China first quarter GDP growth to be slowest since 2009

REUTERS/FILE

A construction site worker is seen behind China's national flag in Beijing.

REUTERS

Economists say that China grew at its slowest pace since the financial crisis in the first quarter, highlighting continued downward pressure on the world's second largest economy despite some tentative recent signs of stabilization.

Growth in first quarter gross domestic product (GDP) likely slowed to 6.7 percent from the same period last year, down from 6.8 percent in the fourth quarter of 2015, according to a Reuters poll of 64 economists.

That would be the weakest pace of expansion since the first quarter of 2009, when growth fell to 6.2 percent. China's economy grew 6.9 percent in 2015, its slowest rate in more than two decades.

Forecasts for annual growth in the first quarter ranged from 5.8 percent to 7.2 percent, with a median of 6.7 percent.

While downdrafts from uneven global demand, over-investment in several key sectors and weakening productivity among state-owned firms remain, recent signs of a tentative pick-up in real estate and industry provide some reasons for optimism.

Annual growth in fixed asset investment quickened to 10.2 percent in January and February combined from 10 percent in the whole of 2015, while industrial profits during those two months unexpectedly rose by 4.8 percent from a year earlier, ending a seven-month streak of declines.

During those two months - China combined their data to account for the shifting dates for the long Lunar New Year holiday - industrial profits unexpectedly rose by 4.8 percent from a year earlier, ending a seven-month streak of declines.

Other recent indicators including factory purchasing managers' indexes and China's producer price index have also hinted at some initial signs of stabilization.

"In Q1, we saw some stabilization in March for the real part of the economy, and property investment also rebounded in January and February, so it shows that the hard core activity seems to have slightly picked up," said Yang Zhao, chief China economist at Nomura in Hong Kong.

"But in terms of the contribution of financial sector in Q1, it's going to have significantly retreated. That's why we think the overall GDP will continue to slow down from the last Q4," he said.

Analysts said that despite some signs of green shoots and an uptick in consumer price inflation (CPI), the central bank was likely to keep monetary policy accommodative to hit money supply and growth targets, and aid heavily indebted industrial firms to refinance expensive debt.

"CPI inflation is already higher than the one-year deposit rate, meaning the room for additional rate cuts is limited," said Ding Shuang, head of Greater China economic research at Standard Chartered in Hong Kong.

"But bank required reserve ratio cuts will continue as they will be necessary to achieve the 13 percent money supply growth target this year," he said.

China's bank has been engaged in an extended easing campaign since late 2014, most recently releasing an estimated $100 billion for lending by cutting bank reserve ratios on Feb. 29. Policymakers have also said they intend to ramp up fiscal support for the economy in 2016, boosting the fiscal deficit to 3 percent of GDP.

A raft of monthly indicators will be released with the GDP data on April 15, and analysts will be looking for additional evidence of tentative economic improvement.

Industrial output likely grew 5.9 percent in March from a year earlier, slightly up from February's 5.4 percent figure while urban fixed asset investment, a crucial driver of China's economy, likely accelerated to 10.3 percent in the first quarter as a whole, from 10.2 percent in January and February.

Annual retail sales growth was seen at 10.4 percent in March, rising slightly from the previous month's 10.2 percent.

NRBCB

Farasath Ali, chairman of NRB Commercial Bank, hands over a donation cheque for Tk 25 lakh to A Motin Chowdhury, chairman of UCEP Bangladesh, a non-governmental organisation, for the benefit of the children's education, at the bank's head office in Dhaka.

IDLC

Md Abu Zahir, a lawmaker, opens a branch of IDLC Finance on Ramkrishna Mission Road in Ghatia Bazar, Habiganj on Monday. Arif Khan, managing director of IDLC Finance, was also present.

IMF sees sub-Saharan African growth slowing

AFP, *Johannesburg*

Growth in sub-Saharan Africa is forecast to drop to 3 percent this year from 3.4 percent in 2015 as low oil prices and the commodity slowdown hit producers, according to an IMF report released Tuesday.

The decline in oil prices will affect top regional oil producers Nigeria and Angola, although the impact has so far been limited, the International Monetary Fund said.

Nigeria's growth forecast was lowered to 2.3 percent, from 2.7 percent in 2015, while Angola could slip to 2.5 percent, down from 3 percent.

"The effect of the decline in oil prices on the region's oil-importing countries has been smaller than expected, as many of these economies export other non-renewable resources," said the report titled "Too slow for too long".

Last week Angola announced that it was to begin discussions with the IMF to seek support to shore up its economy in the wake of falling oil revenues.

Angola depends on oil production for 95 percent of its export earnings and more than half of government receipts. The report said growth in sub-Saharan Africa was projected to pick up to 4 percent on 2017, stimulated by "a small rebound in commodity prices and timely policy implementation."

