reading, the Ifo economic institute's monthly barometer based on a survey of 9,000 firms suffered its worst tumble since 1991.

"The German economy is pitching into a recession," Ifo chief Clemens Fuest said in a statement.

Berlin has announced massive measures to support the economy through the virus outbreak, including expanding top-up pay for workers placed on shorter hours, 550 billion euros in guarantees for business loans and a suspension of legal obligations to file for bankruptcy.

"No healthy company, no (worker) should find themselves in trouble," economy minister Peter Altmaier said last week.

But with measures to fight the coronavirus outbreak bringing massive restrictions to everday life and economic activity, confidence among companies in manufacturing, services and retail all fell sharply, Ifo found, although construction ebbed only slightly.

In a first-of-its-kind television address to the German public late Wednesday, Chancellor Angela Merkel reiterated that Berlin "will do everything it can to cushion the economic impact and preserve jobs."

NRB BANK

Mohammed Mahtabur Rahman, chairman of NRB Bank, cuts a cake to launch the bank's mobile banking application, NRB Click, at its corporate head office in Dhaka recently. Md Mehmood Husain, CEO, was present.

Asia stocks dive, dollar soars as ECB bazooka fails to ease fears

AFP, *Hong Kong*

Asian equities sank again Thursday while the dollar surged as a European Central Bank plan to spend more than $800 billion to buy bonds failed to instil optimism in traders who fear that the world is heading for a virus-fuelled economic catastrophe.

In what one analyst said could be a "game changer" for the coronavirus-wracked eurozone, the ECB's so-called Pandemic Emergency Purchase Programme aims to give financial markets some much-needed liquidity as investors pull the plug on markets.

It said the 750-billion-euro ($820-billion) programme was temporary and will be halted when the coronavirus crisis is judged to be over "but in any case not before the end of the year".

After announcing the move, ECB boss Christine Lagarde tweeted that "extraordinary times require extraordinary action. There are no limits to our commitment to the euro." Those comments echoed the words of her predecessor Mario Draghi, whose pledge to do "whatever it takes" to preserve the eurozone was seen as a turning point in the region's sovereign debt crisis.

Asian markets initially climbed on the news but soon tumbled as investors contemplate months of economic hardship with countries around the world in lockdown to prevent the spread of COVID-19, which has now infected more than 200,000 people and killed almost 9,000.

Seoul tanked more than eight percent, Singapore dived 4.5 percent and Hong Kong, Sydney, Wellington and Bangkok lost more than three percent. Tokyo ended down one percent, while Taipei and Jakarta crumbled more than five percent.

Mumbai and Shanghai were more than one percent lower.

Manila plunged almost 25 percent after reopening following a two-day suspension prompted by the outbreak but it later bounced back to sit more than 13 percent down. The sharp losses were in tandem with a surge in the dollar as investors scrambled for cash to pay debts or just stash away.

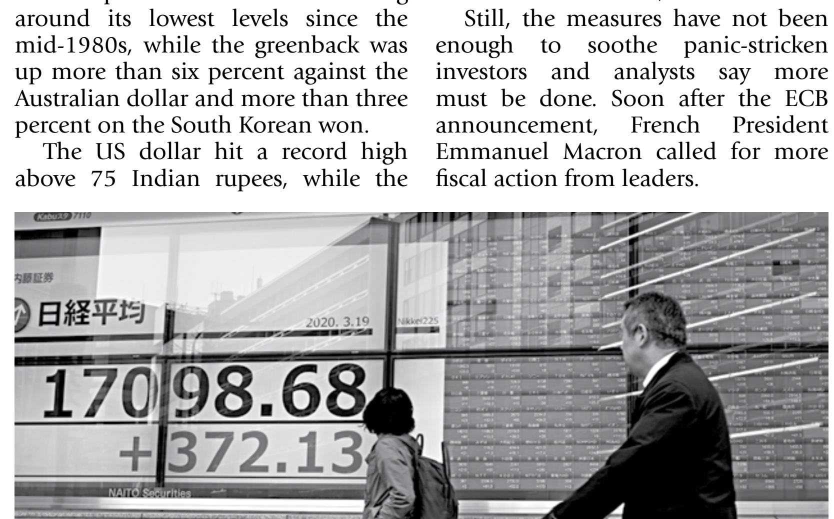
The pound is now wallowing around its lowest levels since the mid-1980s, while the greenback was up more than six percent against the Australian dollar and more than three percent on the South Korean won.

The US dollar hit a record high above 75 Indian rupees, while the New Zealand dollar and Russian ruble lost more than five percent.

And AxiCorp's Stephen Innes warned of further turmoil despite the historic moves by banks and governments. "Wartime economics is not going to help with everyone in lockdown sitting at home watching Netflix," he said.

The ECB's bazooka was the latest in a string of measures by central banks and governments aimed at supporting the global economy, which have amounted to almost $2 trillion.

Still, the measures have not been enough to soothe panic-stricken investors and analysts say more must be done. Soon after the ECB announcement, French President Emmanuel Macron called for more fiscal action from leaders.



AFP

Pedestrians walk in front of a quotation board displaying the share price numbers of the Tokyo Stock Exchange yesterday.

Swiss central bank ups forex intervention, sees negative growth

AFP, *Zurich*

The Swiss National Bank said Thursday would intervene more strongly on the foreign exchange market to stabilise the Swiss franc as it forecast negative growth for 2020 due to the coronavirus pandemic.

The SNB said it was keeping its key interest rate of minus 0.75 per cent unchanged, following its quarterly monetary policy meeting.

The central bank said the coronavirus outbreak posed "exceptionally large" social and economic challenges for Switzerland and that the outlook for the wealthy Alpine country and the global economy had "worsened markedly".

It said its expansionary monetary policy was "more necessary than ever" for ensuring appropriate monetary conditions in Switzerland.

The bank is "keeping the SNB policy rate and interest on sight deposits at the SNB at minus 0.75 per cent", it said.

"The SNB is intervening more strongly in the foreign exchange market to contribute to the stabilisation of the situation.

"Negative interest and interventions are necessary to reduce the attractiveness of Swiss franc investments and thus counteract the upward pressure on the currency," it added.

In December, the SNB had still expected growth of between 1.5 per cent and two percent for 2020.

But the central bank said the downturn in the international economy and measures to contain the spread of the virus would lead to a "marked decline" in economic activity in Switzerland in the first half of the year.

It said that once national and international containment measures could be lifted, economic activity was likely to return to normal, albeit gradually.

"Even under this assumption, however, GDP growth is likely to be negative for the year as a whole," the bank said, adding that forecasts were very uncertain in these circumstances.

"The return to normality from the second half of the year onwards could thereafter be reflected in strong positive growth in 2021." The central bank said the Swiss financial system had sufficient liquidity, but the SNB would take "additional steps" to ensure liquidity as necessary.