# Open but not trading: Myanmar launches fledgling bourse


AFP

People walk in front of the Yangon Stock Exchange centre in Yangon yesterday.

AFP, Yangon

Myanmar officially launched its first modern stock exchange Wednesday, but without a single stock to trade until next year, as the nation's latest drive for economic revitalisation struggles to take flight.

Aung San Suu Kyi's pro-democracy party swept elections last month, boosting confidence in the former junta-run nation's reforms, which have also creaked open the door to its reclusive economy.

The bourse opened with the clanging of a large ceremonial bell on Wednesday, marking an ambitious new stage in the nation's efforts to ignite investment.

"We have a dream and this morning this dream has come true," said Maung Maung Thein, head of Myanmar's Securities and Exchange Commission, in an opening speech at the newly restored colonial-era building housing the Yangon Stock Exchange (YSX).

He said six Myanmar firms had been approved to list on a market tipped to be "instrumental to the growth of our economy".

Those companies, which include the Japan-backed Thilawa Special Economic Zone and First Myanmar Investment run by Myanmar tycoon Serge Pun, "will be going into the annals of our history", he added.

But they will have to wait until February or March to begin trading, after delays in confirming underwriters pushed back the timeframe for initial public offerings.

The lack of active trading did not stop officials from proudly screening a mock-up of the stock exchange for guests on Wednesday.

Vice President Nyan Tun, who rang the bell, told reporters that while the stock market would start out with only Myanmar firms, authorities hope it will become a regional player.

But analysts say the country has a long way to go to build trust in its new market.

Mixo Das, of Nomura in Singapore, said the bourse would need to build a track record of good governance, trading history and market liquidity.

"I think the stock exchange in Myanmar will be much like the ones in Laos or Cambodia -- more as a source of national pride and learning experience for the first several years," he added.

Myanmar languished under the yoke of the military for around half a century.

A once-buoyant economy was trammelled by state mismanagement, isolation and heavy sanctions imposed by Western nations for major human rights abuses.

It still faces steep challenges including rampant corruption, a murky legal system, dismal infrastructure and a widespread distrust of the banking system.

But reforms since 2011 have raised hopes of an economic renaissance in the nation of 51-million people, which has rich natural resources and a strategic location between India, China and Southeast Asia.

Rajiv Biswas, of IHS Global Insight, said the bourse will be an important tool in developing the country's financial system, with the listing of larger banks and corporations promising to help the creation of equity and pension funds.

It could also help a new government, run by Suu Kyi and her party, tackle hulking state-owned enterprises, enabling capital raising for partial privatisations, he said.

Myanmar's bourse has been decades in the making.

In 1996 Japanese firm Daiwa Securities and a state bank set up the Myanmar Securities Exchange Centre, but this allowed over-the-counter sales of shares in just two firms, a Myanmar timber company and bank.

Official media has said state-owned Myanma Economic Bank will own a controlling 51 percent stake in YSX, with the remainder divided between Japanese partners the Japan Exchange Group and Daiwa Institute of Research, the research arm of Daiwa Securities Group.

SURECASH

Ahasanul Islam Titu, chief executive of Sandhani Life Insurance, Shahadat Khan, CEO of SureCash, and Md Faizullah Khan, chairman, pose at a deal signing ceremony on Sunday. The insurer's clients will use the SureCash mobile banking and payment network to pay premiums and instalments. Progoti Systems maintains the SureCash network.

# Yahoo will not spin off Alibaba stake, weighs core business sale

REUTERS, San Francisco

Yahoo Inc is weighing a sale of its core Internet business and will not sell its stake in Chinese e-commerce firm Alibaba Group Holding Ltd, CNBC reported, with an announcement coming as soon Wednesday.

The moves represent a stark rejection of Chief Executive Officer Marissa Mayer's plan to sell the $30 billion Alibaba stake and to revive Yahoo's core Internet unit focusing on growing mobile, video and social media ads.

