

Fitch keeps China's A+ rating but warns over debt

AFP, Beijing

Fitch Ratings warned Friday that China's growing debt could trigger "economic and financial shocks", but said it will maintain the country's A-plus rating with a stable outlook despite its concerns.

The announcement follows Moody's shock decision in May to downgrade the world's second-largest economy for the first time in almost three decades on concerns over its ballooning credit and slowing growth.

While China's external finances were robust and near-term growth prospects "favourable", Fitch said "large and rising debt levels" in its non-financial sector were a significant risk.

"Overall leverage in the context of continued adherence to ambitious GDP growth targets raises the potential for economic and financial shocks," it added.

Debt-fuelled investment in infrastructure and property has underpinned China's rapid growth, but there are widespread concerns that years of freewheeling

credit could lead to a financial crisis with global implications.

Beijing has been clamping down on bank lending and real estate purchases but those efforts are complicated by the government's determination to meet its full-year growth target of around 6.5 percent.

That compares with last year's pace of 6.7 percent, which was the slowest in around a quarter of a century.

Premier Li Keqiang said last month that China could meet the target.

In a positive sign for China, capital outflows have "fallen sharply" since early this year and the current account -- a key gauge of the economy's health -- remains in surplus.

But Fitch said tighter monetary conditions could lead to slower growth next year of 5.9 percent.

"Macro-prudential regulations and tighter credit conditions will, in Fitch's forecasts, result in a slowdown in the housing sector and investment spending," it said.

US lawmaker calls for hearing on Amazon's Whole Foods deal

REUTERS, Washington/New York

The top Democrat on the US House of Representatives' antitrust subcommittee has voiced concerns about Amazon.com Inc's \$13.7 billion plan to buy Whole Foods Market Inc and is pushing for a hearing to look into the deal's impact on consumers.

The deal announced in June marks the biggest acquisition for the world's largest online retailer. Amazon has not said what it would do with Whole Foods' stores and other assets, but analysts and investors worry the deal could upend the landscape for grocers, food delivery services and meal-kit companies.

US Representative David Cicilline requested the hearing on Thursday in a letter to the chair of the House Judiciary Committee and the subcommittee chairman.



NUPAMI BD

Ariz Izura, chief operating officer of Nupami BD Ltd, and Kazi Golam Nasir, president of the executive council at the Institute of Architects Bangladesh, exchange documents of a deal signed at Six Seasons Hotel in Dhaka on Saturday to organise a competition on designing furniture using KRION™. KRION™ is a solid surface material of Porcelanosa Group introduced in Bangladesh by Nupami BD Ltd.

IMF cuts Brazil growth estimate for 2018

AFP, Washington

Brazil's economy appears to have turned a corner, but political uncertainty is on the rise, prompting the International Monetary Fund on Thursday to cut its 2018 growth forecast for the recession-hit country.

The recovery is likely to be "subdued" because "a recent rise in political uncertainty has cast a shadow over the outlook," the fund said in its annual review of the Brazilian economy.

The IMF now forecasts growth rise to 0.3 percent this year -- a slight increase

from the 0.2 percent estimate in April, and a dramatic improvement over the 3.6 percent contraction last year.

But the IMF cut the growth outlook for 2018 to 1.3 percent from 1.7 percent in its April report. The economy is expected to expand by two percent in 2019 and subsequent years.

"Brazil's deep recession appears close to an end," the report said, acknowledging the "ambitious reform agenda" of President Michel Temer's government.

But Temer is battling for his political survival after being charged with taking bribes.

The IMF cautioned that "the government's ability to deliver on social security reform, a necessary step toward securing fiscal sustainability, has become more uncertain -- and, with national elections scheduled for 2018, the window for legislative action is closing."

The IMF prepared its report before the Brazilian Senate this week passed sweeping and controversial labor reforms, which allow companies and workers to negotiate agreements on certain issues, end compulsory union dues and give firms more flexibility on work hours and vacations for employees.

New DMD for LankaBangla Finance

STAR BUSINESS DESK

Firoz Ahmed Khan has recently been appointed as the deputy managing director of LankaBangla Finance Ltd.

Prior to joining LankaBangla, Khan worked as the head of retail banking at Brac Bank, the company said in a statement.

