'King dollar' benefits from European risks, growth fears

REUTERS, London

...... The dollar surged to nearly 17-month highs on Monday against a basket of major currencies as investors sought out the liquid and high-yielding currency against a backdrop of global growth worry and rising political risk in Italy and Britain.

A 2-percent oil price jump initially supported European equities but the gains fizzled rapidly as fears grew for Italian lender Carige whose shares were suspended after reports of a capital hole.

While Shanghai was lifted one percent by regulators' promise to simplify share buybacks, MSCI's world equity index was down 0.3 percent and Asian markets broadly weakened following Friday's weak Wall Street close.

slowing growth in China where ecommerce giant Alibaba was the latest to raise alarm bells, with the slowest ever annual sales growth during its Singles Day shopping event.

Many also reckon that U.S. President Donald Trump could turn up the heat over trade, further damaging China's economy.

All that, coupled with European political risks, conspired to push the dollar 0.6 percent higher against a

basket of currencies. Sterling fell 1 percent while the euro, which comprises more than 50 percent of the dollar index, fell 0.7 percent to its lowest since July 2017.

"King dollar has staged a return," Valentin Marinov, head of G10 FX strategy at Credit Agricole, said, adding that investors had piled back into the dollar after last week's U.S. Federal Reserve meeting confirmed a rate- stage for a collision with Brussels. tightening path.

political risk and that is aggravating underperformance versus the dollar," Marinov said.

In Britain, Prime Minister Theresa May was forced to abandon plans for an emergency cabinet meeting to approve a Brexit agreement, the Investors fretted about signs of Independent news website reported, stoking fears that the government might not be able to secure a deal that satisfied both the European Union and members of the ruling party.

> that if May's Brexit deal was voted down in parliament, it would push for a national election and possibly also another referendum.

Latest futures data showed net short sterling positions registered their biggest weekly rise in 1-1/2 months

Deutsche Bank analysts, however, predicted more pain, telling clients: "not enough risk is priced into sterling given the parliamentary problems ahead".

For the euro, Italy was the main focus, with Rome facing a Tuesday deadline to submit a revised budget to the EU, though it has so far refused to cut the draft budget deficit, setting the

Markets were also spooked by "Euro and pound are both hurt by reports that Banca Carige would need around 400 million euros (\$451 million) to plug a hole in its capital base and Italy's deposit protection fund could fill only part of it.

That raises the specter of a banking crisis in the euro zone's third-biggest economy, keeping Italy's bond yield spread over Germany - the risk premium attached to Italian assets - around the psychologically key 300 basis-point mark. Italian bank shares fell 0.6 percent

Bernd Berg, global macro strategist The opposition Labour Party said at Woodman Asset Management, predicted the euro would tumble below \$1.10 from the current \$1.126 "as renewed eurozone and Brexit angst and a diverging economic outlook with a strong U.S. economy versus a weakening eurozone economy will trigger further euro selling pressure."



Manjur Ahmed, managing director of Bangladesh Development Bank Limited (BDBL), poses with newly appointed officers at an orientation at its training institute in Dhaka on Sunday.

Germany wants binding deal on EU digital tax at Dec meeting

REUTERS, Berlin

German Finance Minister Olaf Scholz said he favours getting a binding deal on a European Union digital tax at a meeting of EU finance ministers in December and that he supported the French model.

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"If the negotiations continue the way that they have been going, we'll still be in talks in 100 years. That is why I support the French model and want to offer the proceeds to the EU," news weekly Der Spiegel quoted Scholz on Monday as saying.

There has been discord among states would charge a 3 percent levy on European Union member states over a proposed EU plan to tax big internet firms such as Google and Facebook on their profits to the bloc's low-tax states. their turnover.

from the proposed tax activities linked rates of corporate tax on their earnings. to carmakers.

French Finance Minister Bruno Le Maire said on Monday that an agreement was close to being struck.

Under a proposal from the EU's executive Commission in March, EU

the digital revenues of large firms that are accused of averting tax by routing

The plan is aimed at changing tax Germany called this month for a rules that have let some of the world's revision of the plan that would exclude biggest companies pay unusually low

> But it requires the support of all 28 EU states and is opposed by a number of them, including small, low-tax countries like Ireland that have benefited by allowing multinationals to book profits there on digital sales to customers elsewhere.

Top taxpayers call for widening tax net

He said he does not pay tax for earning fame.

"I pay tax based on what I earn. There are many lawyers who earn more but pay less tax than me," the young lawyer said questioning the culture of tax evasion in Bangladesh.

"It appears that there is a tendency among the super rich, why are they not on the top taxpayers' list?" said Alam.

The income tax department should win the confidence of people, he said, adding that there were allegations of many taxmen compelling taxpayers to engage in corruption.

Architect Igbal Habib, who once again became a top taxpayer in architect category, said professionals were not inclined towards paying taxes as many take it as a wastage of money in view that a lot of public money was misused.

"There is also a role of income tax lawyers. Many tax consultants misguide professionals into refraining from reduce fear among people about

disclosing their actual income. As a result, professionals are not coming forward," he said.

