STANDARD CHARTERED

Abrar A Anwar, chief executive officer of Standard Chartered Bangladesh, Apurva Jain, head of transaction banking, Enamul Huque, head of commercial banking, and Md Mehboob Ali, general manager of Comilla EPZ, inaugurate a business development office of the bank at Comilla EPZ.

Eurozone outlook raised despite 'exceptional risks'

AFP, *Brussels*

Europe's economic recovery remains on track but vulnerable to the "exceptional risks" of Brexit and the new Donald Trump administration, the EU said on Monday.

Brussels raised its growth forecasts for the eurozone through to 2018 but warned that the European Union as a whole was navigating "choppy waters".

"The European economy has proven resilient to the numerous shocks it has experienced over the past year," EU economic affairs commissioner Pierre Moscovici said.

"Yet with uncertainty at such high levels, it's more important than ever that we use all policy tools to support growth."

The 19-country eurozone will grow by by 1.6 percent in 2017 followed by 1.8 percent in 2018, the European Commission said in its winter economic forecast.

That is compared with predictions made in autumn of 1.5 percent in 2017 and 1.7 percent in 2018.

Bailed out Greece, which swung out of recession last year but is now at the centre of fresh fears for the eurozone, was forecast to grow by 2.7 percent in 2017 and 3.1 percent in 2018.

The 28-nation bloc as a whole would grow by 1.8 percent in both 2017 and 2018, the commission said.

But the forecast warned darkly of the "exceptional risks" from Britain's vote to leave the EU and uncertainty over Trump's policies. "The particularly high uncertainty surrounding this winter forecast is due to the still-to-be-clarified intentions of the new administration of the United States in key policy areas," it said.

The report also cited "the numerous elections to be held in Europe this year and the upcoming 'Article 50' negotiations with the UK."

"And although both upside and downside risks have increased, the overall balance remains tilted to the downside."

'Trump trades' on boost to economic growth come back with a bang

REUTERS, *London*

World stocks and bond yields rose on Monday, lifted by a re-emergence of so-called "Trump trades" as investors bet that the US president's tax reform plans will boost economic growth and corporate profits.

Following on from Friday's record high closes on Wall Street, Asian stocks rallied to 1-1/2-year peaks and European stocks rose for the fifth consecutive session on Monday, their longest winning stretch for two months.

The Japanese yen was the biggest underperformer among major currencies, as is typical when riskier assets like stocks are doing well.

Investors were also comforted by the two-day US-Japan summit held over the weekend apparently having ended smoothly without President Donald Trump talking tough on trade, currency and security issues.

"Markets have continued Friday's upbeat theme," said Kathleen Brooks, research director at City Index in London, noting that the VIX measure of US stock market volatility closed last week below 11 for the third week in a row. The last time this happened was over a decade ago.

"This is another sign that, for now, the Trump trade is still on. It also suggests that even with the controversy Trump has caused since he took office, financial markets are still willing to give him the benefit of the doubt," Brooks said.

Europe's benchmark index of leading 300 shares was up 0.3 percent at 1453 points, lifted by the mining and basic resources sectors. Basic resources rose 2.5 percent to their highest since August 2014.

Germany's DAX was up 0.4 percent, led by a 15 percent rise in drugmaker Stada after the company said it had received two offers for the acquisition of the company, one of which is private equity group Cinven Partners LLP.

MSCI's broadest index of Asia-Pacific shares outside Japan gained 0.5 percent, with resource-related stocks again the driving force, while Japan's Nikkei rose 0.4 percent. US futures pointed to a higher open on Wall Street. The S&P 500, Dow Jones Industrials and Nasdaq Composite all posted record closing highs on Friday.

Comments from Trump on Thursday that he plans to announce what he said would be the most ambitious tax reform plan since the Reagan era in the next few weeks rekindled hopes for big tax cuts.

Economic data from major economies has also been upbeat, including Friday's Chinese trade figures, while US corporate earnings have been also solid so far.

In the weekend meeting with Japanese Prime Minister Shinzo Abe, Trump held off from repeating harsh rhetoric that accused Japan of taking advantage of US security aid, stealing American jobs and "playing money markets." Nor were currency issues discussed.

"The US president has shown further signs of conformity in U.S. foreign policy during his weekend summit with Japan's prime minister Abe," Rabobank analysts said in a note on Monday.