The introduction of the first e-Commerce payment gateway in Bangladesh in 2010 and the first ever "Planet Card" to support green banking were some of his initiatives, according to the statement. He started his banking career with the ANZ Grindlays Bank as a finance manager in 2000. Khan completed his Bachelor of Technology in Aerospace Engineering from the Indian Institute of Technology, Madras, India. He also holds an MBA degree from the Institute of Business Administration at Dhaka University.



MEGHNA BANK

Meghna Bank Chairman and lawmaker HN Ashequr Rahman poses for a photograph along with the bank's high officials at its half yearly conference in Dhaka on Thursday.

Greece may be heading for bond market test in days

AFP, Athens

Greece is expected to return to the bond markets in 2018, but having secured its third bailout programme Athens may test the waters by issuing a new bond as early as Monday.

Greek newspapers have been speculating that a bond market test could come in "a matter of days".

"Monday is probably the day even though nothing can be taken for granted," Avgi, the ruling Syriza party newspaper said on Saturday.

The conservative Kathimerini newspaper reported that Athens appears willing to "take advantage of the current positive conjuncture in the markets".

It said that markets are in a mood for taking risks right now and there are high levels of liquidity.

It seems to be a toss-up whether Athens will take the plunge or not.

"It is being discussed... Preparations are made for both scenarios and whatever happens we will be ready," a source with knowledge of the government's plans told AFP on Friday.

Greece has no immediate need to draw money from the bond markets. The European Stability Mechanism (ESM) will keep feeding the debt-ridden country with low rate loans until the end of the bailout programme in July 2018.

This funding gives Athens the chance to

test without major risks its credibility in the capital markets after a tumultuous period of Grexit scares, hard decisions and painful reforms.

And last week eurozone finance ministers approved the latest 8.5 billion-euro disbursement, just in time for Athens to meet major debt repayments and avert a default.

The Greek economy nearly collapsed in 2010 under a mountain of debt and it had to be bailed out by its eurozone partners three times to prevent it bringing down the single currency bloc.

According to European Commission figures the tide is turning for Greece. It ran a budget deficit of 15.1 percent in 2009, which had been turned into a surplus of 0.7 percent last year, and it is expected to post further progress this year as more savings are found.

The European Union, in a further boost for Athens, recommended Wednesday that Greece has made enough progress in balancing its budget to be removed from the EU "deficit blacklist", the special oversight of government spending.

Also, the Eurogroup's statement last month paves the way for Greece to return to the markets by stressing that "future disbursements should cater not only for the need to clear arrears but also to further build up cash buffers to support investors' confidence and facilitate market access".

Some creditors also seem to be supportive of an imminent market test for Greece.

US industrial output rises in June on jump in drilling

AFP, Washington

US industrial output rose for the fifth straight month in June on the continued rise in oil and gas drilling and coal mining and a slight rebound in manufacturing, the Federal Reserve reported Friday.

Overall industrial production rose 0.4 percent last month, and output for May posted a 0.1 percent increase, better than initially reported, as manufacturing retraced half of the 0.4 percent drop in May, according to the data.

The key manufacturing sector, which represents more than 70 percent of the Industrial Production index, is up 1.2 percent compared to June 2016, although it slowed in the second quarter, the report said.

But the mining sector showed the biggest change, jumping 1.6 percent last month compared to May, when it increased 1.9 percent. The sector has risen 9.9 percent from the same period of last year. However, it remains nine percent below the December 2014 peak, the Fed said.

Oil and gas well drilling jumped 6.8 percent in the month, and is up 108.2 percent compared to June 2016 even after a slight slowdown in the rate of increase in May.

Output for utilities remained flat in June compared to the prior month as a decrease for gas utilities was only slightly offset by an increase for electric utilities. The sector has seen production decline 2.2 percent year-over-year.

In the manufacturing sector, big-ticket items like cars and appliances, known as durable goods, increased 0.4 percent. The Fed said "nearly all major industry groups within durables posted gains," including a one percent increase in automotive products.

Interest on some savings tools may remain unchanged

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On the basis of their recommendations, the government will take a decision on the matter, he said, adding that the opinions of the commerce and education ministers will also be taken.

On various occasions earlier this year, Muhith hinted at cutting the rates to align them with the banks' lending rates.