"Many of my friends take the issue of tax card (the NBR's recognition of tax compliance) lightly when I share it on social media. It appears that many think I am a fool," he said.

"But tax payment and proper compliance is not a choice. It is obviously something that one must do. In other countries, nonpayment of tax is a crime. Several Padma bridges could be built if all paid taxes properly, he said.

Noted actor Abul Hayat, who was honoured with a tax card in artist category, said compliance was gaining ground among the populace, as reflected in the number of income tax returns being submitted.

Yet the level of awareness about the need to pay tax remains low. It seems that the revenue board is yet to motivate people by informing them about the benefits of tax payment. It is also necessary to taxmen, he said.

Md Moktar Hossain, who once again got a tax card as top taxpayer in accountant category, said multinational companies usually do not evade tax.

Problems may remain regarding local companies, he said, adding that one of the reasons behind this absence was tax audits.

"Tax audit should be introduced as part of efforts to increase the scope of the tax net. The existing practice of test audits should be replaced by thorough tax audits so that accountants can conduct examinations in detail. This can initially be introduced on a pilot basis," he said.

Khandker Badrul Hassan, who was honoured as a top taxpayer in senior citizen category, said a large number of taxable people do not pay it.

"NBR's capacity should be strengthened. Its manpower is low compared to the expansion of the economy. Tax offices should be established up to the upazila level," he said.

SoftBank unveils massive \$21b IPO of Japan mobile unit

AFP, Tokyo

Telecoms giant SoftBank will list shares in its Japanese mobile unit next month in a sale that could raise over \$21 billion and be one of the biggest tech IPOs in years. The IPO will help raise funds for the

company as it increasingly transforms into an investment firm, ploughing money into a broad range of companies and projects around the world. The IPO will take place in Tokyo on

December 19 and will offer 1.6 billion shares in the SoftBank Corp mobile unit at 1,500 yen (\$13) each. That values the mobile unit at 7.18

biggest-ever, local media said. The company had announced in February that it was going ahead with the IPO after media speculation about the

trillion yen, and the IPO could be Japan's

plan. It said then that the listing would give the mobile unit "greater managerial autonomy."

Tofail blasts Accord

Still, 70 percent of the buyers are giving low prices for the garment product, despite improvements in quality, workplace safety and labour rights, said Mohiuddin, also a former president of the BGMEA. "The reality is very crude and difficult. So,

we are requesting our buyers not to show your muscle power," he added. BGMEA President Siddiqur Rahman

urged the foreign buyers to increase the prices of garment items as they spent billions of dollars on improving factory safety. Currently, 75 factories are in operation in

Bangladesh that got the Leadership in Energy and Environmental Design (LEED) certification from the United States Green Building Council (USGBC). USGBC has designed a set of rating systems for the design, construction, oper-

ation and maintenance of buildings to help the owners and operators be environmentally responsible and use resources efficiently. It is one of the most popular green build-

ing certification programmes used worldwide. Buildings can qualify for four levels of certification: certified, silver, gold and platinum.

Of the 75 factories with LEED certifica-

tion in Bangladesh, 23 got the platinum rating, and seven of them are amongst the top 10 list for green buildings in the world, he added.

So far, the International Labour Organisation and the EU have expressed their satisfaction on the progress of inspection and remediation. If a long-term collaboration is not struck,

the battle between buyers and manufactur-

ers will continue, said Thomas Klausen, chief executive officer of Dansk Mode & Textile. "Brands and retailers must stop asking

unrealistic and shorter delivery time. They must stop making the last-minute changes," he added. Earlier, a total of 722 workers from 10 factories were trained on how to improve

their productivity under a project called 'Step Up' of the BGMEA and Danish Mode & Textile. BGMEA and Danish Mode and Textile

took the Step Up in October in 2015 and announced its closure yesterday at The Westin. Refika Hayta, deputy head of mission of

Royal Danish Embassy in Bangladesh, and Pia Odgaard, head of CSR of Dansk Mode & Textile, also spoke.

BSEC at its wit's end over manipulation

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Aman Cotton is now trading at Tk 47.80, Bashundhara Paper Tk 95.60, Aamra Networks Tk 59 and Acme Laboratories Tk 81.90, according to yesterday's DSE data. The BSEC introduced the system -- which is followed

internationally -- to dig out a good price following requests from issue managers, according to Hossain. "The institutional investors have to give an explana-

tion about their quotations." A vested quarter always tries to de-stabilise the market

during election time, he said.

"We are careful this time. Our monitoring has been increased so that anyone cannot be successful in realising their bad intentions," he added.

The event was jointly organised by the Capital Market Journalists' Forum (CMJF) and the BSEC. Imam Hasan Rubel, president of the CMJF, and commissioners of the BSEC Md Helal Uddin Nizami, Swapan Kumar Bala and Khondoker Kamaluzzaman were present at the meeting.

Ideas that won hearts

The team is expecting net profit at Tk 17.56 million in 2019 and Tk 95.56 million in 2023.

