

# IMF raises China growth forecast for 2017 to 6.8pc

AFP, Beijing

The International Monetary Fund raised its growth forecast for China on Tuesday but again warned of risks stemming from the build-up of debt in the world's second largest economy.

The fund's latest World Economic Outlook gives President Xi Jinping a boost but also a warning as he prepares to accept a second five-year term as general secretary of the Communist Party at a major congress next week.

The report also projects strengthening economic growth across most of Asia, raising its forecast for Japan but reducing it for India.

The fund expects China's economy to expand by 6.8 percent this year, up from its previous estimate of 6.7 percent, due to stronger recorded growth in the first half.

If realised, the growth rate will outdo last year's 6.7 percent, which was China's slowest pace of expansion since 1990.

For 2018 the IMF raised its estimate to 6.5 percent from the 6.4 percent forecast in its July World Economic Outlook.

Raising the growth targets, the fund said it expects authorities to maintain a high level of investment-fuelled growth "to meet their target of doubling real GDP between 2010 and 2020".

The uptick in growth will result in greater debt levels over the long term, the

IMF said in the report, raising the prospect of a "sharp growth slowdown in China".

The fund urged authorities to intensify efforts to rein in the expansion of credit.

Its latest World Economic Outlook predicts strengthening economic growth globally, building on healthy data from the first half of 2017.

China's booming economy continues to propel Asia and drive worldwide economic growth.

But despite the rosier near-term outlook, the fund is concerned about growing debt in the country.

China's slower transition from an investment-based economy to a consumption-based one, the report said, "comes at the cost of further large increases in debt".

The pace of China's credit growth has alarmed analysts in recent years.

Since the global financial crisis in 2008 its debt load as a percentage of gross domestic product has grown more than 10 percent per year on average, according to IMF estimates, which assessed the ratio had ballooned to 234 percent of GDP by 2016.

Earlier this year ratings agencies Standard and Poor's and Moody's cut their sovereign rating on China, with both citing rapidly accumulating debt.

Analysts will look for signals about China's future economic and financial policies during the week-long Communist Party congress which starts on October 18.

# Reve Antivirus offers security to enterprises

STAR BUSINESS DESK

Reve Antivirus is set to offer computer and data security to small and medium enterprises.

"The antivirus runs very well in operating systems like Windows XP, 7, or 10. We guarantee quick malware removal and a stop to PCs getting slow," the company yesterday said in a statement.

It said data security must be ensured everywhere, be it a small office or a large enterprise.

The recent cyber-intrusions, including ransomware attacks, show that hackers have mostly targeted computers and data of corporate organisations rather than personal computers, it said.

"The antivirus software has advanced parental control features that empower

administrators or seniors to monitor and control online activities of employees."

"Through Reve antivirus mobile app, administrators can restrict and block websites from being accessed on any office computer.

If any restricted website is being accessed, the administrator immediately gets live alert on the mobile app.

This feature enables organisations to restrict sites for gaming, social network, job searches etc."

Reve Antivirus is a product of Reve Systems, a Bangladeshi multinational technology company.

The software is Microsoft approved and has received certification from OpSwat, a San Francisco-based cyber security company.

# New additional managing director for UCB

STAR BUSINESS DESK

Arif Quadri has recently been promoted as additional managing director of United Commercial Bank.

Prior to the promotion, he was the deputy managing director of the bank.

He started his career as a probationary officer at the then Arab Bangladesh Bank Ltd in 1984.

Quadri served different banks as chief risk officer, head of internal control and compliance division and chief operating officer.

He completed his post graduation from the economics department in Jahangirnagar University.



# Qatar Airways launches sales campaign

STAR BUSINESS DESK

Qatar Airways has launched a "two seats, one great offer" campaign, offering first class and business class passengers 50 percent discount when booking two seats together to any destination for flights upto May 2018.

Seats have to be booked by October 16 while special discounts will be also available on individual fares, the airline said in a statement yesterday.

"...enjoy our renowned five-star service with this special offer to many exciting destinations, including cities recently added to our network such as Nice, Prague, and Dublin," said Chief Commercial Officer Ehab Amin.

