



M Moazzam Hossain, chairman of the board audit committee of South Bangla Agriculture and Commerce Bank Ltd, and Md Golam Faruque, CEO, open the bank's 58th branch on Pragati Sarani in Dhaka on Thursday.

SBAC BANK

## British economy grows 0.3pc in second quarter

AFP, London

Britain's economy expanded 0.3 percent in the second quarter, unrevised official data showed Friday, as analysts said it was mired in the "slow growth lane" after last year's Brexit vote.

Gross domestic product growth for the first quarter, or April-June period, was however upgraded to 0.3 percent from 0.2 percent previously, the Office for National Statistics added in a statement.

The second-quarter reading was in line with market expectations for no change in the growth rate.

Howard Archer, chief economic advisor at the EY ITEM Club research group, noted that the "UK remained stuck in slow growth lane in second quarter".

He also forecast that the economy would see uninspiring growth for the foreseeable future, as consumer spending is pegged back

by high inflation.

"We suspect that the economy will continue to see lacklustre growth over the fourth quarter of 2017 and the early months of 2018.

"The squeeze on consumers will remain appreciable in the near-term and could very well deepen in the fourth quarter as consumer price inflation likely to briefly rise above 3.0 percent and earnings growth remains muted."

British inflation has risen sharply in recent months as a Brexit-hit pound raises import costs.

The Consumer Prices Index (CPI) 12-month rate jumped to 2.9 percent in August compared to 2.6 percent in July, recent data showed.

The Bank of England's chief task is to use monetary policy as a tool to keep the annual inflation rate close to a 2.0-percent target level.

## S&P keeps Spain's BBB+ debt rating, warns on Catalonia tensions

AFP, Washington

The ratings agency S&P maintained Spain's investment-grade sovereign credit rating Friday, but warned tensions between Madrid and Catalonia could weaken growth prospects if left unchecked.

Catalonia is due to hold an independence referendum on Sunday that is opposed by the central government, in one of the greatest political crises to hit the country since the restoration of democracy in 1975.

S&P Global Ratings said Friday it was affirming its BBB+/A-2 long-term sovereign debt rating and said the country had a positive outlook, with its economy expected to grow by about three percent this year -- above the eurozone average.

"The positive outlook signifies that we

could raise our ratings on Spain within the next 18 months if the country's strong economic performance continued," the company said in an analysis of its ratings decision.

However, it added continued turmoil could see the skies turn a little darker.

"We could also revise the outlook to stable if the current tensions between the central government and the regional government of Catalonia escalated and started weighing on business confidence and investment, leading to less predictable future policy responses."

S&P said Spain's minority government had limited ability to carry out policies, like budgetary and structural reforms, because of the country's fragmented parliament.

Catalonia was likely to remain part of Spain, the analysis said, but tensions were also likely to persist.

## Citigroup to settle dispute with Lehman Brothers for \$1.74b

REUTERS

Citigroup Inc and Lehman Brothers Holdings Inc resolved a fight over \$2.1 billion that dates to the financial crisis era after Citigroup agreed to give back \$1.74 billion to the estate of the investment bank, according to Bloomberg.

Citigroup had kept about \$2.1 billion that Lehman had on deposit with it for trades following the Lehman bankruptcy,

Bloomberg said.

The dispute arose because Citigroup said it was owed \$2 billion as a result of Lehman's bankruptcy, while Lehman argued that the money should go to its creditors, Bloomberg said.

Lehman Brothers Managing Director Steven Mullaney said in court papers that the pact was "reasonable in light of the complexities of the litigation," according to Bloomberg.

## Bombardier signs deal with India's SpiceJet for 50 Q400 prop planes

REUTERS

Bombardier Inc has finalized a deal to sell up to 50 Q400 planes to India's SpiceJet valued at \$1.7 billion by list prices, its largest single order to date for the turboprop plane, the Canadian company said on Friday.

The deal for 25 turboprops and another 25 options gives a needed boost to the company's Q400 program, following recent lackluster demand, sending shares up 3 percent on Friday.

The company has had a challenging week. On Tuesday, the US imposed preliminary anti-subsidy duties that would effectively block Bombardier jet sales in a key market if upheld.

The stock fell 14 percent on Wednesday on prospects for growth in its core units, putting it under pressure to find new markets for its jets and a potential new train partner.

For turboprops, the Canadian plane-and-train maker is trailing its European rival and market leader ATR, which controls about 75 percent of the market and is co-owned by Airbus SE and Leonardo SpA. Brazilian rival Embraer SA also said this month it would consider returning to the prop market.

The SpiceJet sale was announced as an initial letter of intent in June, and is Bombardier's first order for a 90-seat version of the aircraft, up from the current largest model which has been configured with 86 seats.

Plane makers are being asked to pack more seats into aircraft to lower costs per seat and a 90-seat Q400 would be especially attractive for regions such as the Asia-Pacific, a turboprop industry source who does not work for

Bombardier said.

"This is a big deal for them," said the source, who spoke on condition of anonymity because he is not authorized to talk to the media. "I don't think a 90-seater is for every market, but there's certainly a market for it."

Passengers in North America typically want more space when they travel and the Q400 is configured with up to 78 seats for that market.

Separately on Friday, the World Trade Organization opened an expected dispute settlement panel to rule on Brazil's complaint that Canada hurt its commercial jet industry by subsidizing the C-Series, the Brazilian foreign ministry said.

Canada has previously contested Brazil's complaint in the WTO trade case which could drag on for years.



REUTERS/FILE

A plane flies over a Bombardier plant in Montreal, Canada.

## Tesco former executives accused of 'cooking the books'

AFP, London

Three former top Tesco executives were accused of "cooking the books" to overestimate profits by £250 million (283 million euros, \$334 million), prosecutors said at the start of their trial in London on Friday.