Yahoo could not immediately be reached for comment. Its shares rose more than 2 percent in after-hours trading. Alibaba's shares rose 1.3 percent.

Yahoo's core business consists of selling search and display ads on its popular news and sports sites, email service and products like Tumblr.

Yahoo is also considering what to do with its stake in Yahoo Japan, according to the CNBC report. Yahoo owns 35 percent of that company, worth about $8.5 billion at current exchange rates.

The CNBC report on Tuesday, which cited unnamed sources, did not disclose a possible sale price for the core Internet unit. Analysts and bankers have estimated it could fetch between $2 billion and $8 billion, with many seeing $4 billion as the likely price, but some regard its value as less than zero.

The CNBC report indicated the sale process could take a year or more. But one analyst, Robert Peck with SunTrust, said he expected the company to expedite the process. Three to six months is reasonable, he said, "depending on who acquires it."

After such a sale, all that would be left, essentially, would be the Alibaba and Yahoo Japan stakes.

"This is absolutely a step in the right direction," said Neil Doshi, an analyst at Mizuho Securities USA. "We'd much rather see Yahoo either spin off or potentially sell the core and have a tax liability on a smaller piece than have it on the larger Alibaba piece."

Private equity, media and Internet firms are potential buyers. On Monday, the chief financial officer of Verizon Communications Inc said the No. 1 U.S. wireless carrier could look at buying Yahoo's core business, but made no mention of a price.

The latest report followed a three-day meeting of Yahoo's board of directors last week, which concluded on Friday. Yahoo has faced pressure from activist investor Starboard Value LP to sell the core business rather than proceed with the planned spin-off of its stake in Alibaba, which could trigger large tax payments.

In January, announcing the Alibaba plan, Mayer said the deal would be tax-free, but the U.S. Internal Revenue Service has declined to verify that.


BANGLACRAFT

Members of the new committee of Bangladesh Handicrafts Manufacturers and Exporters Association (Banglacraft) attend a reception at Dhanmondi in Dhaka on Saturday.

# Indian industry group to launch first physical gold exchange

REUTERS, Mumbai

A bullion association in India is planning to launch the country's first physical gold trading exchange, in an attempt to bring transparency to the market for the precious metal in the world's second biggest consumer.

The Mumbai-based India Bullion and Jewellers Association (IBJA), a group consisting of gold dealers, traders and jewellers, is talking with industry officials about launching the exchange next year.

A dedicated physical gold exchange could lead to standard gold pricing in India, and could also bring transparency to a market which can involve large cash transactions.

"We are planning to launch the exchange in six months," Ketan Shroff, an IBJA spokesman told Reuters. "Discussions are going on regarding its structure and ownership."

The exchange, which will start with two to three delivery centres for gold and silver, will help the government to monitor gold trade, he said.

Last week, India's economic affairs secretary Shaktikanta Das floated the idea of setting up a national gold exchange.

India's push for an exchange follows the gold monetisation and sovereign bond schemes launched last month designed to mobilise the country's gold hoard and reduce imports of the precious metal which are exacerbating the trade deficit.

A physical exchange is likely to mean jewellers, retailers, refiners and banks can trade over a regulated platform.

The Multi Commodity Exchange (MCX) and National Commodity and Derivatives Exchange (NCDEX) offer gold futures contracts in India, but there is no platform for physical trade.

"There is a need for an exchange that will cater to small jewellers' demand," said Kumar Jain, vice president of the Mumbai Jewellers Association.

"Sometimes we need to pay hefty premiums. That won't happen as demand-supply will become transparent on exchange platform."

China, the top gold consumer, runs such a bourse, where all domestic production and imported gold has to be bought and sold.

Shroff said IBJA was looking for partners to launch the Indian exchange as an anchor investor, or promoter, cannot hold more than a 26 percent stake in a commodity exchange.

Banks, the main importers of gold, would also be interested in participating. At the moment, banks are not allowed to trade on Indian commodity exchanges offering futures contracts.

