

Foreign funds to follow IMF lead with yuan bond holdings

REUTERS, Hong Kong

Foreign asset managers are preparing to increase their exposure to yuan-denominated bonds, as the International Monetary Fund (IMF) looks likely this month to approve the inclusion of China's "redback" into its currency basket.

A decision by the IMF to add the currency, also known as the renminbi (RMB), to its \$280 billion basket of reserves would prompt central banks to follow suit, and fund managers say they, too, would make similar adjustments to their portfolios.

The endorsement from the IMF raises the RMB's profile as an international reserve currency. We think many official investors will start to allocate to RMB assets," AXA Investment Managers said in a report.

Analysts forecast the IMF would give the yuan an initial weighting of around 14 percent in the basket, which goes by the official title Special Drawing Rights (SDR),

bringing about \$40 billion direct inflows in the next few years.

"Most central banks we've spoken to are supportive of the inclusion and are preparing for it. Several central banks are considering their first allocation and some considering increasing their existing ones," said Jukka Pihlman, head of central banks and sovereign wealth funds at Standard Chartered.

But central bank holdings would be the tip of the iceberg.

"That will trigger a lot of FX reserve managers to rebalance," said Stephen Chang, head of Asian fixed income at J.P. Morgan Asset Management.

"Global investors are certainly under-invested in Chinese bonds as they just started from pretty much zero," he added.

Together with other reserve managers and investors, a reallocation annually of about 1 percent of global FX reserves outside of China to yuan assets is expected in the short term. AXA

estimates total inflows to be around \$600 billion over the next five years.

That would, however, require Beijing to lift or relax existing programmes limiting foreign inward investment - and foreign investors have not yet even used up the quotas allowed to them.

Fund managers and analysts say the vast bulk of any new flow will target fixed-income products, especially high-grade bonds issued by the Chinese government and policy banks, which offer high returns at low risk.

"We are progressively increasing our exposure to yuan bonds, and we are more interested in onshore government bonds compared to (offshore) 'dim sum' bonds," said Bryan Collins, a portfolio manager at Fidelity Worldwide Investment.

Foreign participation in China's \$7 trillion onshore bond market is a meagre 2 percent at present, and Beijing is keen to broaden the sources of funding as

the economy slows.

Bankers say that what the government has done to meet the technical criteria to get included in the SDR should in itself lead to an increase in foreign holdings of yuan assets.

China has scrapped quota limits for foreign central banks and sovereign wealth funds to buy bonds in its interbank market and is planning to extend yuan trading hours to cover the European trading session to attract more investors beyond Asia.

As more investors start to trade yuan bonds, improving market liquidity, that will further boost the appeal, said Sanjiv Shah, Chief Investment Officer at Sun Global Investments in London.

"It will make it easier for us to invest and will definitely lead to an increase of our investment in yuan bonds," said Shah, whose firm has assets under management of around \$500 million, of which about \$12 million is invested in offshore yuan bonds.



Mohammed Ibrahim, managing director of Super Star Group, and Mahmood Malik, chief executive of IDCOL, attend the signing of a financing deal in Dhaka for a 228.25 KWP solar photovoltaic based mini grid project at Char Bagutia, Manikganj.

China launches new 'harder to fake' 100 yuan note

AFP, Beijing

China on Thursday put into circulation a new version of its 100-yuan banknote -- the highest denomination available in the world's second-largest economy -- with added golden touches that the government said was harder to forge.

The note, worth just under \$16, retains its overall red colour, with Communist founder Mao Zedong on one side and Beijing's Great Hall of the People on the other.

But the main "100" becomes gold, rather

than red and blue, prompting some Chinese media to dub it the "tuhao jin" note, or "high-roller gold".

More security features were added, including widening the security strip, to make it "easier for machines to read" and "more convenient for the public to distinguish the authentic notes from the fakery", the central People's Bank of China (PBOC) said previously.

Counterfeiting is rampant in China with the country's own currency no exception, despite numerous crackdowns by authorities.



Didarul Alam, a lawmaker; Parag, additional secretary to industries ministry; Yeasmin Sultana, joint secretary to the ministry, and Md Abu Taher, president of Bangladesh Ship Breakers Association (BSBA), pose at the inauguration of BSBA's 250-bed hospital for workers of the shipbreaking industry in Chittagong yesterday.

Siemens sees higher 2016 earnings after Q4 beat

REUTERS, Berlin

Europe's biggest industrial group Siemens expects a double-digit rise in earnings for its current fiscal year provided that markets pick up for some of its key businesses.

The trains-to-turbines group, which is the first of its peers to give an outlook for the year ahead, forecast a moderate full-year rise in revenue and a book-to-bill ratio above 1 after beating expectations for fourth-quarter profit.

"Siemens anticipates further softening in the macroeconomic environment and continuing complexity in the geopolitical environment in 2016," it said in a statement on Thursday.

"This outlook assumes that momentum in the market environment for Siemens' high-margin short-cycle businesses will pick up in the second half of fiscal 2016."