MIDLAND BANK

Md Ahsan-uz Zaman, managing director of Midland Bank, and Syed Mohammad Musa, director for operations of the NID Registration Wing of the Election Commission (EC), exchange documents of an agreement at the EC office in Dhaka on Monday. The bank can now verify customer information with the EC's database. Brigadier General Sultanuzzaman Md Salehuddin, director general of the NID Registration Wing, was also present.

Alibaba expands in Southeast Asia with $1b deal

AFP, *Shanghai*

Chinese e-commerce giant Alibaba will acquire a controlling stake in leading Southeast Asian online shopping platform Lazada for $1.0 billion, it said Tuesday as Jack Ma's company seeks to expand outside its home market.

Alibaba's Taobao platform is estimated to have more than 90 percent of the consumer-to-consumer market in China, while its Tmall platform is believed to command more than half of business-to-consumer transactions.

But its international commerce business only accounted for six percent of its revenue for the quarter ended in December, its latest earnings report showed.

Alibaba is investing $500 million in newly issued Lazada shares and acquiring stock from some existing holders to take a majority stake in the firm for a total of around $1 billion, according to the statement, which did not specify Alibaba's total holding.

The deal values Lazada at $1.5 billion, a shareholder -- Germany's Rocket Internet -- said in a separate statement.

"With the investment in Lazada, Alibaba gains access to a platform with a large and growing consumer base outside China, a proven management team and a solid foundation for future growth in one of the most promising regions for e-commerce globally," Alibaba president Michael Evans said.

Lazada claims to be Southeast Asia's "number one" online shopping and selling platform with a presence in six countries: Indonesia, Malaysia, Philippines, Thailand, Vietnam and Singapore -- where it is headquartered.

Lazada's chief executive Max Bittner said the deal will help the company leverage the Chinese firm's knowhow and technology to improve its own services, according to the Alibaba statement.

Analysts said the deal would give Alibaba greater access to other Asian markets.

"Overseas expansion requires a lot of investment in logistics, it would take Alibaba much longer to build the business from the ground up," Li Yujie, a Hong Kong-based analyst at RHB Research Institute, told Bloomberg News.

"What Alibaba could do is integrate the businesses and introduce more existing merchants to Lazada to export their products overseas."

Indian state refiners import diesel as private processors cut discounts

REUTERS, *New Delhi*

Indian state refiners may continue importing higher volumes of diesel for the next few months instead of buying locally as private domestic oil processors like Reliance Industries and Essar Oil have withdrawn discounts on taxes and shipping.

India's diesel use is rising along with an economy that is estimated to have grown by 7.6 percent in the financial year just ended. Between April and February India's diesel demand surged 10.8 percent.

To meet this soaring demand, the state refiners - Indian Oil Corp, Hindustan Petroleum Corp and Bharat Petroleum Corp - last year bought some 12 million tonnes of diesel from the private oil processors.

And through the fiscal year that ended on March 31, the private refiners encouraged these purchases by absorbing the central sales tax and coastal freight costs for interstate cargoes shipped from their plants in western Gujarat state.

Now the private refiners have asked their state peers to pay the sales tax and coastal freight, potentially making buying from Reliance and Essar costlier than imports, trading sources with knowledge of the matter said.

"Instead of getting diesel from their private peers the state refiners have had to go to the market and import," one trader said.

Refinery sources said talks were continuing with the private refiners to rework the diesel prices.

In the absence of a deal, Indian Oil Corp and Hindustan Petroleum have together booked about 400,000 tonnes of imports of the fuel in April, compared with just 70,000 tonnes in March, and they plan to take similar volumes in the following months if the deadlock isn't broken, sources at the two firms said.

Further tightening India's diesel market, according to another oil products trader, is that the "private refiners are maximizing jet-fuel and cutting back diesel production because of better prices."

India's private refiners have also boosted their fuel exports. The private firms say the tax increases on diesel and gasoline that safeguard federal revenue instead of passing on the benefits of falling oil prices to customers have made the discounted sales to state-run refiners unattractive.

Compared to a 30 percent decline in crude oil prices since April 2015, retail prices of diesel in Delhi have been raised by about 2 percent.

No comment was available from Indian Oil, Hindustan Petroleum, Reliance or Essar, but Bharat Petroleum said it was taking measures to deal with rising demand itself, commissioning an expansion of its Kochi refinery in June.

Pakistani port to be operational by 2017: Chinese official

AFP, *Gwadar, Pakistan*

A multi-million dollar port being developed by China in Pakistan is set to be at "full operation" by the end of the year, a Chinese official said Tuesday, part of Beijing's ambitious economic plans in the region.

Gwadar port, on Pakistan's southwest coast, will see roughly one million tonnes of cargo going through it by 2017, said Zhang Baozhong, chairman of the Chinese public company in charge of the development.