# Earnings of Benapole port fall short of target

OUR CORRESPONDENT BENAPOLE

The Benapole land port earned about Tk 20 crore less than its target of around Tk 996 crore set by the National Board of Revenue for the first three months of the fiscal year.

According to customs sources at the

country's largest land port, there was a surplus in revenue collection in the first two months.

"Revenue deficit arose in September due to Eid-ul-Azha and Durga Puja holidays," said Shawkat Hossain, commissioner of Benapole Customs.



Md Rezaul Haque, chairman of Social Islami Bank, attends a business review meeting of the bank at its corporate head office in Dhaka.

# Diamonds: the new gold for rich investors?

REUTERS, London

Diamonds can at last be an investor's best friend, the Singapore Diamond Investment Exchange (SDIX) said on Tuesday, as it launched a new standardised form of the precious stones to rival gold ingots as a safe-haven alternative to cash.

The industry says diamonds are the world's most concentrated form of wealth, but investors have long viewed them as less useful as a store of value than gold because each stone is different, making its value subjective and trading difficult.

Alain Vandenberghe, chairman and founder of SDIX, says technology has solved that problem and diamonds can now become "the new gold".

Diamond Bullion, produced by the

Singapore Diamond Mint, is a collection of investment grade diamonds whose value can be quickly checked. Denominations will initially range between \$100,000 and \$200,000, with higher and lower values possible in future.

The diamonds are stored in a credit card-sized device containing a chip that allows immediate valuation based on exchange trading and instant authentication, which is crucial as synthetic diamonds have no resale value.

A mark on the Diamond Bullion developed by the International Institute of Diamond Grading and Research (IIDGR), which is part of Anglo American's De Beers Group, provides a further guarantee.

De Beers, the world's biggest diamond producer by value and a leader

in equipment that grades and authenticates diamonds, traditionally sold its gems to a limited group of trusted individuals called sightholders.

Diamond trading has gradually become more open.

In 2008, De Beers began selling rough diamonds through online auctions and in June this year began auctioning polished stones too.

SDIX, launched in 2016, says it is the world's first and only electronic exchange for trading investment-grade diamonds.

Diamond miners in principle welcomed Diamond Bullion.

"Anything that can bring transparency to the diamond price is a good thing," said Karl Smithson, CEO of Stellar Diamonds, which has a diamond-mining project in Sierra Leone.

# Abu Dhabi counters oil slump with \$10b bond sale

AFP, Abu Dhabi

Abu Dhabi has raised \$10 billion (8.5 billion euros) in a rare international bond sale, it said Tuesday, amid efforts by Gulf states to plug deficits caused by low oil prices.

It was just the second bond sale by the emirate, which has the Gulf's largest sovereign wealth fund, since oil prices slumped in mid-2014.

Abu Dhabi's finance department said the bonds were issued in three tranches maturing in five, 10 and 30 years, with

interest ranging from 2.5 to just over four percent.

The richest of seven sheikhdoms that make up the United Arab Emirates, Abu Dhabi sits on the bulk of the federation's oil wealth. In May last year, it raised \$5 billion with its first bond sale in seven years.

Almost all the oil-rich Gulf Cooperation Council states, including OPEC kingpin Saudi Arabia, have resorted to debt markets to finance budget shortfalls since an oil price collapse slashed their revenues by hundreds of billions of dollars.

# UK productivity threatens public purse: watchdog

AFP, London

British productivity growth is lower than previously forecast, the UK fiscal watchdog warned on Tuesday, dealing a blow to the government before next month's budget.

The Office for Budget Responsibility (OBR) also said it would "significantly" reduce its estimate for productivity growth over the next five years -- which will hit forecasts for economic growth and public finances.

Finance minister Philip Hammond will deliver his Autumn Statement budget update on November 22, when he will unveil the latest OBR projections amid ongoing Brexit uncertainty.

"While we continue to believe that there will be some recovery from the very weak productivity performance of recent years, the continued disappointing out-turns, together with the likelihood that heightened uncertainty will continue to weigh on investment, means that we anticipate significantly reducing our assumption for potential productivity growth over the next five years," the OBR said.