Subhash Ghosh, chairman of ABC Ltd, opens a week-long promotional fair of the real estate company on the premises of ABC Crescent Court at New Eskaton in Dhaka on Wednesday.

Rising food prices push India's retail inflation to four-month high in Oct

REUTERS, New Delhi

Rising prices for some food products and firm demand during the festival season pushed up India's retail inflation to a four-month high in October, making it less likely the central bank will cut interest rates at its policy review next month.

Retail inflation in India has slowed sharply, but a surge in prices of items like lentils threatens the popularity of Prime Minister Narendra Modi, whose party lost elections in India's third-most populous state on Sunday.

Higher demand for consumer durables and food items during the

festival season beginning in October also contributed.

India's annual consumer price inflation edged up to 5.0 percent in October, up for the third straight month, compared with 4.41 percent a month ago, government data showed on Thursday.

Industrial production grew at a slower than expected pace of 3.6 percent in September, dampened by a slower expansion in the mining sector, data showed.

Analysts said inflation may moderate once festival demand softens and prices of lentils and vegetables fall as imports increase. Retail food inflation in October came in at 5.25 percent, higher than 3.88 percent recorded in September.

"Because of traffic, I was half an hour late."

Gridlock costs economy \$12.5b a year: study

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The government is afraid of taking steps which might be unpopular and cost votes, according to Samad.

Md. Azizur Rahman, chairman of the economics department at Notre Dame University in Dhaka, said he set off an hour before the start of the seminar from Khilgaon that typically should not take more than half an hour to cover.

"Because of traffic, I was half an hour late."

Aminul Bag Chowdhury, a member of Bangladesh Land Port Authority, said the government has been trying for the last six years to take GDP growth beyond the 6 percent growth cycle.

"Even if the rate goes up by two percentage points, I would be happy."

Md Abdul Hannan, managing director of Bangladesh Overseas Employment and Services Ltd, said he attended a seminar on traffic congestion at the National Press Club 28 years ago, when he was a university student. "We are still talking about the issue."

"The disease has long been identified. If we do not make arrangements for its treatment, time will come when no treatment will work."

Showkat Ali, secretary of Bangladesh Road Transport Authority, said the government has taken a number of steps to reduce congestion. "We have to improve traffic management. We have short-, mid- and long-term strategies, some of which we are implementing."

Regent Textile to build new units

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"Our business is currently with European nations and we are planning to enter the US market," Habib said.

Starting out as a trading company in 1947 in Khatunganj in Chittagong, Habib Group now stands as a conglomerate of 21 units with an annual turnover of \$425 million.

It branched out to linkage industries like steel, textile and spinning and ventured into avenues: cement, fertiliser, paper manufacturing, power generation, financial services and aviation.

Opec sees oil glut shrinking in 2016

REUTERS, London

Opec said its oil output fell in October and forecast supply from rival producers next year would decline for the first time since 2007 as low prices prompt investment cuts, reducing a global supply glut.

In a monthly report, the Organization of the Petroleum Exporting Countries said it pumped 31.38 million barrels per day (bpd) last month, down 256,000 bpd from September. That is the first decline since March, according to Opec figures.

The forecast of a decline in supply outside Opec, if realised, would be a

further indication the group's strategy is working. Opec last year abandoned a longstanding policy of propping up prices and instead raised output, seeking to recover market share taken by higher-cost rival production.

Oil is trading at around \$45 a barrel, more than 50 percent below its price in June 2014.

"The recent decline in oil prices has encouraged additional oil demand," Opec said in the report. "It has also provided a challenging market environment for some higher-cost crude oil production, which has already shown a slowdown."



Md Rezaul Haque, chairman of Social Islami Bank, opens the bank's 109th branch at Bhatara in Dhaka. Md Shafiqur Rahman, managing director, was also present.

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In compliance with Bangladesh Securities and Exchange Commission's notification No. SEC/CMRRC/2008-183/Admin/03-34 dated: 27/09/2010 Dhaka Electric Supply Company Limited (DESCO) is pleased to publish the un-audited Financial Statements of the first quarter (Q1) ended on September 30, 2015. Summarized information of the Financial Statements is presented below:

Particulars	Jul15-Sep15	Jul14-Sep14
Net Turnover (Tk.)	8,732,504,277	8,122,728,214
Net Profit After Tax (Tk.)	267,288,329	373,646,864
Earnings Per Share (EPS)(Tk.)	0.71	0.99
Net Operating Cash Flow Per Share (NOCFPS)(Tk.)	1.11	0.30
	At 30 Sep 2015	At 30 Jun 2015
Net Asset Value (Tk.)	13,200,321,554	12,933,033,214
Net Asset Value Per Share (NAVPS) (Tk.)	34.86	34.15

Note: The details of the published Financial Statements are available at our website.

Engr. Zulfiqar Tahmid
Company Secretary

November 12, 2015



Sadiul Islam, managing director of Confidence Salt, attends a conference for the company's dealers, at Hotel Sea Palace in Cox's Bazar.