



Kazi Masihur Rahman, CEO of Mercantile Bank, and Muhammed Asadullah, CEO of Alpha Rating Ltd, attend an agreement signing ceremony at the head office of the bank. Alpha Credit Rating will rate the bank's seven-year second tier-II subordinated bond of Tk 300 crore.

## Spain cuts growth forecast to 2.3pc

AFP, Madrid  
Spain's government announced late Monday it was cutting its forecast from 2.6 percent to 2.3 percent economic growth next year, saying the political crisis in Catalonia was creating uncertainty. It said in a budget plan sent to Brussels that it was down to the economic cycle as well as "a slight containment of domestic demand that resulted from the uncertainty associated with the current political situation in Catalonia".

Prime Minister Mariano Rajoy already warned about the economic impact of the political standoff in a letter Monday to separatist Catalan leader Carles Puigdemont. "The latest steps taken by you and your government are causing a major divide in Catalan society, as well as enormous economic uncertainty that threatens people's well-being."

## Britain may tighten takeover rules

AFP, London  
Britain on Tuesday unveiled proposals that would permit it to have a greater say in mergers and takeovers that spark national security concerns.

"Today's proposals include enabling the government to intervene in mergers that raise national security concerns, even when they involve smaller businesses," the government said in a statement.

"These changes are targeted at key areas, specifically companies that design or manufacture military and dual use products, and parts of the advanced technology sector."

The government is currently only permitted to intervene in mergers involving companies with a British turnover of more than £70 million (\$93 million euros), or where the British share of supply hits 25 percent or more.

Tuesday's plans will lower the threshold to a UK turnover of less than £1.0 million, and remove the 25-percent requirement entirely.

"Today's proposals will close these loopholes to enable greater scrutiny of foreign investment in a changing market," the government noted.

Business and Energy Secretary Greg Clark stressed however that Britain would remain a major advocate of free trade, amid looming Brexit.

"Britain has and always has had a proud record of being open to the world as the foremost advocate of free trade," Clark said.

"It is right that every so often the government reviews its mergers regime to close loopholes where they arise and this is what these proposals do in the area of national security."

## Grim store sales cast shadow ahead of India's 'festival of lights'

AFP, New Delhi  
This close to India's glittering festive season, the cash register at Neha Tandon's clothes store should be working overtime as revellers snap up elegant sarees for Diwali celebrations and lavish wedding parties.

But the traditional spending sprees have not transpired this festive season, the first since a sudden recall of India's high-value banknotes sent shockwaves through Asia's third-largest economy.

"Demonetisation" caused months of crippling cash shortages that hit businesses hard and economists concede it contributed to dragging on India's growth, which hit a three-year low of 5.7 percent in the first quarter of the financial year.

Retailers say consumers remain scared of parting with their cash and blame that upheaval, and subsequent economic reforms from Prime Minister Narendra Modi, for their festive sales woes. "Since demonetisation, there

has been less cash around. But even that aside, the Modi government is so volatile people are afraid to spend," said Tandon at her boutique in Delhi, where just one woman was browsing the racks of sarees less than a week from Diwali.

The Confederation of All India Traders, the body representing 60 million retailers, says pre-festival sales are down 40 percent compared to last year's \$4 billion Diwali bonanza.

Since then, Modi has overhauled India's tax system and cracked down on corruption, flagship reforms many argued were necessary but slowed the economy.

The timing could not be worse for traders, who rely on consumers spending big on clothes, jewellery and gifts to lavish on friends and family ahead of Diwali, the biggest celebration of the year for India's one billion Hindus dubbed the "festival of lights".

"I've never seen it this bad. We've been here 40 years and trust me, this is not normal," Tandon said.

Some flashier shopping malls reported stronger sales over the weekend, but smaller outlets say the damage has been done.

Praveen Khandelwal, the general secretary of the traders confederation, said there was no hope of a last-minute rebound with some marketplaces "absolutely deserted".

"Usually at this time, it's impossible to move in the markets. But this year it's certainly not like that. This is the worst Diwali in a decade for traders," he told AFP.

Luxury items have borne the brunt of the austerity this season, with sales of wristwatches, formal wear and jewellery plunging.

But the penny pinching is also being felt in other industries usually booming during the festive season. In a normal year Bengali Sweet Center, a traditional confectioner, might prepare up to 5,000 boxes of Indian sweets for corporate clients preparing gifts.

This year, those orders have nosedived to just 60 boxes, said owner Sriyansh Jain.

Fireworks vendors, who sell more during Diwali than any other time, are also facing a dismal year with crackers banned in Delhi to curb the capital's horrendous air pollution.

The depressing holiday sales cap off a tough year for retailers, who have been buffered in the wake of Modi's economic reforms and attribute the disruption with the gloom consumer climate.

The cancellation of more than 80 percent of India's rupee banknotes, a move designed to undercut the black market, wiped out cash reserves and threw businesses into chaos.

Eight months later Modi followed up with the biggest tax overhaul in a generation -- replacing more than a dozen state and national levies with four different rates of between five and 28 percent.

Retailers complained they were not ready for the massive shake up, with some sectors striking as others scrambled to work out what to charge under the new tax regime.



Syed Waseque Md Ali, managing director of First Security Islami Bank Ltd (FSIBL), and Tim Nicolle, CEO of PrimaDollar Group, exchange documents after signing a deal at the bank's head office in Dhaka on Monday. PrimaDollar will provide international trade finance services to FSIBL's customers who are involved in export business.



Jahangir Bin Alam, secretary and CEO of India-Bangladesh Chamber of Commerce and Industry, presides over the opening session of a workshop on "Promoting e-commerce in Saarc" organised by the Confederation of Indian Industry in association with Friedrich-Naumann-Stiftung Fur Die Freiheit, Germany at Six Seasons Hotel in Dhaka.

