



**Kazi Sayedur Rahman, executive director of Bangladesh Bank, and Md Shakir Amin Chowdhury, deputy managing director of Dhaka Bank, pose at the launch of Dhaka Bank Dairy Loan, a specialised product of the bank, at a programme in Bogra yesterday. Dairy farmers will get loan decisions in 24 hours and cheques in 72 hours.**

# China's economy losing some steam as investment growth hits 18-year low

**REUTERS, Beijing**

China posted a rare flurry of disappointing data on Thursday -- including its slowest growth in investment in nearly 18 years -- suggesting the world's second-largest economy is finally starting to lose some momentum as borrowing costs rise.

Factory output and retail sales also grew less than anticipated, though a rebound in property sales and construction starts is likely to keep China's overall growth relatively robust and comfortably on target ahead of a key leadership reshuffle next month.

"I think the risk (for China) isn't in the next couple of months but rather the next couple of years," said Capital Economics' Julian Evans-Pritchard.

"Progress on key structural reforms that really matter, such as boosting the performance of state-owned enterprises, has been quite slow and the structural drags on growth remain quite strong and are real risks."

Analysts had widely expected China's August data to show industrial output and retail sales growth had accelerated after fading slightly in July, while investment was seen as only marginally softer.

That would have fit into a pattern of stronger-than-expected readings from China in the first half of the year and upbeat surveys on August factory activity.

A year-long, government-led construction boom has lifted demand and prices for everything from cement to steel to glass, helping offset an expected drag from property cooling measures and a regulatory crackdown on riskier types of financing. But August's data suggested the strong boost from Beijing's infrastructure building spree may be starting to fade.

Fixed-asset investment, a key growth driver for the world's second-largest economy, grew 7.8 percent in January-August from 8.3 percent in January-July.

The main drag appeared to be a slowdown in infrastructure investment due to a significant drop-off in government fiscal spending over the past two months, analysts said.

China frontloaded fiscal spending this year to produce rosy growth ahead of the once-in-five-years Communist Party Congress next month, Evans-Pritchard said. But local governments are constrained by annual budgets and have had to pare back spending in the second half of this year, he added.

That likely had a knock-on effect on industrial output, which rose 6.0 percent in August on-year, the weakest pace in nine months, statistics bureau data showed. Analysts polled by Reuters had predicted output would grow 6.6 percent in August, up from 6.4 percent in July.

The statistics bureau said unusually hot and wet weather weighed on industrial output last month, adding that the economy remained on a steady, improving trend. On a monthly basis, output rose nearly half a percent.

China's crackdown on pollution may have also dented industrial output, as Beijing looks to close older, smog-belching mines and factories, said Nie Wen, an economist at Hwabao Trust in Shanghai.

Still, economists at Nomura maintained their view that the economy would expand 6.8 percent in the third quarter from a year earlier, easing only slightly from 6.9 percent in the first half.

That would keep China on track to easily beat the government's full-year growth target of around 6.5 percent, even if there is some further softening late in the year.

Overall investment may have softened further if not for an unexpected rebound in the property market, which directly affects 40 other business sectors in China.

Despite a series of government curbs which have largely succeeded in cooling red-hot housing prices, activity in the property market snapped back in August, possibly as developers turn their focus to smaller cities with fewer restrictions.

Property investment, which mainly focuses on residential real estate but also includes commercial and office space, grew 7.8 percent in August on-year, versus 4.8 percent in July, according to Reuters calculations from Thursday's data.

New construction starts measured by floor area, a telling indicator of developers' confidence, were up 5.3 percent after contracting in July for the first time since last September.

Growth of private investment slowed to 6.4 percent in January-August from 6.9 percent in the first seven months of the year, suggesting small- and medium-sized private firms still face challenges in accessing investment-finance.

Private investment accounts for about 60 percent of overall investment in China.

Retail sales also confounded market expectations, rising 10.1 percent in August on-year, the slowest pace in six months and cooling from 10.4 percent in July. Analysts had expected a slight pick-up in demand.

Again, however, sales rose at a decent clip from a month earlier, and shoppers are expected to throng the stores and online sites as usual in October over the long Golden Week holidays.

Other data for August released last week was mixed, with imports beating expectations -- pointing to still solid domestic demand, while exports grew less than expected. Producer and consumer inflation quickened more than forecast.

Producer prices, particularly for building materials, have surged this year, giving China's long-ailing and heavily-indebted industrial sector its best profits in years. But some analysts said higher prices may also be skewing the data and exaggerating the strength of its economic recovery.

Foreign investment in China has remained tepid, though a sharp rebound in the yuan currency may be a game changer if sustained.

Foreign direct investment (FDI) in China fell 0.2 percent in the first eight months of 2017 from a year earlier to 547.94 billion yuan (\$83.72 billion), Commerce Ministry data showed. But for August alone, it rose 9.1 percent.