Currently, saving instruments maturing in five years offer the highest 11.76 percent interest rate, whereas the average deposit rate in the banking sector is 5 percent.

On Saturday the finance minister said the rate of interest on savings instrument is always kept higher than the market rate. "If the rate is much higher it disturbs the market."

Muhith also said the government is planning to introduce a mandatory pension system for the private sector.

"I want to enforce it. But before that if the media people run a publicity about this that will be very good," he added.

Summit Group appoints new additional managing director

STAR BUSINESS DESK

Faisal Khan has recently been appointed as the additional managing director of Summit Corporation.

Prior to the appointment, Khan was the director for operations at Summit Power Ltd and a member of the board of directors of all subsidiary companies under Summit Group, said the group in a statement.

Khan joined the group in 2007 and worked at various businesses of Summit Group including power generation, communications, real estate, ports and shipping services. He is currently responsible for the management and development of large infrastructure businesses of the group.

He earned a bachelor's degree in mechanical engineering from the University College London and a master's in business administration degree from London Business School.



More firms to come under NBR's large taxpayers unit

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The field office earlier urged the NBR to bring in Le Meridien Dhaka, Abul Khair Tobacco, Pran-RFL and Lafarge Surma Cement under its net.

It also said listing of Radisson Blu Chittagong Bay View and the luxury hotels in Cox's Bazar would be logical.

"We will be able to provide better services and ensure proper monitoring if all five-star hotels are brought under the LTU," said LTU VAT Commissioner Md Matiur Rahman.

He said if the sister concerns are listed with different field offices, it becomes tough to oversee their activities.

"It is good to list sister concerns under the LTU for the interest of the companies and the state coffer," said Rahman.

Conversely, the commissioner said there are about 34 companies that should not be under the LTU as they pay less than Tk 5 crore in tax.

The firms that paid less than Tk 2 crore tax between 2013-14 and 2015-16 include Miracle Industries Ltd (unit-2), Interspeed Advertising, Bengal Packages, Mutual Food Products and GA Company, according to NBR data.

The NBR brought Petrobangla and Akij Cement under the LTU in 2015. Last year, the LTU called for bringing four sister concerns of Olympic Industries under its jurisdiction as well.

Home textile exports fail to reach potential

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Currently, Bangladesh has only five major home textile makers and exporters, he said, adding there are some small ones whose volume is still low. In contrast, the other countries have hundreds of such millers raring to get a slice of the \$130 billion global home textile market.

Noman Group exports home textiles such as bed sheets, pillow covers, curtains, cushion covers and bed covers worth nearly \$200 million, 80 percent of which is EU-bound, in a year.

The retail value of the home textile segment was estimated to be about \$107.24 billion in 2014 and is expected to reach \$131.50 billion by 2020, according to industry insiders.

In 2016-17, Bangladesh's home textiles export increased 6.13 percent year-on-year to \$799.14 million, according to data from the Export Promotion Bureau.

Bangladesh, the world's second largest apparel exporter, could have had a bigger share of the European home textile market if the exchange rate between the euro and the US dollar was more favourable, exporters said.

The volatile currency exchange rate ate up about \$3 billion of export value last year, as Bangladesh's foreign dealings are in the US dollar.

Mobile money boosts lifestyles of garment workers: study

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Readymade garments industry is one of the key drivers of economic growth and poverty reduction in Bangladesh and research in this area is of utmost importance, said Salahuddin Kasem Khan, president of Bangladesh Employers' Federation.

Ali Ahmed, chief executive officer of Bangladesh Foreign Trade Institute, and Md Khairuzzaman Mozumder, chief of party of USAID TFA, also spoke.



ECONOMIC MANAGEMENT

Senior Secretary Hedayetullah Al Mamoon of the finance division speaks at the opening ceremony of a 10-week course on "Fiscal Economics and Economic Management" at the Institute of Public Finance in Dhaka yesterday. Additional secretaries Shahabuddin Ahmed and Moinul Islam and Joint Secretary M Habibur Rahman were also present.



SHAHJALAL ISLAMI BANK

Farman R Chowdhury, managing director of Shahjalal Islami Bank, cuts a ribbon to open a relocated branch at Saleha Complex on Begum Rokeya Sarani at Mirpur in Dhaka yesterday. Additional Managing Director M Shahidul Islam was also present.