



Tamara Abed, senior director for Brac Enterprises, cuts a ribbon to open Taaga Man, a new fashion brand for men, together with Taaga, a fashion brand for women, on Satmasjid Road at Dhanmondi in Dhaka on Wednesday. Both Taaga and Taaga Man are sub-brands of Brac's Aarong, a leading lifestyle retail chain.

## Gold to disappoint further

REUTERS, London

Struggling gold prices seem set for further pain, with a flight to the dollar leaving the traditional refuge asset searching for its place as investors build short positions in futures markets and Exchange-Traded Fund (ETF) holdings fall.

Investors betting on a stronger US economy and higher interest rates have sought out the dollar, sapping any benefits gold and other so-called "safe havens" might have gained from global trade tensions between the world's largest economies.

For example, the Japanese yen has tumbled against the dollar despite the trade row as Japanese investors bought foreign assets because its central bank had not yet ended monetary stimulus.

"Gold is having an identity crisis," said ING analyst Oliver Nugent. "All of the things you can throw at it ... don't seem to really budge it."

Spot gold, which is down over 6

percent this year, is close to a one-year low of \$1,211.08 touched on July 19 as the dollar powered to a one-year high on expectations of higher US interest rates this year.

The United States and China imposed import tariffs on each other, fraying nerves on global financial markets. Some analysts and fund managers say the dollar has benefited because the US economy would be more resilient in the face of a trade war.

"The dollar will benefit from trade tensions because the US has a lot less loss than for instance, China, in a trade war," Capital Economics economist Simona Gambarini said.

"If you are an investor, you probably won't want to invest in gold because you are better off with assets that will not be negatively affected by a stronger dollar."

Short positions are building as the market hovers near one-year lows, signalling steeper losses ahead as markets prepare for higher US interest rates. Tighter monetary policy dents

the appeal of non-interest yielding bullion, leaving investors to rely on a rise in the intrinsic value of the asset.

Hedge funds and money managers increased their net short positions in COMEX gold contracts to a record last week, data from US Commodity Futures Trading Commission showed, a week after speculators switched to a net short position for the first time in 2-1/2 years.

In the week to July 24, 5,001 contracts were added to their net short position, bringing it to 27,156 contracts, the biggest on records dating back to 2006, when the data became publicly available.

But some see the record level of short positions as a sign that gold could bounce back.

"If anything, it makes me slightly more optimistic at the margin, as increased shorts in the market suggests there could be upside potential in the price," said Bill McQuaker, multi asset portfolio manager at Fidelity International.

## Trump's overture to emerging Asia drowned out by trade war

REUTERS, Singapore

When the US Secretary of State flies into Southeast Asia this week with a new investment pitch for the region, the response could be: thanks a million, but please stop threatening a trade war with China that will make us lose billions of dollars.

Analysts say the \$113 million of technology, energy and infrastructure initiatives trumpeted by Mike Pompeo earlier this week - the first concrete details of US President Donald Trump's vague 'Indo-Pacific' policy - may be hard to sell to countries that form an integral part of Chinese exporters' supply chains.

It may even further inflame tensions with Beijing, which has been spreading money and influence across the region via its Belt and Road Initiative development scheme.

"The Southeast Asian capitals are more worried about any blowback effects for them of US-

China trade tension than they are about how much they can benefit from this \$113 million initiative," said Malcolm Cook, senior fellow at the Institute of Southeast Asian Studies in Singapore.

"Pompeo has a hard selling job. There is still no real positive trade story for Asia coming out of the United States."

Hot on the heels of Washington's new economic plan for emerging Asia came reports the United States could more than double planned tariffs on \$200 billion of imported Chinese goods from dog food to building materials. China called it "blackmail" and vowed retaliation.

After a brief meeting with new Malaysian Prime Minister Mahathir Mohamad in Kuala Lumpur, Pompeo will fly to Singapore - a global trading hub that could be one of the hardest-hit in the region by a trade war - for a sit-down with the 10-member Association of Southeast Asian Nations (Asean) on Friday.

Singapore's biggest bank, DBS, estimates that a full-scale trade war - defined as 15-25 percent tariffs on all products traded between the US and China - could more than halve Singapore's growth rate next year from a forecast 2.7 percent to 1.2 percent. Malaysia's growth rate in 2019 could fall from an estimated 5 percent to 3.7 percent.

"We are all acutely aware of the storm clouds of trade war," Singapore's Foreign Minister Vivian Balakrishnan said at the opening of an Asean foreign ministers meeting on Thursday that precedes meetings with the United States and other nations.

Singapore's Prime Minister Lee Hsien Loong said earlier this year that a trade war would have a "big, negative impact" on the country.

Ratings agency Moody's said this week that an escalation of trade tensions in 2018 had become its "baseline expectation", and that Asia was "especially vulnerable" given the integration of regional supply chains.



Haji pilgrims receive Vaseline petroleum jelly for free at the Hajj camp in the city's Ashkona under a "Vaseline Hajj Campaign" of Biman Bangladesh Airlines and Unilever's Vaseline brand. Around 70,000 registered pilgrims will be provided with Vaseline petroleum jelly during the campaign till August 16.



Md Anwarul Azim Arif, chairman of Social Islami Bank Limited (SIBL), opens a branch of the bank at Banshkhali, Chittagong yesterday. Quazi Osman Ali, CEO, was present.