China's outbound non-financial investment (ODI) slumped 41.8 percent in January-August from a year earlier as authorities continued to crack down on speculative outflows and "irrational" overseas asset purchases which had pressured the yuan.

# Cotton buyers flock to India as hurricanes damage US harvest

**REUTERS, Mumbai**

The world's top cotton buyers, all in Asia, are flocking to India to secure supplies after fierce storms in the United States, the biggest exporter of the fibre, affected the size and quality of the crop, dealers said.

In the past week alone, India, the world's second-biggest cotton exporter, sealed deals to sell about a million bales to China, Taiwan, Vietnam, Pakistan, Bangladesh and Indonesia - key garment suppliers to brands such as H&M, Inditex-owned Zara and Wal-Mart Stores Inc. That compared with 300,000 bales in the two weeks before.

Dealers expect contracts similar to last week in the next few months, which could help India's exports grow by a quarter in the 2017/18 season beginning October.

"Indian cotton has great chances this year," said Chirag Patel, chief executive at Jaydeep Cotton Fibers Pvt Ltd, a leading exporter. Asian "buyers are switching to Indian cotton from the US" Hurricanes Harvey and Irma caused widespread damage to the crop in Texas and Georgia, major cotton producing states, with the effects more widespread in Texas, dealers said.

"We definitely lost cotton in Texas. It wiped out 500,000-600,000 bales," said Peter Egli, risk manager at Plexus Cotton Ltd, a Chicago-based merchant, referring to the impact of Harvey in the top-producing US state. In 2016, the United States exported 86 percent of its cotton, 69 percent of which went to Asia, according to the US Department of Agriculture.

Other cotton producers like Brazil and Australia could benefit from lower supplies from the United States, but may find it difficult to match the price offered by India, where a bumper harvest is likely to keep the rates lower.

Traders in India, also the world's biggest cotton producer, signed their export deals at around 80 cents per lb on a cost and freight basis, nearly 2 cents lower than the supplies from the United States, dealers said.

India could soon sell at lower prices.

Farmers are likely to harvest a record 40 million bales of cotton in the 2017/18 season beginning Oct. 1, 2017, bringing domestic prices down and making exports even more competitive, Patel said.

For the new 2017/18 season, farmers have planted 12.1 million hectares with cotton, up 19 percent from a year earlier, farm ministry data showed.

India harvested 34.5 million bales of cotton in the 2016/17 season.

Favourable crop conditions would help India sell 7.5 million bales of cotton on the world market in 2017/18 against 6 million bales in the previous year, said Nayan Mirani, partner at Khimji Visram & Sons, a leading cotton exporter. Some traders believe that India's exports could surpass 8 million bales if China, the world's biggest cotton consumer, steps up imports in 2017/18.

Beijing, which began selling cotton from its reserves on March 6, had planned to stop the daily auctions at the end of August. But it extended the sales for an additional month after local prices rose amid tighter supply, indicating the need to replenish falling inventories.

A Mumbai-based dealer with a global trading firm company said he had received a flurry of orders in the past few weeks, especially for December quarter shipments. He declined to be identified because he was not authorised to talk to media.

Hobbled by the rising rupee and unattractive global prices, India was struggling to sign export deals until a few weeks ago. But a recent rally in global prices made overseas more sales competitive.

Other than attractive prices, close proximity encouraged most Asian buyers to turn to India. While cargoes from the United States take about 50 days to reach Vietnam, Bangladesh and Pakistan, India can ship its cotton in two weeks.

India's new season crop will be available to buyers from October, but the supplies from the United States will reach consumers only in January, said Mirani of Khimji Visram, a top exporter.



**Bilquis Jahan, head of human resources at Brac Bank, and Zara Jabeen Mahub, head of communications, receives the ADB's Annual Trade Finance Programme award for 2017 as the "Most progressive bank on gender strategy and implementation", from Michael Barrow, director general for private sector operations at Asian Development Bank (ADB), and Steven Beck, head for trade finance, at Shangri-La's Rasa Sentosa in Singapore.**

# Sterling steadies as investors wait for BoE rate hike clues

**REUTERS, London**

Sterling steadied just above \$1.32 on Thursday, having pulled away from a one-year high the previous day, as traders waited for clues from the Bank of England on whether it might soon lift interest rates from record lows.

The BoE will publish its latest policy decision at 1100 GMT, along with the number of members of its rate-setting Monetary Policy Committee who voted in favour of an immediate rate hike. UK rates have not risen for a decade.

All eyes will be on the Bank's chief economist, Andy Haldane, to see if he switches sides and joins the two of the MPC's nine members who have been calling for a reversal of last year's quarter-point cut in rates.

