



Mahbubul Alam, president of Chittagong Chamber of Commerce and Industry; Rubaiyat Jamil, CEO of Rangs Industries Ltd, and KW Chowdhury, director in charge for Chittagong zone at Rancon Holdings Ltd, open a showroom of Rangs Toshiba, a multi-brand consumer electronics company, at Agrabad in the port city recently.

RANGS INDUSTRIES LTD

Germany wants wider trade talks with US even if tariffs hit

REUTERS, Berlin

Germany on Monday dampened hopes that an exemption from US tariffs on steel and aluminum could be extended for European Union countries, but called for trade negotiations to continue regardless of whether the levies are applied.

The United States imposed import tariffs of 25 percent on steel and 10 percent on aluminum in March, but it provided a temporary exemption until May 1 for the EU.

Peter Beyer, Germany's transatlantic coordinator, said an extension of the exemption would be a success. "But we should not put too much hope in that," he told the daily Rhein-Neckar Zeitung.

Neither Chancellor Angela Merkel nor French President Emmanuel Macron appeared to make significant progress convincing US President Donald Trump to grant EU nations exemptions from the tariffs during meetings with him in Washington last week.

"Given the many crises and conflicts, the expectations around this visit by the chancellor were far



REUTERS/FILE

Britain's Prime Minister Theresa May is flanked by French President Emmanuel Macron and German Chancellor Angela Merkel before their trilateral meeting at the European Union leaders' summit in Brussels.

too high," Beyer said.

Should the United States drop the exemptions for the EU, Economy Minister Peter Altmaier said European states would decide whether to implement counter-measures it has prepared.

But regardless of whether or not there is an exemption, Altmaier

said the Europeans should talk to the United States about trying to reach an agreement to lower tariffs across a broader spectrum of products, especially in manufacturing.

"I personally believe we should present an offer," he told Deutschlandfunk radio.

Securing broader EU support,

especially from France, for such a broad package could prove challenging, however.

Altmaier saw little chance of reviving the stalled US-European trade deal known as the Transatlantic Trade and Investment Partnership (TTIP). "A new edition of TTIP is not realistic now," he said.

Joachim Lang, managing director of Germany's largest industry group (BDI), urged the EU to exercise restraint with any countermeasures. "I would urge prudence," he told broadcaster ARD.

Frank Sportolari, the new president of AmCham Germany, believed a solution to the tariff dispute could still be reached. "We are cautiously optimistic that a reasonable solution can still be found in the dispute about punitive tariffs," he told the Handelsblatt business daily.

"In the end, President Trump won't do anything unreasonable," he said, noting his particular negotiating style. "He piles in with announcements of draconian measures. But in the end, there is often a solution both sides can live with."

China manufacturing activity slows in April

AFP, Beijing

Factory activity in China slowed marginally in April but beat expectations, official data showed Monday, while analysts warned of headwinds as credit growth eases.

The Purchasing Managers' Index (PMI), a key gauge of factory conditions, came in at 51.4 in April, slightly off 51.5 in the previous month, the National Bureau of Statistics (NBS) said, but beating the 51.3 tipped in a Bloomberg News survey.

The reading held comfortably above the 50-point mark that separates expansion from contraction.

The figures come as trade tensions between China and the US have cast a shadow on the country's export-oriented manufacturing sector, with both sides threatening potentially damaging tariffs on billions of dollars worth of goods.

"The manufacturing industry has kept the momentum of steady increasing," NBS analyst Zhao Qinghe said in a statement.

While the level of production was the same as last month, new orders grew at a

slower pace, data showed. But the gap between supply and demand was "at a low point", the statement said.

Still, Zhou Hao, an economist at Commerzbank AG in Singapore, warned: "The economy is facing a bit of downward pressure. A lot recent macro data suggest a little bit of a downward trend, but in general PMI is holding up. Sentiment is stable."

The data showed economic conditions "remained healthy in April", Julian Evans-Pritchard of Capital Economics said in a research note, adding that "the support to the economy from the easing of pollution controls should now largely have run its course".

China curbed activity in heavy industries in the country's northeast during winter months in an effort to reduce surplus capacity and lessen the heavy smog that typically blankets the region.

However, he added that "slower growth is likely in the months ahead as the drag on economic activity from weaker credit growth and the cooling property market intensify".

China's Baidu to sell majority of financial services unit for \$1.9b

REUTERS

China's Baidu Inc said it will sell a majority stake in its financial services business for about \$1.9 billion to a consortium led by TPG Capital Management LP and Carlyle Group LP, as it seeks funding to take on established fintech firms in China.