Those apparently cordial discussions drove the dollar as much as 0.9 percent higher against the yen to 114.17 yen. It last stood at 113.65 yen, up 0.4 percent on the day and extending its rebound from a 10-week low of 111.59 yen touched last week.

Figures on Monday showed that Japan's economy grew for a fourth straight quarter in the final three months of last year as a weaker yen supported exports, but doubts over the sustainability of the recovery persisted.

The euro's rise of 0.5 percent against the yen to 121.00 yen, helped lift the European currency slightly against the dollar. The euro was last up 0.1 percent at $1.0650, inching further away from Friday's three-week low of $1.0608.

The euro has been dogged by fears about a strong showing for French far-right leader Marine Le Pen ahead of a presidential election.

Ten-year US Treasury yields rose 3 basis points to 2.44 percent.

In commodities, copper hit its highest levels since May 2015 after shipments were shut off from the world's two biggest copper mines - due to a strike in Chile and an export's ban by Indonesia.

It last traded at $6,129 per tonne, up 0.7 percent on the day. On Friday it jumped more than 4 percent, its biggest one-day rise in almost four years.

Oil prices dipped slightly after strong gains on Friday on reports that Opec members delivered more than 90 percent of the output cuts they pledged in a landmark deal that took effect in January.

International benchmark Brent crude futures fell 0.8 percent to $56.25 per barrel.

Stéphane Nordé, managing director of Nestlé Bangladesh, and Md Nazrul Islam Khan, professor of Institute of Nutrition and Food Science of the University of Dhaka, exchange documents after signing a memorandum of understanding, for conducting Nestlé Healthy Kids Programme as part of Nestlé Healthy Kids Global Programme.

NESTLÉ

France calls on Germany to hike investment spending

AFP, *Berlin*

French Economy Minister Michel Sapin has dismissed a US attack on Germany's trade surplus but urged Europe's biggest economy to boost its spending on investment.

In an interview trailed by the financial daily Handelsblatt for its Monday edition, Sapin brushed aside US criticism that Germany exploited an "undervalued" euro to fuel its exports.

The attack "very obviously is meaningless," said Sapin. But, he added, Germany "could be more ambitious" in investment spending.

"We think that this would be in the interests both of Germans and the eurozone," said Sapin, who also holds the finance portfolio.

Sapin's words add to external pressure and to an internal debate in Germany about the country's trade surplus, which has repeatedly broken records since the 2008-9 financial crisis.

Last Thursday, the federal statistics office Destatis said Germany exported 253 billion euros ($270 billion) more than it imported in 2016. Exports added 1.2 percent to top 1.2 trillion euros, while imports climbed 0.6 percent to 955 billion euros.

The European Commission and the International Monetary Fund (IMF) are among those who have called on Germany to boost internal consumption, which would spur sluggish growth in the EU.

But Germany's policy, driven by the conservative finance minister, Wolfgang Schaeuble, is to give priority to debt reduction, followed by tax cuts in the mid-term if Chancellor Angela Merkel is re-elected in September.

The Social Democratic Party (SPD), the minority party in the governing coalition, has promised to stimulate infrastructure investment.

Germany's major partners, including the United States and France, run big deficits in bilateral trade with Berlin.

On January 31, in an interview with the Financial Times, US President Donald Trump's top trade adviser Peter Navarro accused Berlin of "(continuing) to exploit other countries in the EU as well as the US with an 'implicit Deutsche mark' that is grossly undervalued."

Many economists say that Germany gains a currency advantage by being part of the eurozone.

For German exporters, the euro's exchange rate is relatively low, reflecting the weaker economies of Greece, Italy and Spain and other fellow members.

STAR

Meherun N Islam, group president and managing director of CEMS Global USA and Asia Pacific, speaks at a press conference at the National Press Club in Dhaka yesterday. CEMS Global USA and CCPIT TEX China will organise the winter edition of the 11th Dhaka International Yarn & Fabric Show 2017 and Dhaka International Denim Show 2017 from February 15-18 at International Convention Centre Bashundhara.

China's Sinochem in early talks to buy stake in Noble Group

REUTERS, *Singapore/Hong Kong*

China's state-owned Sinochem is in early talks with Noble Group to buy an equity stake in the embattled trader, three sources familiar with the matter said, in a move that would help it gain access to the commodity trader's global supply chain.

