ISPAHANI GROUP

Mirza Salman Ispahani, chairman of MM Ispahani Ltd, and Mirza Shakir Ispahani, managing director, open a branch of "Pitstop", a restaurant venture of Ispahani Group, at Ispahani Building in the capital's Motijheel on Sunday.

French economy rebounds after weak first half

AFP, *Paris*

France's economy expanded 0.4 percent in the third quarter thanks to higher consumer spending and manufacturing, providing welcome relief for the government after a weaker-than-expected start to the year.

Data from the statistics agency INSEE showed the French economy growing at twice the pace recorded in the first two quarters of 2018.

President Emmanuel Macron has enacted a series of pro-business economic reforms since coming to power in May 2017, but is struggling to convince voters that the medicine is working due to sluggish growth and still high unemployment.

"The business climate was excellent after the election of Emmanuel Macron. Today it is getting worse," said economist Alexandre Mirlicourtois at the Xerfi economic research consultancy.

Mirlicourtois, like most economists, sees the outlook as uncertain due to factors beyond the French government's control such as rising oil prices, uncertainties over global trade and other geopolitical risks.

Macron is under mounting pressure domestically to show that changes to labour law and tax cuts for companies and high earners, as well as other measures designed to improve France's business climate, will produce more jobs and wealth.

Unemployment figures published last week showed the number of jobseekers claiming benefits jump in the third quarter by 16,400 to 3.72 million, the second consecutive quarterly rise.

INSEE forecasts that the unemployment rate will fall by 0.1 percent in the third and fourth quarters to reach 8.9 percent at the end of the year.

This compares with an unemployment rate of 9.4 percent when Macron came to power.

Philippe Waechter, an economist at Ostrum Asset Management, said he believed French growth in 2018 would fail to match the level of 2017 when it hit 2.2 percent.

"The economy lacks sources of impulsion and indicators suggest month after month that 2017 was exceptional," he said.

The French central bank and Organisation for Economic Cooperation and Development (OECD) have forecast growth for the year of 1.6 percent, while the government is banking on 1.7 percent.

Jaitley says RBI allowed lending excesses

REUTERS, *New Delhi/Mumbai*

Indian Finance Minister Arun Jaitley blamed the Reserve Bank of India (RBI) on Tuesday for failing to stop a lending spree between 2008-2014 that left banks with huge bad debts, inflaming a row that recently erupted between the government and the central bank.

On Friday, RBI Deputy Governor Viral Acharya warned that undermining a central bank's independence could be "potentially catastrophic", in an indication that it is pushing back hard against government pressure to relax its policies and reduce its powers ahead of a general election due by next May.

Government official were very upset by Acharya's comments, which included a reference to problems created in Argentina when its government meddled in central bank affairs, senior sources in the administration said on Monday.

They said the RBI should not air confidential matters in public and expressed fears it could tarnish India's image among investors.

Yet, Jaitley was publicly critical of the RBI on Tuesday, saying the central bank's lax policies had contributed to banks' current woes.

"During 2008-14 after the global economic crisis to keep the economy artificially going, banks were told to open their doors and lend indiscriminately," he said in a speech at a conference attended by heads of US companies.

"The central bank looked the other way. I am surprised that at that time the government looked the other way, the banks looked the other way, I do not know what the central bank was doing. It was a regulator of these. They kept pushing truth below the carpet."

REUTERS/FILE

Indian Finance Minister Arun Jaitley speaks at an "Invest in India" forum in Beijing.

Indian banks' loans grew close to 20 percent annually on average during 2008-2014 as they financed rapid growth across the economy. But in 2016, the central bank conducted a special asset quality review of all banks that determined there were $150 billion of non-performing loans, forcing the RBI to impose lending restrictions on some.

Acharya's speech comes after a long-running tug of war between the government and the RBI over whether the central bank should part with some of its 3.6 trillion rupees ($48.93 billion) reserves to fund the country's fiscal deficit.

The government is scouring for funds as it faces a shortfall in expected revenues from a recently introduced goods and services tax, and divestment targets have become hard to meet due to weakened market conditions.

Government officials have also called for relaxation of strict RBI lending rules for weak banks and are trying to trim the RBI's regulatory powers by setting up a new payment regulator.

Financial markets have not reacted to the rift, but investors and traders are wary, as they want to see policymakers working closely together to stabilise India's fragile banking system and roiled markets.

"If this issue persists then we need to see whether decision making is getting impacted as clarity is important for any trade decision," said a foreign bank debt market dealer, who declined to be named.

Acharya's speech triggered strong reactions from the RBI's employees union, credit analysts and India's media. They all largely came out in support of the central bank.

The union, in a letter to the media on Monday, urged the government to allow the RBI to do its job in an "unfettered way" and warned that undermining the central bank's autonomy is a "recipe for disaster and the government must desist".

ONE BANK

Sayeed H Chowdhury, chairman of One Bank, and Ashok Das Gupta, vice chairman, cut a cake to open the bank's mobile financial service, OK Wallet, at the bank's corporate headquarters in Dhaka yesterday.