MINTING RICE HUSK

Con Artists from North South University bagged the third position with their idea of producing silica from incinerating rice husk.

The global silica market in 2016 was \$2.66 billion and it is expected to grow to \$4.43 billion by 2022, they

One kilogramme of rice has 28 percent husk and 25 percent rice husk ash, which contains 85 to 90 percent

Con Artists will collect rice husk from different districts in Rajshahi division and crystallise them in a fac-

Primarily, they will invest Tk 28.30 crore and is hope-

ful of breaking even by two years and three months. The Rise High Bangladesh will inspire the youth to turn to business as the country needs more young and talented entrepreneurs, said Jahangir Alam, chairman of Crown Cement, which initiated the tournament in

"Bangladesh is full of opportunities," he said, while urging the prime minister to establish a separate ministry on human resources development to leverage the country's vast skilled human resources.

Happiness on three wheels: China's parcel deliverymen

AFP, Beijing

last week.

Deftly weaving through peak-hour Beijing traffic on a three-wheeled bike, Nan Shan has no time to chat as he races to deliver nearly 80 packages across China's sprawling mega-capital. Nan, 29, is one of an estimated 1.1

million deliverymen who fan out across China delivering some 109 million packages daily to fulfil the country's insatiable demand for online shopping. His job will get even more intense

on Sunday, when the country holds its annual Singles Day shopping spree --China's answer to Black Friday, which saw \$25 billion spent in just one day last year.

"It's not that more people are buying things but the same number of people are buying twice the number of things," he told AFP. A university graduate with a degree

in international trade and commerce, Nan fell into the delivery business after a tight market in 2013 meant

jobs were limited in Beijing.

"They said it was a good living being a deliveryman, so I tried it out and haven't turned back ever since," he told AFP. "The money I earned wasn't much

to begin with, but as time went by and I got more familiar, I now make over 6,000 yuan (\$860) a month." But the work is tough and relentless: no matter the season, Nan rises at

the crack of dawn to collect his

assigned packages for the day at a

distribution point. The packages are loaded into the cargo hold of his three-wheeled bike -- sometimes even strapped down on the roof -- as he makes his way across the Jianguomen district, a mix of

apartment blocks. On a recent Wednesday, faced with a building without an elevator, Nan was forced to lug a sack of parcels up several flights of stairs.

traditional commercial buildings and

Despite racing to his delivery desti-

nations, it still takes him about five hours to complete his rounds -- allowing time for a quick lunch before he hits the road again, this time collecting packages.

"One time, five minutes after I dropped off a package, the recipient called me to say she wanted to return the product, so I had no choice but to turn back and pick it up," he said.

"An occasion like Singles Day is a double-edged sword for us, we have to work harder but we also earn more.

"It's tiring, the life of a deliveryman is very tough." But Nan, who is from Shanxi in

central China, rarely takes a day off because "there's nothing much to do". Asked if he would put his degree to

use and take on another job, Nan

demurred. "I'm used to delivery work now. It's not that I don't have dreams but the right opportunity just hasn't come

up," he said. "For now, I'm happy where I am."

Farmers deprived of low-interest loans

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Farm loan disbursement through the NGO channel increased 6.23 percent last fiscal year to Tk 7,956 crore. Every lender has to disburse at least 2.50 percent of their total loans in a year to farms in line with the central bank's agriculture credit policy. Banks have been achieving the disbursement quota in

recent years but by outsourcing it to NGOs. In fiscal 2017-18, farm loan disbursement stood at Tk

21,394 crore, 37.19 percent of which was given out through the NGO channel.

Polls spending to fuel inflation

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The government hurriedly approved many projects in recent times on political grounds, he said.

"It is a common practice that every government approved

such projects at the end of its tenure, which is called political business cycle." New governments will revaluate these projects.

Mahmud also touched upon the current instability in the foreign exchange market.

"The dollar market is likely to remain unstable due to a downward trend in remittance and export earnings," he said, while urging the government to toughen up on the financial sector as capital flight is connected to it.

Volatility in the foreign exchange market and the finan-

cial sector is one of the main challenges for the government, said Zahid Hussain, lead economist of the World Bank's Dhaka office.

"The flexible interest rate and the flexible exchange rate are the shock absorbers of the economy." In theory, Bangladesh has a flexible interest rate and a

flexible exchange rate system, but in reality these are tightly managed, according to Hussain. The financial market should be allowed to determine the interest rate and the exchange rate without any intervention

from the central bank. Though inflation is still low, it will be the short-term challenge for the new government because of volatility in the financial market.

Bangladesh and the government should focus on investment in human resources and skills development, he added. Bangladesh can take advantage of the trade war between

The middle-income trap is the long-term challenge for

China and the US, said Mohammed Farashuddin, a former governor of the BB. China is not looking to divert its investment to Bangladesh, so the government should take measures to attract them to the country, he added.



MIDLAND BANK Md Ahsan-uz Zaman, CEO of Midland Bank, inaugurates an agent banking centre at Oddirgola Bazar in Bogura