



Abdul Quader, chairman of Fu-Wang Foods, presides over the company's 22nd annual general meeting at a hotel in Dhaka on Sunday. The company approved 10 percent stock dividend for the year that ended on June 30, 2018. Arif Ahmed Chowdhury, managing director, was present.

FU-WANG FOODS

World economy will improve where it matters most in 2019

REUTERS, London

The world economy is set to enjoy a very good year. In that, it will be much like 2018 and 2017 and most probably like 2020 and 2021. Economic growth will be fairly strong in most of the countries where such expansion does the most good. While rich countries worry about objectively tiny setbacks, poor people are overall gaining more of the dignity that comes with adequate material comfort.

Consider extreme poverty. The World Bank draws the line between the wretched of the earth and everyone else at daily consumption of goods and services worth \$1.90. The Our World in Data website at Oxford University estimates that 72 percent of the world's population lived below that line in 1950. The World Bank's preliminary

estimate for 2018 is 8.6 percent, down from 10 percent in 2015.

Fewer very poor people means more are enjoying better lives. The proportion of the global population without access to electricity is declining by about 0.3 percentage points a year. The number of children not enrolled in school is shrinking by about 5 million annually. Almost every indicator of basic prosperity shows the same trend.

The good news is pretty much global. Even Africa, long the lagging continent, is starting to catch up. The proportion of African children that die before they turn five has declined from 21 percent in 1975 to 8 percent in 2015, the most recent year for which data is available. Better health comes from - and with - greater wealth. Real per person income in sub-Saharan Africa

has increased by 40 percent in the last decade.

Not all the news is good. Due to war and civil conflict, primarily in Africa, the proportion of the world's population that is undernourished has risen by 0.2 percentage points in the last two years. Still, at 11.9 percent, it is 2.2 percentage points lower than a decade ago.

The prediction of more global gains in 2019 is pretty solid. There are also good reasons to believe that 2020 will be fine. Economic growth in very poor countries is becoming a virtuous circle. More education and better health creates better workers, who support stronger institutions, which make larger and more effective investments, which produce the money needed to pay for even better schooling and health.

That pattern has held in country after country for at least two decades. Bad governments do slow progress, but it takes war or total state failure, as in Venezuela, to reverse the progress.

The almost unstoppable global retreat of misery and ignorance is arguably the best news ever in economic history. For political history, however, the trends are far less clear. The old belief that greater wealth would naturally bring more open societies looks flawed. The populace of many countries, both richer and poorer, seem pretty happy with autocratic and extreme nationalist governments.

China is the prime example. The oppressive and fairly corrupt Communist Party has presided over rapid and widespread increases in prosperity. Its cross-border ambitions, both civil and military, have expanded as well.

That is worrying for many reasons. One of them is that war is probably the only force destructive enough to stop the upward march of global economic good news. The great question, for both 2019 and 2020, is whether progress will threaten prosperity by leading to the use of the world's ever-larger supply of ever more deadly arms.



REUTERS/FILE

A school child attends a class in Raqqa, Syria on November 7.

Oil plunges 6pc as economic slowdown fears grip market

REUTERS, New York

Oil prices plunged more than 6 percent to the lowest level in more than a year on Monday, pulling back sharply late in the session as fears of an economic slowdown rattled the market.

US crude futures and global benchmark Brent hit their lowest levels since 2017 during the session, putting both benchmarks on track for losses of about 40 percent in the fourth quarter.

"What's happening in the stock market is raising fears that the economy is grinding to a halt and thereby will basically kill any future oil demand," said Phil Flynn, an analyst at Price Futures Group in Chicago. "They're pricing in a slowdown in the economy if not a recession with this drop."

The fourth-quarter price decline is likely to cause producers to throttle back on their output, he said.

US crude futures have hit the lowest level since June 22, 2017, as jitters have grown about the impact of the escalating US-China trade dispute on global growth and crude demand. Brent crude is at its lowest level

since Aug. 17, 2017.

Markets across asset classes have come under pressure as the US government shutdown that began just after midnight on Saturday intensified growth concerns. Investors have flocked to safe-haven assets such as gold and government debt at the expense of crude oil and stocks.

A gauge of stocks worldwide hurtled toward an eighth straight decline on Monday as investors ignored the US Treasury secretary's actions to reinforce confidence in the economy and US President Donald Trump criticized the Federal Reserve as "the only problem our economy has."

The US Senate has been unable to break an impasse over Trump's demand for more funds for a wall on the border with Mexico, and a senior official said the shutdown could continue until Jan. 3.

US crude futures CLC1 settled at \$42.53 a barrel, down \$3.06, or 6.7 percent. Brent crude futures settled down \$3.35, or 6.2 percent, at \$50.47 a barrel. The market settled early ahead of the Christmas holiday. Prices extended losses in post-settlement trade.



REUTERS/FILE

An oil platform operated by Lukoil company is seen at the Filanovskogo oil field in Caspian Sea, Russia.

Trump calls Fed 'only problem' in US economy; markets slump

REUTERS, Washington

US President Donald Trump blasted the Federal Reserve on Monday, describing it as the "only problem" for the US economy, as top officials convened to discuss the growing rout in stock markets caused in part by the president's attacks on the central bank.