Walmart kicks off US holiday season, offers shoppers ease

REUTERS, *New York*

Walmart Inc said on Tuesday it will offer faster checkout at its stores and easier navigation with digital maps indicating exact locations of products, as it gears up to grab a larger share of shoppers' gift budgets this holiday season.

The retailer is also comfortable with the amount of inventory it has in stock, said Steve Bratspies, chief merchandising officer at Walmart. Online sales suffered during the same period last year when Walmart added more holiday merchandise like electronics, toys and gifts, but did not stock enough everyday items. Walmart announced its plans for the November and December holiday shopping season at a media briefing. The last two months of the year are critical for retailers, when they book an outsized portion of their annual sales and profits.

Walmart's new "Check out with Me" feature will allow customers to bypass the checkout lines and pay for items in the product department where they are shopping.

The company will also stock a broader assortment of toys, electronics, fashion and home products in its stores and on its revamped website, which the retailer is hoping will boost sales.

Walmart has added over 2,000 brands online, Scott Hilton, chief revenue officer, Walmart e-commerce, US, told reporters. Content on the website will range from a new deals hub to gift guides and the monthly Ellen's List from talk show host Ellen DeGeneres, he said.

Walmart will also offer free-two day shipping on orders over $35. This will qualify millions of items it sells directly to shoppers and products that are sold by its third-party marketplace sellers. Rival Target Corp one-upped rivals last week when it announced it will offer free two-day shipping on items from Nov. 1 to Dec. 22 with no order minimum or membership.

Yuan hits decade low on trade, economy fears

AFP, *Shanghai*

The Chinese yuan weakened to a decade low on Tuesday on concerns over China's slowing economy and the US trade war, but Beijing was expected to prevent it breaking the psychologically important 7 yuan per dollar barrier.

The yuan drifted past 6.96 to the dollar, hitting its weakest levels since May 2008.

Breaking 7 could further undermine market confidence and potentially trigger fresh US accusations that China was allowing the yuan to weaken to blunt the impact of tariffs that Washington has imposed on Chinese goods.

A weaker yuan makes Chinese exports less expensive overseas, ameliorating some of the higher costs brought by the tariffs.

China restricts the yuan's daily trading band, and a front-page commentary on Tuesday in the state-run Economy Information Daily said authorities were unlikely to let it hit 7 to the dollar.

"China's balance of payments situation won't change in the short term. Current monetary officials have the strength and determination to stabilise the market. There also are enough policy tools to deal with changes in the situation," it said.

Washington has imposed tariffs on billions of dollars worth of Chinese goods as President Donald Trump tries to pressure Beijing to change trade policies that he says are unfair to US companies.

The yuan is likely to remain weak as long as the trade row persists, Ben Kwong, executive director at KGI Asia, told Bloomberg News.

"Chinese officials have already indicated they don't want the yuan to break through 7 this year. The yuan may fall very close to 7 but maybe not beyond that," he said.

Washington recently declined to officially label China a currency manipulator -- a designation that would have further escalated the trade fight -- but expressed concern over the yuan's weakness and Beijing's foreign exchange policies.

A customer holds a 100 yuan note at a market in Beijing. A weaker yuan makes Chinese exports less expensive overseas.

REUTERS/FILE

Euro zone growth slows more than expected

REUTERS, *Brussels*

The euro zone grew much less than expected in the third quarter and economic confidence continued to fall, official estimates showed on Tuesday, as signs of distress became more evident in Italy, the bloc's third biggest economy.

The European statistics office Eurostat said economic growth in the 19 countries sharing the euro slowed to 0.2 percent in the third quarter against the previous three months, after a 0.4 percent expansion in the second quarter.

Year-on-year euro zone growth slowed to 1.7 percent from 2.2 percent in the second quarter. Economists polled by Reuters had expected a 0.4 percent quarterly expansion and a 1.8 percent year-on-year rise.

Eurostat does not provide national data in its flash estimates, but figures released earlier on Tuesday by the Italian statistics agency showed Italy's growth had halted in the third quarter amid a row with the European Union over the country's budget for next year.

In a separate release, the European Commission said on Tuesday economic sentiment dropped in the euro zone for the tenth consecutive month, and by more than expected by economists. The indicator, that shows managers and consumers' morale, fell to 109.8 points in October from 110.9 in September in its biggest dip since March.

Although it remains above the long-term average, the indicator has been falling since the beginning of the year after having risen steadily in 2017.

In October the largest fall was recorded in retail services as managers held "much grimmer views on the present and expected business situation," the Commission said and the indicator of selling price expectations dropped.

Confidence in industry and services also went down, while consumer sentiment grew slightly on improved savings expectations.

Among euro zone countries, economic morale fell in Germany, France and Italy, the three largest economies of the bloc, while it grew in Spain.

In Italy the downward trend, which is coupled with economic stagnation in the third quarter, began in July, the month after a eurosceptic government took office in Rome.

PREMIER BANK

AJM Nasir Uddin, mayor of Chattogram City Corporation; Muhammed Ali, an adviser to Premier Bank, and M Reazul Karim, managing director, open the bank's 105th branch at Bahaddarhat in the port city on Monday.