Current trade there is "basically nothing", he told reporters on the sidelines of a seminar about the port's development Tuesday.

"We hope a big jump will take place... Our dream is to make Gwadar a regional trading centre," he said.

Gwadar, in Balochistan province, forms what officials call the "heart" of the China Pakistan Economic Corridor, a grand $46 billion project giving Beijing greater access to the Middle East, Africa and Europe through Pakistan.

The port was built in 2007 with technical help from Beijing as well as Chinese financial assistance of about $248 million.

Zhang said the tonnage will initially comprise "quite a number" of construction materials for the city's development, which Pakistani officials envision turning into another Dubai.

Exports will at first focus on the local fishing industry, he said, with a modern processing plant planned for the area, though he would not give a timeline for the plant.

"We shall try to process it here... So that the locals can benefit," he told reporters after the seminar.

Desperately poor Balochistan has been roiled since 2004 by a separatist insurgency aimed at seeking greater control over the province's resources.

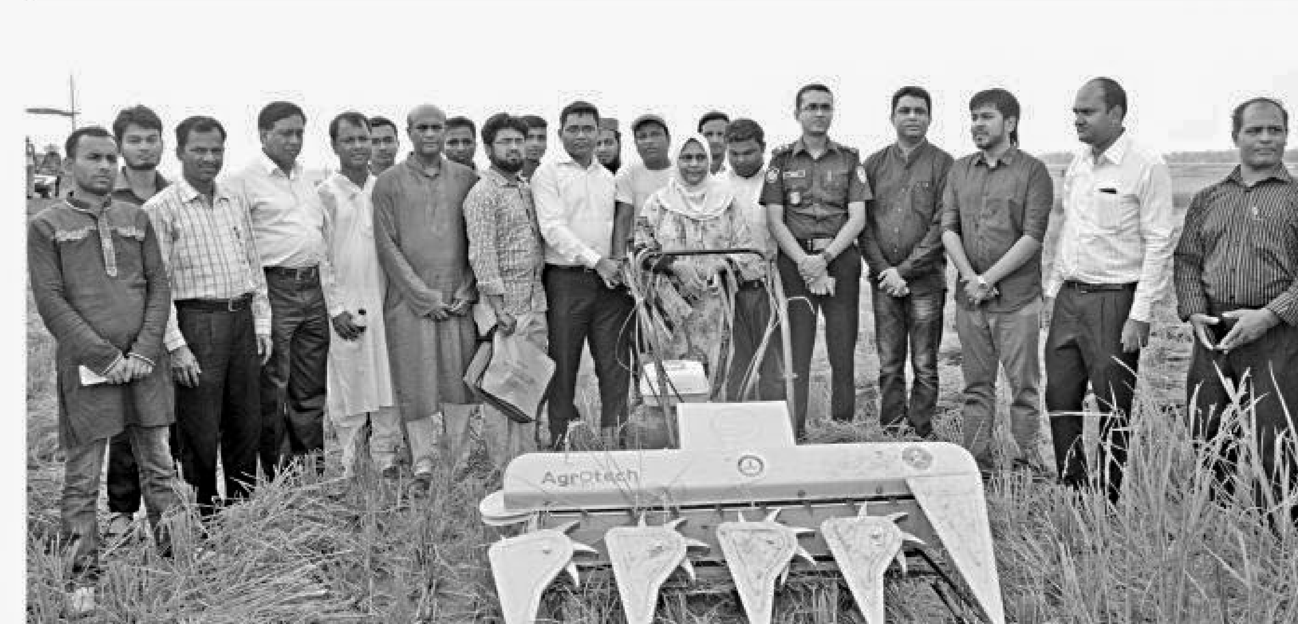
Oil hits 2016 high above $43 on producer meeting hopes

REUTERS, *London*

Oil rose above $43 a barrel to its highest level so far in 2016 on Tuesday, supported by hopes that a meeting of oil producers will agree steps to tackle a supply glut, and by a weak US dollar and further signs of strong demand in China.

Many members of OPEC plus outside producers such as Russia are meeting in Doha, Qatar, on Sunday to discuss freezing output. The dollar fell to its lowest in nearly eight months against a basket of currencies, supporting commodities.

Brent crude was up 34 cents at $43.17 a barrel at 1057 GMT and earlier in the session reached a 2016 high of $43.58. US crude gained 23 cents to $40.59.



ACI

Subrata Ranjan Das, business director of ACI Motors; Nasir Ullah Khan, upazila executive officer; and Kazi Lutful Bari, additional director of the Department of Agricultural Extension, pose at the launch of a harvest ceremony organised by ACI. ACI used its new agricultural product by ACI Motors--ACI Reaper-- to assist the farmers in Borolekha, Juri, Kulaura, Rajnagar and Moulvibazar to harvest crops in over 1,000 acres for free.