## Apple both is and isn't already a \$1tr company

REUTERS, New York

Apple is so nearly there. Becoming the first publicly traded company with a market value of \$1 trillion is a tantalizing prospect. But it's really just a number.

Breakingviews was in the vanguard suggesting Apple might win the race to \$1 trillion, first saying so back in 2011 when its market capitalization was just \$342 billion. As of midday Wednesday, with its stock up 5 percent to around \$200 a share after a strong earnings report the

evening before, the value is about \$985 billion.

If the company led by Tim Cook hadn't bought back \$20 billion of stock in the April-June quarter, it would already have topped the magic number.

On the other hand, stripping out the huge pile of net cash it still holds - \$129 billion as of June 30, down from \$145 billion three months earlier - Apple's enterprise value, in theory the worth of its operating businesses, comes in only a little over \$850 billion, leaving some way to go.

Another 1.5 percent nudge upward and Apple will get there on the market-capitalization measure. With an initial public offering of Saudi Aramco looking increasingly unlikely, only a surge in the value of Jeff Bezos' Amazon - currently with a market cap of \$870 billion - or Alphabet, at \$850 billion, could feasibly sneak in first.

Yet depending on how you measure the iPhone maker's business, Apple both is and isn't already a 13-digit company. Trillion-dollar valuation or not, it's a phenomenal money machine.

## China says US 'disappoints' the world with trade war

AFP, Beijing

China warned the United States on Thursday that upping the ante in a tit-for-tat trade war will "only serve to disappoint" the world as Washington threatened to raise the tariff rate on the next \$200 billion of Chinese imports.

Beijing said it would be forced to take countermeasures to defend Chinese interests, free trade and the international order.

"The US has no regard for the world... playing both soft and hard ball with China will not have any effect, and only serve to disappoint the countries and territories opposed to a trade war," China's Ministry of Commerce said in a statement, adding that it still hopes to turn the situation around.

Foreign ministry spokesman Geng Shuang called Washington's actions "blackmail" and urged the United States "to return to rationality and not act on impulse. It will only hurt themselves."

President Donald Trump asked the US Trade Representative to consider increasing the proposed tariffs to 25 percent from the planned 10 percent, USTR Robert Lighthizer said on Wednesday.

"We have been very clear about the specific changes China should under-

take. Regrettably, instead of changing its harmful behaviour, China has illegally retaliated against US workers, farmers, ranchers and businesses," Lighthizer said in a statement.

Officials, however, downplayed suggestions the move was intended to compensate for the recent decline in the value of the Chinese currency, which has threatened to take much of the sting out of Trump's tariffs by making imports cheaper.

The US dollar has been strengthening since April as the central bank has been raising lending rates, which draws investors looking for higher returns.

"It's important that countries refrain from devaluing currencies for competitive purposes," a senior administration official told reporters. "But I wouldn't draw the conclusion that the announcement we're making today is directly linked to any one practice."

Washington and Beijing are locked in battle over American accusations that China's export economy benefits from unfair policies and subsidies, as well as theft of American technological know-how. Trump has threatened to slap tariffs on virtually all of China's exports to the United States.

Officials said they remained in regular contact with their Chinese counterparts but could announce no

new meeting.

The US already imposed 25 percent tariffs on \$34 billion in Chinese goods, with another \$16 billion to be targeted in coming weeks.

On July 10, Washington unveiled a list of another \$200 billion in Chinese goods, from areas as varied as electrical machinery, leather goods and seafood, that would be hit with 10 percent import duties.

Increasing the rates to 25 percent could make them significantly more painful. The comment period on the proposed penalties, which includes public hearings where business can ask for exemptions, due to take place later this month, would be extended into September, the officials said.

Much of American industry and many members of Trump's own Republican Party have expressed outrage but have so far been unable to thwart Trump's trade policies.

The US Senate last week passed legislation which if enacted would lower trade barriers on hundreds of Chinese imports.

Jake Colvin, vice president of the National Foreign Trade Council, said the Trump administration could be boxing itself into a corner.

"It's hard to see how this action lends itself towards a resolution to what is increasingly a trade crisis," he told AFP.



Galib Mohammad, head of marketing and sales of GPH Ispat Ltd, attends an engineers' meet titled "Meet The Development Genius" organised by the company at Savar Golf Club in Dhaka recently.

## India likely to delay raising tariffs on US goods

REUTERS, New Delhi

India is likely to delay the imposition of retaliatory tariffs on US goods, a trade ministry official said on Thursday, two days before the new tariffs came into effect.

India's trade ministry is expected to shortly issue a notification that could delay the implementation of the new tariffs by 45 days, news channel CNBC-TV 18 reported earlier citing sources.

The trade ministry official declined to elaborate.

New Delhi, incensed by Washington's refusal to exempt it from the new tariffs, decided in June to raise import tax on some US products from Aug. 4.



Muzaffar U Siddique, founder chairman of the board of trustees at the BGMEA University of Fashion and Technology, and Azharul Islam, CEO of ACE Autos, the authorised distributor of King Long buses, attend a programme at the university in Dhaka recently where ACE handed over two buses to the university, which is the first such delivery of ACE in Bangladesh.