The investment will give Baidu the heft it needs to narrow the lead that rivals Alibaba Group Holding Ltd and Tencent Holdings Ltd have taken in financial services, and help Baidu's push to seek revenue streams outside its core internet search business.

The deal comes at a time when China's government is tightening regulations on the loans market to rein in shadow banking and push banks to cut bad debt.

Baidu's Financial Services Group (Baidu FSG) runs payment system Baidu Wallet, an online credit service and an online wealth management platform. It owns several small financial licenses such as a third-party payment license and a fund sales license.

Baidu will be left with a roughly 42 percent stake in the unit, renamed Du Xiaoman Financial, which will operate independ-

ently of Baidu. The rest of Du Xiaoman will be owned by the consortium that includes Taikang Group and ABC International Holdings Ltd, Baidu said.

Guang Zhu, senior vice president at Baidu and general manager of the current financial services business, will become chief executive of Du Xiaoman, Baidu said in a statement late on Sunday.

"In the coming age of FinTech, Du Xiaoman will leverage the technological capabilities of Baidu AI to partner with financial institutions and provide technology-driven, trustworthy financial services to consumers in China," Zhu said, referring to artificial intelligence.

Reuters reported in January that the Chinese search engine provider was seeking new investors for its wholly owned finance unit, in an up to \$2 billion deal.

In a separate statement, TPG said, together with its co-investors, it would invest around \$1 billion in the deal, which it expected to close in two to three months.

Baidu FSG, launched in 2015, had a loan balance of 28 billion yuan (\$4.42 billion) at the end of 2017.

Walmart attempts international turnaround with UK, India tie-ups

REUTERS, New York

Walmart Inc's urgency to stem market share losses to rivals around the world is driving it to partner with local players in the UK and India, even as it scales back in some other markets like Brazil. The world's largest retailer is in talks to merge its UK arm ASDA with J Sainsbury Plc in which it will hold a minority stake. Walmart is also looking to acquire a majority stake in India's leading online retailer Flipkart for \$10 billion to \$12 billion after years of underperformance there.

The moves underscore Walmart's renewed focus on catching up with competitors, ranging from grocer Aldi Inc to Amazon.com Inc, in key international markets. The retailer's underperforming international business contributed less than a quarter to its total revenue of \$500.3 billion in fiscal 2018.

"Walmart has simply been too slow to react when it comes to their overseas business," said Burt Flickinger, managing director, Strategic Resource Group. "They have finally started taking corrective action and are now dedicating their resources to where they think they can grow," he said. It also marks a shift in Walmart's traditional approach of building a business on its own.

"Walmart is clearly moving away from trying to crack tough foreign markets by itself to striking partnerships because it realizes that is the fastest way to bridge the gap with competitors," said Laura Kennedy, vice president, retail sales and shopper practice at Kantar Consulting.

A Walmart spokesman declined to comment on the negotiations in the UK and India.

Overall, sales from Walmart International, which runs about 6,300 stores globally, stood at \$118.07 billion in the fiscal year ended 2018, down nearly 14 percent from \$136.5 billion in 2014. This was in large part due to adverse currency movements, which hurt the money repatriated from its foreign arms, but also because of a series of missteps in major markets around the world. In an effort to fix its international performance, Walmart in January appointed Chief Operating Officer Judith McKenna to run its international unit and has indicated it will focus on its core North American markets and growth markets like China and India.

Walmart's international woes have been exacerbated by slow decision-

making over the years and even initial talks with India's Flipkart began as far back as 2016.

Walmart initially entered the Indian market in 2007 through a joint venture with India's Bharti Enterprises, years before Amazon debuted there. That joint venture was called off in 2013 and its presence in India has remained largely static since then, at least in part due to restrictions around foreign investment in physical retail in India.

Meanwhile, Amazon jumped in with a less regulated online marketplace offering, retail consultants and investors said. Amazon now holds about 27 percent of India's burgeoning e-commerce market, according to Euromonitor, where Walmart remains a footnote and only operates 21 cash-and-carry wholesale stores in the country that sell to businesses.

Walmart's slow-footedness means if a deal is announced, Flipkart could be Walmart's largest acquisition to date, potentially at a steep premium to what SoftBank Group paid for a stake in the company less than a year ago.

international moves over the years have involved a series of blunders.