Stocks fell again on Monday amid concern about slowing economic growth, the government shutdown and reports that Trump had discussed firing Federal Reserve Chairman Jerome Powell, whom he has repeatedly criticized for raising interest rates.

US stocks have dropped sharply in recent weeks on concerns over weaker economic growth. The S&P 500 index was on pace for its biggest percentage decline in December since the Great Depression.

In a tweet that did nothing to ease market concerns about the Fed's cherished independence, the Republican president laid the blame for economic headwinds firmly at the feet of the central bank.

"The only problem our economy has is the Fed. They don't have a feel for the market," Trump said on Twitter. "The Fed is like a powerful golfer who can't score because he has no touch - he can't putt!"

In addition to frequently criticizing the Fed's rate hikes this year, Trump has gone after Powell several times, telling Reuters in August he was "not thrilled" with his own appointee. The Fed hiked interest rates again last week, as had been widely expected.

A crisis call on Monday between US financial regulators and the Treasury Department did more to rattle markets than to assure them.

All three major indexes ended down more than 2 percent on the day before the Christmas holiday. The S&P 500 ended down about 19.8 percent from its Sept. 20 closing high, just shy of the 20 percent threshold that commonly defines a bear market.

Oil prices followed equities down, tumbling more than 6 percent to the lowest level in over a year.

Treasury Secretary Steven Mnuchin hosted a call with the president's Working Group on



REUTERS/FILE

US President Donald Trump, seated with adviser Jared Kushner and Treasury Secretary Steve Mnuchin, speaks during his meeting with the Emir of Kuwait Sheikh Sabah al-Ahmad al-Jaber al-Sabah at the White House in Washington.

Financial Markets, a body known colloquially as the "Plunge Protection team," which normally only convenes during times of heavy market volatility.

Regulators on the call said they were not seeing anything out of the ordinary in financial markets during the recent sell-off and also discussed how they will continue critical operations during the partial government shutdown, according to two sources familiar with the matter.

On Sunday, Mnuchin made calls to top US bankers and got reassurances that banks were still able to make loans, the Treasury said.

If Mnuchin's efforts were meant to soothe markets, that was not evident on Monday.

"When the Dow is down 600 points it's hard to say it was a positive," said JJ Kinahan, chief market strategist at TD Ameritrade in Chicago. "Although his intention was a very good one, the net feeling I think was, 'Is there a bigger problem that we don't know about?'"

Iran budget to fight 'cruel' US sanctions

AFP, Tehran

President Hassan Rouhani on Tuesday unveiled Iran's first annual budget since the return of US sanctions, saying it had been adjusted to take account of Washington's "cruel" measures.

The president announced a 20 percent increase in public sector wages in a sign of the economic challenges the Islamic republic has faced since the United States pulled out of the 2015 nuclear deal earlier this year.

The speech gave only a few general points of the budget -- which will now be scrutinised and voted on by parliament -- but acknowledged the pressure Iran was under.

"Last year we faced some problems," Rouhani told parliament in a televised speech, referring to the widespread protests that hit the country almost exactly a year ago, sparked by anger over economic and

push down the global price.

Rouhani came to power in 2013 representing the more moderate side of Iran's ruling elite, hoping a compromise on the country's nuclear programme would reduce tensions with the West and allow foreign investment to boost the stunted private sector.

The return of sanctions has ended that hope, and forced Rouhani more towards the self-sufficient "resistance economy" preferred by supreme leader Ayatollah Ali Khamenei.

Concern over the economy pushed many Iranians to secure their savings in dollars and gold, triggering a run on the Iranian rial, which has lost around half its value since Trump announced the pullout.

"At one point early this year our foreign exchange cash reserve was practically zero, forcing the government to take hard decisions to save the country," Rouhani told parliament.

The government has pressured exporters to return their dollars to Iran, and Rouhani



AFP

Iran's President Hassan Rouhani (C) gestures after presenting the 2019-2020 budget before parliament in the capital Tehran yesterday.

political conditions.

"Those events caused the Americans to change their position regarding the Islamic republic and the nuclear deal," he said.

"The real objective of the US in all of this conspiracy and sanction and pressure... is to bring the powerful Islamic republic of Iran to its knees," he said, vowing that the US "will definitely be defeated."

The renewed US sanctions include an embargo on Iran's crucial oil sector.

The new budget did not say how many barrels of oil Iran hopes to sell in the next financial year, which starts in late March, but analysts believe it will be considerably less than the approximately 2.5 million it sold per day prior to Trump's withdrawal.

The US granted waivers to eight key buyers of Iranian oil -- including China, India and Turkey -- though this has been a double-edged sword for Iran since it also helped

said they would lose tax incentives if they failed to repatriate their cash.

The central bank has used the returning dollars to shore up the collapsing rial, which has recovered to around 110,000 per dollar on unofficial exchanges. The rial's fall drove up prices across the board, with food and drink costs up 60 percent in the year to November according to the central bank.

The judiciary launched a fierce crackdown on currency speculators, dubbed "economic disruptors" that has seen dozens of traders put on trial and at least three businessmen executed.

The so-called "sultan of coins", Vahid Mazloomi, was hanged in October after being found guilty of amassing two tonnes of gold coins.

But sanctions and fraud are only part of the story in an economy with many longstanding problems.