## Newest outpost for US crude exports: India

REUTERS, New York/New Delhi  
India is set to emerge as a key market for American crude exports in coming months, as refineries in that country are ramping up "test" purchases of US grades to diversify their imports.

US exports recently set a weekly record with nearly 2 million barrels of crude a day sent overseas. But shipments to India have been rare, with just a few deliveries since the US lifted its ban on crude exports in late 2015.

Indian refineries are starting to increase purchases as the country seeks to secure more supply from outside the Middle East. Refiners are testing both US sweet and sour crudes in their facilities, a common practice when importing crude from new sources.

"A lot of these (Indian refineries) want to see what it's like if they run it," said one Houston-based oil broker. "They want to get a taste of US crude."

Those refineries are taking advantage of a wide spread between US oil and other global benchmarks, which has created an attractive discount on American crude grades.

Foreign refineries, including those in India, have bid up those physical grades against the US crude benchmark to multi-year highs, traders and brokers said. That includes onshore grades from the Permian

Basin in West Texas and the Eagle Ford further east, as well as offshore US Gulf grades including Mars Sour and Southern Green Canyon.

In June, Indian Prime Minister Narendra Modi and US President Donald Trump met and discussed energy exports to India. Since then the Modi administration has been encouraging more crude imports by waiving some shipping requirements.

Indian refiners Indian Oil Corp, Bharat Petroleum Corp and Hindustan Petroleum Corporation Limited were given a special permission by the shipping ministry to import oil from the United States until March.

"They've been stepping up to be a sizeable importer; they're looking to diversify away from the Middle East," said John Kilduff, partner at energy hedge fund Again Capital LLC in New York.

The executive of India's state-owned Hindustan Petroleum Corp Ltd said in August the company was assessing whether US crude could replace Nigerian barrels; it made its first buy of US oil in September.

One supertanker carrying nearly 2 million barrels discharged in India earlier this month, according to Eikon shipping data, while two other vessels carrying a combined 3 million barrels are set to arrive in November.

## Oil holds gains

REUTERS, London  
Oil prices crept higher on Tuesday, holding on to gains made as fighting between Iraqi and Kurdish forces threatened supplies from northern Iraq while political tension rose between the United States and Iran.

After months of range-bound trading during which Opec-led supply cuts supported crude values but rising US output capped markets, prices have moved up significantly this month.

Brent crude oil was up 25 cents at \$58.07 a barrel by 0845 GMT, up almost a third from its mid-year levels. US light, sweet crude was 25 cents higher at \$52.12.

Iraqi government forces captured the Kurdish-held oil city of Kirkuk on Monday, responding to a Kurdish independence referendum. There were unconfirmed reports that Kurdish forces had shut around 350,000 barrels per day (bpd) of oil production from major fields.

## China's economic growth slowed in third quarter: survey

AFP, Beijing  
China's economic growth likely eased in the third quarter but is on course to beat the government's annual forecasts, analysts say, providing a boon for the Communist Party as it prepares to hand Xi Jinping a second term as president.

While the expected 6.8 percent rate in July-September is well off the breakneck figures enjoyed 10 years ago and weaker than the previous two quarters, it suggests the key driver of global expansion is stabilising after years of slowing.

The estimate in a survey of analysts by AFP follows a series of positive indicators including increased domestic consumption, improving exports thanks to a pick-up in the global economy, and rising inflation.

"The government has tacitly allowed a mild pickup in credit growth to perk up activity ahead of the all-important congress," said Alaistair Chan, an economist at Moody's.

"The housing market is cooling at an orderly pace but activity there remains buoyant."

However, an ever-expanding debt mountain continues to unnerve

China-watchers and has already led two agencies to downgrade the country's sovereign rating.

Total debt as a percent of gross domestic product has grown more than 10 percent per year on average since the 2008 financial crisis, according to International Monetary Fund estimates, and the head of the central People's Bank of China Zhou Xiaochuan warned the country "needs to deleverage".

Earlier this year the Bank for International Settlements -- dubbed the central bank of central banks -- warned China's banking sector could be facing an imminent debt crisis, fuelling fresh fears of a blowout that could hit the global financial system.

There also are lingering worries of a possible trade war with the US following President Donald Trump's protectionist rhetoric and accusations that Beijing is undermining US jobs.

The analysts surveyed by AFP said they saw the economy expanding 6.8 percent this year, in line with a recent IMF forecast but much better than the government target of around 6.5 percent.

The world's number two economy grew 6.7 percent in 2016 -- its slowest rate in more than a quarter of a cen-

ture. The official readings will be released on Thursday, a day after the Communist Party kicks off its twice-a-decade congress to rubber-stamp Xi's second term and reshuffle its leadership.

However, analysts say his first five years, while promising so much such as further opening up the economy and overhauling lumbering state-owned companies, has fallen short of expectations.

"There has been general disappointment on economic performance and direction," said Christopher Balding, economics professor at Peking University in Shenzhen, China.

"China is significantly more centralised than it was even five years ago. At this point, it would be very difficult for anyone to make a serious argument that China is seriously interested in opening up economically," Balding told AFP.

Still, the PBoC's Zhou told bankers and policy makers gathered in Washington at the weekend that he expects seven percent growth in the second half of the year, adding momentum "has rebounded".



Vishal Gupta, managing director of Reckitt Benckiser Bangladesh, the owning company of Dettol, and Moeen Tariq, managing director of Concito PR, attend an agreement signing ceremony. Concito PR will work as a partner in all public relations activities of "Dettol-Channel i Poricchonno Bangladesh", a campaign for building a clean country.