If he moves now, markets are likely to price in a strong chance of a rate hike as early as the BoE's next meeting, in November, potentially unsettling an economy that has shown signs of faltering this year.

"Today's BoE decision has a little more attention than a typical non-inflation report meeting, since the BoE remains concerned that the market is too complacent on its pricing of the UK policy curve," said ING currency strategist Chris Turner.

"For today, it all seems to boil down to whether Chief Economist Haldane backs up his hawkish rhetoric in July with a vote to hike."

Sterling posted its weakest day in six weeks against the dollar on Wednesday, after earlier in the day hitting a one-year high of \$1.3329.

The pound had climbed sharply on Tuesday after stronger-than-expected data on inflation, which at 2.9 percent - far above the BoE's 2 percent target - drove expectations that the Bank might have to move towards raising rates.

But it skidded on Wednesday after weaker-than-forecast numbers showing that wage growth was still lagging. On Thursday it was flat on the day at \$1.3209.

The BoE faces the dilemma of having to balance weak wage growth, slower economic activity this year and big questions about what Brexit will mean for the economy with above-target inflation.

# Syngenta chief calls for debate on 'sustainable agriculture'

**AFP, Paris**

Swiss agrochemicals giant Syngenta, recently taken over by ChemChina, said there should be a wide-scale debate on what constitutes "sustainable agriculture" in face of a number of current controversies over pesticides.

"We have a lot of discussions about specific products. I think it's really important to step back and have a real discussion with the government, and with NGOs and academics about what is a sustainable agriculture," Syngenta chief executive Eryk Fyrwald told AFP in an interview.

Neonicotinoid pesticides are widely used in agriculture, but recent studies have suggested a strong link with declining bee populations, especially over the last decade.

Fyrwald said he agreed with the definition of sustainable agriculture recently put forward by French minister Stephane Travert.

"The objective is to have affordable food with tools that are safe for the farmers, for consumers, and good for environment," he said.

In a recent debate with environment minister Nicolas Hulot, Travert had said he was open to the use of neonicotinoid pesticides -- one of which is manufactured by Syngenta -- to protect crops where there are currently no alternatives in order to maximise yields.

"We have to feed the planet and we have to pay attention to the environment and to the safety of farmers and consumers," he said, calling for "honest and open" discussions between NGOs and the industry, instead of debates that were politicised and unscientific.

Fyrwald suggested neonicotinoid pesticides were not as dangerous as was being suggested.

While France has confirmed its plans to ban the products from 2018 and the EU Commission will debate the matter in the autumn, the Syngenta chief said that "when you look at the data, we believe pesticides have very little impact on bees, on the health of bee colonies." Other factors affected bee health, such as varroa mites, diseases and cold weather, he argued.

"It's important to understand that we produce a lot of seeds, and our seeds require bees to pollinate the crops, so we have high value for bees. Without bees our business would not exist," Fyrwald said.

Syngenta has 100,000 beehives, including 10,000 in France.

Fyrwald said that no declines in bee colony health was seen where its thiametoxam pesticide, marketed under the brand name Cruiser, was used.

While Syngenta also makes organic pesticides and fertilizers, Fyrwald fired off some criticism at the organic sector, saying it uses "more land... more water and makes more (greenhouse gases) per unit of food, because it's lower yield."

"Why don't NGOs look at organic pesticides and decide which ones are good and which ones are bad? Why are they not examined?," he asked. Fyrwald questioned the use of copper, for example, as a fungicide in organic farming.

"Copper is a heavy metal. You put a lot of metal in the soil, is that good for the soil? Is that good for the consumer? For the farmer? I don't know," the CEO said.

"All I am saying is that the regulators have to look at all technologies and decide what is really sustainable."

# Google to launch mobile payment service in India

**REUTERS**

Alphabet Inc's Google plans to introduce a localised digital payment service in India as early as next week, technology website TechCrunch reported, citing a report from news site The Ken.

The payment service, called Google Tez, will offer payment options beyond the existing ones like Google Wallet or Android Pay, the report said.

Tez, meaning fast in Hindi, will include support for the government-backed Unified Payments Interface (UPI) and other consumer payment services including Paytm and MobiKwik, according to the report.

Google did not comment on the report, but sent a media invite for the launch of a new product for India on Sept. 18.

Google, Facebook Inc and WhatsApp Inc were in talks with the National Payments Corporation of India (NPCI) to provide UPI-enabled payment on their platforms, the Mint daily had reported in July.

The internet giant launched its payment app Android Pay in the United States two years ago.



**Md Nader Khan, vice chairman of Prime Bank, opens the 146th branch of the bank at Ramgarh upazila in Khagrachhari yesterday. Ahmed Kamal Khan Chowdhury, managing director, was also present.**