For example, Walmart bet on an unprofitable, second-tier online retailer in China in 2011 and has since been behind Alibaba Group Holding Ltd (BABA.N). In 2016, Walmart sold its online business in China to pick up a stake in China's no 2 retailer JD.com.

In Brazil, Walmart has struggled to gain traction after a decade, while in the

United Kingdom it has been unable to stem market share declines to hard discounters like Aldi Inc and Lidl.

Now, Walmart is trying to offload a majority stake in its Brazilian operations to private equity firm Advent International. And on Saturday, Sainsbury said it and Walmart's British unit Asda are in talks to create the country's biggest supermarket group.

Their combination, which some said shows Walmart's retrenching in the market, would surpass Tesco's grocery market share and be worth up to 15 billion pounds (\$20.7 billion).

Whether Walmart's latest moves will turn Walmart International into the growth engine it once was remains to be seen, consultants said. For now at least, investors have largely supported the decisions to jumpstart global growth made by Chief Executive Doug McMillon as exemplified by the market reaction to the talks in India.

"In the short term, the Flipkart deal may look pricey, but the markets haven't punished Walmart because investors realize this is probably their best chance to have a fair fight with Amazon in India," Ken Murphy, portfolio manager at Aberdeen Standard Investments, said. Walmart's shares fell 20 percent from an all-time high in January largely due to concerns around its online performance in the United States. They have, however, risen 27 percent in the past year, outperforming the wider S&P 500 index, which rose 12 percent during the same period.



REUTERS/FILE

Men walk past the logo of Walmart outside a store in Monterrey, Mexico.



DHAKA BANK

FR Khan, managing director of Building Technology & Ideas Ltd; Kazi Saiful Hoque, general manager for finance, and Md Ziaur Rahman, head of corporate banking division at Dhaka Bank, attend a deal signing ceremony at the former's corporate office in Dhaka on April 25. The bank will provide automated cash management facilities to the real estate company.

Dollar pushes towards 3-month high

REUTERS, London

The dollar rose on Monday and held just below its strongest level since mid-January, with weaker-than-expected German retail sales knocking euro zone sentiment as investor appetite for the greenback improves.

After weakening at the start of 2018, a rise in US Treasury yields have helped the dollar stage a recovery in the past fortnight at the same time as doubts grow about when the European Central Bank (ECB) will tighten monetary policy.

US consumer spending numbers, due out of the US later on Monday along with the Federal Reserve's monetary policy meeting and a crucial jobs report scheduled for later in the week, could help the dollar rally further, analysts said.

"With US yields meandering around the 3 percent mark, in the near term the dollar can definitely rise further," Societe Generale FX strategist Alvin Tan said. "That said, we think longer term the euro can move higher."

The 10-year US Treasury yield huddled 3 percent last week and remains close to that level, encouraging investors to buy the dollar.

Positioning data shows that net long euro positions by speculators fell last week, albeit it from a record high, suggesting investors remain overwhelmingly bullish on the single currency but are reducing those bets.

The dollar's index rose 0.3 percent to 91.780, down from Friday's high of 91.986, its strongest level since Jan. 11. The dollar last week enjoyed its biggest weekly gain in more than two months, and the US currency began this week on a strong footing.

German monthly retail sales unexpectedly dropped in March, dampening cheer around a consumer-led upswing in Europe's biggest economy. Regional data showed annual inflation in four German states steady in April, suggesting price pressures in Europe's largest economy are stable.

The euro dropped 0.4 percent to \$1.2088, not far from its three-month lows last week of \$1.2110.

The correlation between US yields and the dollar had broken down earlier this year as investors focused more on trade frictions and geopolitical issues.

But markets have recently turned their attention back to interest rate plays as concerns over the US-China trade dispute and tensions over North

Korea's nuclear programme calmed, giving the greenback a leg up.

Positive earnings from US technology firms and marquee M&A deals have also helped sentiment into this week.

"Even if the rate expectations for the euro zone have recently eased they remain too high in our view. We expect a further downside correction over the course of the year, which is likely to put pressure on the euro in the end," Commerzbank analysts said.

Elsewhere, the dollar rose versus the Japanese currency, up 0.2 percent to 109.25 yen, having set a 2-1/2 month high of 109.54 yen on Friday. Trading was thin with Japanese markets closed for a holiday.

Sterling tumbled further, hitting a low of \$1.3715, as the dollar gained and investors further trimmed expectations that the Bank of England would raise rates next month following weak first-quarter GDP data published last week.

The US currency also gained versus the Canadian and Australian dollars, the latter down half a percent and close to its 4-1/2 month low reached last week.