"The government should allow banks to participate in a physical exchange," said a bullion dealer with a private bank. "Without their presence, liquidity will be limited."

# Chinese steel dumping threatens sector recovery in Europe, US

AFP, Paris

European and US steel producers are only slowly emerging from a 2008 sector meltdown, but already they are faced with a new challenge: Chinese dumping.

Chinese steel is overabundant since a sharp slowdown in the Asian giant's economy has sapped domestic demand, and is shipping to world markets at cut-down prices.

"China now sells its excess steel to the EU market at prices that do not even cover its costs for raw materials and manpower transformation," Charles de Lusignan, communications manager at steel lobbyist Eurofer, told AFP.

Experts on both sides of the Atlantic say China, which alone produces half of the world's steel, is sitting on an overproduction of 340 million tonnes, which is twice the amount the European Union produces in a year.

According to Eurofer numbers, Chinese steel exports to the EU doubled in 2014 from the previous year to reach 4.5 million tonnes, and are expected to come in at twice that again this year.

ArcelorMittal, the world's biggest integrated steel and mining company, pointed the finger at China when its share price fell to historic lows in the autumn.

"The overcapacity situation (in China) has led to a significant increase in exports to the world's markets," said Aditya Mittal, the company's CEO, singling out the company's core markets of Europe and the United States.

AFP

Steel pipes are waiting to be loaded onto ships for export, in eastern China's Jiangsu province.

US producers say they too are feeling the pain.

"The American steel industry is in a dire situation, with record imports surging in and facilities across the country being idled," said Thomas J. Gibson, head of the American Iron and Steel Institute, an association of US producers.

Steelmakers in the EU and the US have turned to their governments and the World Trade Organization to stop the Chinese steel assault.

Some are listening. French Economy Minister Emmanuel Macron warned a month ago that Europe would not accept the "Chinese dumping".

European ministers in charge of steel have acknowledged "the gravity of the situation" but producers want immediate action.

They have started lobbying the WTO to resist China's push to win the coveted "market economy" status, which would make it easier for China's companies to defend themselves in anti-dumping cases.

If China wins market economy status, some 400,000 to 600,000 are at risk in the US steel industry, according to a recent report by North American steel producers.

The EU, meanwhile, has started challenging China, slapping anti-dumping taxes on stainless steel imports from China last March.

And in May, the EU opened an investigation into the import of a number of steel products from China and Russia.

The steel crisis came up in talks between Chinese President Xi Jinping and British Prime Minister David Cameron in October.

Cameron's spokeswoman said he had "made clear there were challenges" but would not say whether he had used the phrase "dumping" during the discussion.

There are hopes that China will cut production, relieving some of the downward pressure on prices.

"We have reduced more than 700 million tonnes of production capacity and you can just imagine our task to find jobs for those workers," Xi told a joint news conference in October with Cameron through a translator.

And a top executive of industry giant Baosteel Group said that month that China's steel production could eventually shrink by 20 percent.


GTCL

Directors and officials of Gas Transmission Company Ltd pose during the 22nd annual general meeting of the company at Bangabandhu International Conference Centre in Dhaka on Monday. The company earned Tk 534.03 crore pre-tax profit and contributed to the national exchequer Tk 299.01 crore as debt service liabilities, dividends and income tax during fiscal 2014-2015.

# China consumer inflation creeps up in Nov

AFP, Beijing

China's consumer inflation rate edged up in November, official data showed Wednesday, while factory gate price falls lingered at a six-year low as the world's second-largest economy grapples with slowing growth.

The consumer price index (CPI) -- a main gauge of inflation -- rose 1.5 percent last month from a year ago, the National Bureau of Statistics (NBS) said in a statement. It edged up from October's 1.3 percent and was slightly above a median forecast of a 1.4 percent gain in a Bloomberg survey of economists.

Moderate inflation can be a boon to consumption as it pushes buyers to act before prices go up, while falling prices encourage shoppers to delay purchases and companies to put off investment, both of which can hurt growth.