HAMID FABRICS

AHM Mozammel Hoque, chairman of Hamid Fabrics, presides over the company's 24th annual general meeting at Trust Milonayaton in Dhaka recently. The company approved 10 percent cash dividend for 2017-18. Abdullah Al Mahmud, managing director, was present.

Apple cuts sales forecast as China sales weaken

REUTERS, *San Francisco/Bengaluru/Shanghai*

Apple Inc on Wednesday took the rare step of cutting its quarterly sales forecast, with Chief Executive Tim Cook blaming slowing iPhone sales in China, whose economy has been dragged down by uncertainty around US-China trade relations.

The news, which comes as a spotlight grows on Beijing's attempts to revive stalling growth, sent Apple shares tumbling in after-hours trade, hammered Asian suppliers and triggered a broader selloff in global markets.

The revenue drop for the just-ended quarter underscores how an economic slowdown in China has been sharper than many expected, catching companies and leaders in Beijing off balance and forcing some to readjust their plans in the market.

"While we anticipated some challenges in key emerging markets, we did not foresee the magnitude of the economic deceleration, particularly in Greater China," Apple CEO Tim Cook said in a letter to investors.

Apple finds itself in a tricky position in China, a key market for sales and where it manufactures the bulk of the iconic products it sells worldwide, after the high-profile arrest in Canada of the CFO of domestic rival Huawei Technologies Co Ltd.

Since the arrest last month, at the request of the United States, there have been sporadic reports of Chinese consumers shying away from Apple products. Even before then, local rivals like Huawei had been gaining market share over Apple.

Cook told CNBC that Apple products have not been targeted by the Chinese government, though some consumers may have elected not to buy an iPhone or other Apple devices due to the firm being an American brand.

India rice rates ease on falling rupee, demand

REUTERS, *Bengaluru*

Rice export prices in India eased from a four-month high this week due to a depreciation of the rupee and sluggish demand, while Thai traders expect prices to drop over the coming weeks as supplies start to arrive from the new season crop amid flat demand.

India's 5 percent broken parboiled variety was quoted around \$376-\$383 per tonne this week, compared with \$378-\$384 last week.

"Prices are moderating due to a weak rupee but still demand from African countries is weak," said an exporter based at Kakinada in the southern state of Andhra Pradesh.

The rupee fell to a two-week low on Thursday, increasing exporters' margin from overseas sales.

REUTERS/FILE

A farmer sprinkles fertiliser in a rice field on the outskirts of Ahmedabad.

Export prices in India shot up in the second half of last month after the central state of Chhattisgarh, a leading rice producer, raised the minimum paddy buying price.

In neighbouring Bangladesh, rice imports slowed to 106,000 tonnes in July-December due to the imposition of a tax in June, data from the food ministry showed. The country imported a record 3.9 million tonnes of rice in the last financial year that ended in June 2018.

The south Asian country, which emerged as a major importer of the grain in 2017 after floods damaged crops, imposed a 28 percent duty to support its farmers after local production revived.

In Thailand, benchmark 5-percent broken rice was quoted at \$380-\$400 per tonne, free on board Bangkok, slightly widening from \$380-\$390 last week as the baht strengthened against the dollar.

Traders said demand for Thai rice had been flat this new year and that supplies from the new harvest would likely bring down prices over the next few weeks.

December to January is usually the rice harvest season in Thailand, but this time there has been some delay in harvesting in some parts of the country.

"We are now expecting supply from the new harvest to enter the market in early February, so that could affect rice prices this month," a Bangkok-based trader said.

In Vietnam, rates for 5 percent broken rice fell to \$370-\$375 a tonne from \$385 a week earlier due to weak demand.

"This year is forecast to be a difficult year for Vietnamese rice exporters due to weaker demand, along with China's move to impose technical barriers on shipments from Vietnam," a trader based in Ho Chi Minh City said.

China has put a cap on the number of Vietnamese companies eligible to export rice to China at 21, and Vietnam is asking China to add more firms to the list, reported the Nong Nghiep Vietnam newspaper.