It continued: "It is highly likely that the downward revision to productivity growth will dominate in terms of its effect on cumulative GDP (gross domestic product) growth over the forecast horizon and the associated consequences for the budget deficit."

The OBR watchdog blamed the likely

productivity downgrade on factors including weak business investment, low interest rates -- and Britain's looming EU exit after last year's shock referendum.

Productivity refers to the average level of output produced per worker or per hour.

"Heightened uncertainty created by the Brexit vote" may have encouraged firms to expand production by hiring flexible labour rather than making more permanent investment in capital, the report said.

The OBR had originally predicted a pick-up in productivity after the "temporary" influences of the post-2007 financial crisis period.

However, it cautioned Tuesday that the UK has faced a decade-long "hiatus" in productivity growth.

"Productivity has been a longstanding challenge for the UK economy, which is why we are focussed on boosting our performance to deliver higher living standards and build an economy that works for everyone," a Treasury spokesman said.

General Secretary of the Trades Union Congress umbrella body, Frances O'Grady, gave a more critical assessment of the gloomy news on Tuesday.

"Britain's productivity headache is a self-inflicted wound. Years of cuts, low public investment, and rising job insecurity have taken a heavy toll," O'Grady said.

"With Brexit fast approaching, we urgently need to create more highly-skilled jobs."

# Garment exporters hit by shrinking profits

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Moreover, the profitability from the sales of basic garment items that Bangladesh specialises in is also low.

Since more than 70 percent of the exported garment items from Bangladesh are basic items, the manufacturers also receive low price offers from retailers.

Mostafiz Uddin, managing director of Denim Expert, a Chittagong-based denim exporter, echoed the same as the MIT study. "Too many countries are producing too many apparel items for customers."

The existing companies in the countries like India, Vietnam and China are increasing their capacity every year to grab more market share, Mostafiz said.

"We are in a fierce competition now. There are too many manufacturers in Bangladesh."

As a result, the small and medium scale factories have the threat of closure looming over them, Mostafiz said.

Garment exporters are surviving thanks to value-added items, lower bank interest rate, and higher efficiency in the use of water, power and workforce, said Siddiqur Rahman, president of Bangladesh Garment Manufacturers and Exporters Association. "The bigger factories are automating their whole production to reduce costs and cope with the falling prices," Rahman said.

The government's stimulus package for exporting to new markets has also been of great assistance, he said.

# Abrar A Anwar joins StanChart Malaysia as CEO

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The Bangladeshi banker has also facilitated successful transactions for the energy and power, infrastructure, telecom, aviation, domestic and export-oriented industries, the bank said. "Abrar is an excellent candidate to helm the bank's business in Malaysia," said Anna Marrs, Standard Chartered's regional CEO for Asean and South Asia.

"His leadership skills, deep industry knowledge, and great rapport with clients will help to drive our business strategy and performance in Malaysia."

Prior to joining Standard Chartered Bangladesh, Anwar was the managing director and head of global corporate and commercial banking at Citibank NA, Bangladesh and head of specialist finance and advisory services at ANZ Grindlays Bank.

Anwar achieved an MBA degree from the Institute of Business Administration under Dhaka University.

# Industrial loan growth falls to 5-year low

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A continuous downward trend in interest rate on lending has failed to encourage businesspeople to take loans from banks due to infrastructural bottlenecks, said Syed Mahbubur Rahman, managing director of Dhaka Bank.

"The situation is yet to change this fiscal year although the private sector credit growth increased in the first two months. The credit growth received a boost as a number of banks financed new projects in the power sector," he said.

In a positive sign, the growth of industrial defaulted loans came down to 9.85 percent in FY17 compared to 32.62 percent a year ago.

The defaulted industrial loans totalled Tk 30,555 crore in the last fiscal year, up from Tk 27,815 crore registered in FY16.

**Nur Mohammed, chairman of Jamuna Bank Foundation, and Shafiqul Alam, CEO of Jamuna Bank, attend a business relationship seminar organised by the bank in New York.**



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