Tesco, the world's third-biggest supermarket group after global leader and US giant Wal-Mart and France's Carrefour, was rocked by an accounting scandal in 2014 that sent shockwaves through the markets.

The supermarket's former finance chief Carl Rogberg, managing director Chris Bush and food commercial head John Scouler are charged with fraud by abuse of position and false accounting in 2014.

"The prosecution case in a nutshell is that all three defendants were aware that income was being wrongly included in the financial records of the company," prosecutor Sasha Wass told the court.

"Each of the defendants was aware that this would lead to the

company looking financially healthier than it actually was and it would result in Tesco's trading profits being overstated. "This, say the prosecution, was clearly dishonest," she said, adding that the case amounted to "cooking the books or what lawyers call false accounting".

"The three defendants who are on trial in this case are not the foot soldiers who misconducted themselves," she said.

"The defendants in this case are the generals -- those who are in

positions of trust and who were paid huge compensation packages in order to safeguard the financial health of Tesco".

The court heard that Rogberg was paid more than £1.0 million in 2014, Bush received nearly £3.0 million and Scouler got £1.5 million that year.

"Each defendant would have had a very personal interest in keeping the share value of the company high, because a lot of their remuneration package included shares," she said.

## EU to propose Google, Facebook tax in 2018, says Juncker

AFP, Tallinn

The EU will propose a new tax on tech giants such as Google and Facebook next year despite opposition by several states that fear a blow to their economies, European Commission chief Jean-Claude Juncker said Friday.

Championed by French President Emmanuel Macron, the new tax on digital multinationals will target revenue generated in an EU country, instead of on profits that are booked in a low-tax EU headquarters, often Ireland or Luxembourg.

The hope is to have a formal proposal by EU ministers in December, that would become a draft law by the commission, the EU's executive arm, in 2018.

"Tax has to be paid where it is due, be it offline or online," Juncker said after an EU summit in Tallinn, Estonia.

"The commission will propose next year new rules on fair and effective taxation that provides legal cer-

tainty and a level playing field for all." Juncker made the commitment after Macron pressed the issue at the second day of the summit, where the leaders discussed the opportuni-

ties and dangers of the digital economy.

The push by France, already backed by powerful Germany, is part of a wider onslaught by the EU on

Google and other US tech behemoths as Europe seeks ways to regulate Silicon Valley more tightly.

In a closely watched speech on Europe Tuesday, Macron thundered against high tech companies that had become the "freeloaders of the modern world."

So far about a dozen of the EU's 28 member states have signed on to the idea, though many urge action to take place on a global level, such as the G20, instead of just in Europe.

Europe-wide tax reform is a huge headache in the European Union, requiring unanimity of all 28 states, which has proven nearly impossible on tax issues.

Already smaller EU states have expressed strong resistance to the idea, which they say will chase US tech giants from their shores, especially Ireland that serves as a low-tax hub for Apple, Facebook and Google.

"If we want Europe to become digital leader, the solution isn't more taxes and more regulation, it's actually the opposite," said Irish Prime Minister Leo Varadkar.



REUTERS

President of the European Commission Jean-Claude Juncker listens at a news conference during the European Union Tallinn Digital Summit in Tallinn, Estonia on September 29.

## Key US inflation measure disappoints in August

AFP, Washington

A bump in fuel prices nudged the US Federal Reserve's preferred inflation measure a little higher in August, but price pressures remained tame, official figures showed Friday.

One key measure that is closely watched by the central bank also fell to its lowest level in nearly two years, according to the Commerce Department.

The weak reading was likely to sharpen disagreements among policymakers about whether to hike interest rates again this year.

Fed Chair Janet Yellen this week acknowledged that central bankers may have "misjudged" the strength of the forces driving inflation, which has remained persistently weak despite falling unemployment.

The Personal Consumption Expenditures price index rose 0.2 percent for August, driven largely by rising costs in energy, and was double the pace of July's 0.1 percent increase.

The result fell short of a consensus forecast among analysts, who were expecting a 0.3 percent gain for the month.

When excluding the volatile food and fuel categories, the measure rose only 0.1 percent, also a tenth of a point below analyst expectations -- and the same level recorded over the prior three months.

Compared to August 2016, the price index held steady at 1.4 percent, the same level recorded in June and July -- but down 0.8 points since February.

The "core" 12-month measure, which strips out food and fuel prices, actually fell a tenth to 1.3 percent, its lowest reading since November 2015.

This measure has undershot the Fed's two percent target for more than five years.

After seven years of uninterrupted job creation and falling unemployment, economists have been befuddled by persistently weak inflation in the world's largest economy.

## German unemployment hits surprise record low

AFP, Frankfurt Am Main

Unemployment in Germany hit a surprise new low in September, official data showed Friday, the latest in a string of sunny indicators as the upswing continues in Europe's top economy.

The rate of people out of work fell to 5.6 percent this month, the Federal Labour Agency said, while analysts had expected the figure to hold steady at 5.7 percent.

The drop means unemployment has reached a new all-time low since German reunification in 1990.

"The labour market continues to develop in a very positive way," labour agency head Detlef Scheele said in a statement.

"Unemployment fell by more than

usual in September," he added.

In seasonally-adjusted figures, the number of people registered as out of work fell by 23,000 to some 2.5 million people.

The data will likely be welcomed by Chancellor Angela Merkel whose conservative block emerged as the largest party in last Sunday's general election but a weaker-than-expected showing means it will now have to consider a complicated three-way coalition alliance.

On the campaign trail, Merkel vowed to achieve full employment -- or an unemployment rate of around 3.0 percent -- by 2025.

Most economists expect a run of solid economic growth in Germany to continue towards the end of the year, keeping unemployment in check.