Taking a stake in an internationally active trading house like Noble would help Sinochem, a big oil, gas and petrochemical company, in its ambitions to become a more globally active energy trader, and also develop China's gas industry.

The discussions are taking place as Noble looks to rejig its business units, cut debt and boost liquidity to fight a long-term downtrend in commodity prices. In November, Hong Kong-headquartered Noble said it had met its capital raising target of $2 billion as it sold assets, completed a rights issue and restructured its operations.

The sources said the talks have not been completed and there is no assurance that a deal will be finalised.

They said senior Noble executives visited China in recent months to hold talks with Sinochem's management, and both sides also met at Noble's U.S. regional hub in Stamford, Connecticut. The sources declined to be identified as they were not authorised to speak to the media.

Sinochem did not immediately return a request for comment, and an external spokeswoman for Noble declined comment.

Noble already has the backing of Chinese sovereign wealth fund China Investment Corp. (CIC), which participated in the company's rights issue last year. The capital raising followed a slump in investor confidence as Noble's accounting practices were questioned by Iceberg Research. CIC has a 9.6 percent stake in Noble, while Noble Chairman Richard Elman holds a stake of about 18 percent.

The size of the planned stake or the amount to be invested by Sinochem has not yet been finalised, and any deal could face scrutiny in China as authorities there try to control capital outflows, sources said.

The appeal of Noble for Sinochem is likely to be access to its global supply chain. A Sinochem source said the company was still conducting due diligence on Noble, which typically takes six months to a year. He said the company was looking at Noble's North America energy trading, which could complement Sinochem's existing portfolio.

Toshiba prepares to unveil nuclear hole, other perils threaten

REUTERS, *Tokyo*

Toshiba Corp will on Tuesday detail a writedown of close to $6 billion after bruising cost overruns at its US nuclear arm, turning investor attention to the Japanese group's efforts to fix that and other balance sheet headaches.

The TVs-to-construction conglomerate warned of a potential multi-billion dollar nuclear writedown in December, a year after a $1.3 billion accounting scandal.

Sources familiar with the matter say the final charge, to be detailed alongside quarterly earnings, will be as high as 700 billion yen ($6.2 billion), a sum which alone would wipe out the company's shareholder equity.

Toshiba, which has seen its market value almost halve since the prospect of a writedown emerged in December, is also expected to outline the prospects for its nuclear arm and update investors on efforts to raise capital, including through the sale of a stake in its flagship memory chips business.

"The question for Toshiba is how it is going to move forward," said Masahiko Ishino, analyst at Tokai Tokyo Research Center.

He added Toshiba would need to show how it could stay competitive in the cash-generating but capital-intensive memory chip industry, given its battered balance sheet.

Toshiba has offered a 19.9 percent of its prize chips business to investment funds and rivals including Bain Capital, SK Hynix and Micron Technology.

On Thursday, a source said that Toshiba had received bids of between 200 billion yen to 400 billion yen for the flash memory stake, a range that could cover the 300 billion yen the company wants to raise. It prefers multiple investors.

Toshiba is a pillar of Japan's business establishment. Born in the tumult of Japan's emergence from centuries of isolation, it made Japan's first light bulb and was a pioneer in laptop computers. Toshiba's 190,000 workers, employed at some 500 units, likely will make it too big to fail.

But as with other established Japanese firms that have dodged financial collapse, such as liquid crystal display inventor Sharp Corp, Toshiba could face protracted pain.

Financial sources last week pointed to problem businesses within Toshiba beyond nuclear, including Landis+Gyr AG.

Toshiba agreed to buy that unlisted meter maker for $2.3 billion in 2011 to tap smart grid demand that at the time was expected to grow six-fold to around $70 billion in 10 years. At the end of September, the goodwill value of Landis+Gyr was 143.2 billion yen ($1.3 billion).

Other stumbling blocks for Toshiba include a $7.4 billion commitment four years ago to buy US liquefied natural gas believing that would help sell power plant turbines.

LOTTO

Kazi Jamil Islam, managing director of Lotto Bangladesh, and Selim RF Hussain, managing director and CEO of Brac Bank Ltd, open the 140th outlet of Lotto on Elephant Road in Dhaka yesterday.