Government data released last week showed Vietnam's rice exports in 2018 rose 4.6 percent to 6.09 million tonnes. Rice export revenue in the year rose 16 percent to \$3.05 billion. "I think it's time for Vietnamese farmers to reduce their rice growing area and turn parts of their rice fields into fishing farms," said another trader.

India approves merger of three state-owned banks

REUTERS, *New Delhi*

India's cabinet has approved the merger of state-run Vijaya Bank and Dena Bank with Bank of Baroda, the government said on Wednesday, in a step aimed at cleaning up the country's banking system.

India had announced the merger plan last year amid growing concerns over rising bad loans in the banking sector. Banking sector reforms are a major plank of Prime Minister Narendra Modi's government's plans to revive lending which has slowed as banks struggle with bad debt.

The merged bank will become India's second largest public sector bank and will "help create a strong globally competitive bank", the government said in a statement.

The merger will come into force on April 1, the government said.

Aussie dollar tanks to 10-year low against USD

AFP, *Sydney*

The Australian dollar briefly hit a 10-year low against the greenback Thursday, as twitchy investors ditched more volatile assets and traders saw evidence of a computer-aided "flash crash."

The Australian currency sank to below 68 US cents in morning trading -- the lowest level since 2009 -- before recovering slightly.

Analysts pointed to growing concern about the Chinese economy, after worse-than-expected Chinese manufacturing data.

That concern sent mineral prices lower and with them the resource-sensitive Australian dollar.

"Aluminium and copper were both off by more than two percent" said analysts at NAB Markets Research, which also saw the hand of algorithms -- automated computer trades -- as the reason for the severity of the fall.

At one point the Aussie dollar was off four percent against its US counterpart.

"The fact that over half the move down... has since been retraced is testimony to today's moves being first and foremost a 'liquidity event'," said NAB.

But the wild swing will do little to ease concerns that import and export dependent Australia could be in for rougher times ahead.

The weaker Australian dollar makes imports more expensive.

"We are not as yet prepared to suggest that AUD/USD is now establishing a lower (e.g. 0.65-0.70) trading range," said NAB, while warning that a weaker Aussie dollar could continue.

Euro zone firms, households borrow more in November

AFP, *Frankfurt*

Growth in lending to eurozone firms and households picked up in November, the penultimate month of a key element in the European Central Bank's economic stimulus, official data showed Thursday.

The pace of year-on-year growth in household borrowing accelerated to 3.3 percent while the rate for firms reached 4.0 percent, ECB data showed -- both 0.1 percentage points higher than in October.

Folding in loan growth data from non-bank financial firms like insurers and pension funds showed that the overall pace of credit increase in the private sector -- adjusted for some purely financial transactions -- held steady at 3.3 percent in November.

The pace of growth in lending is closely watched by central bankers and economists for signs of how effective ECB stimulus to the eurozone has proved.

Governors at the Frankfurt institution agreed in December to end mass purchases of government and corporate bonds, which amounted to 2.6 trillion euros (\$3.0 trillion) since 2015.

The "quantitative easing" (QE) scheme was intended to pump cash through the financial system and into lending to firms and households, powering economic growth and boosting inflation towards the ECB target of just below 2.0 percent.

But although the threat of deflation -- a damaging downward spiral of prices and economic activity -- has been dispelled, the central bank's most recent forecasts see it achieving its price growth target only in 2021.

Shahabuddin Ahmed, a director of Bangladesh Development Bank Limited (BDBL), and Manjur Ahmed, managing director, celebrate the bank's ninth anniversary at its head office in Dhaka yesterday.

BDBL

Turkish inflation falls to 20.3pc in December

AFP, *Ankara*

Turkish inflation dropped for the second month in a row, to an annual rate of 20.3 percent after hitting a 15-year high in October, official statistics showed Thursday.

Thousands of Turks protested in Istanbul last month against crippling inflation as the economy struggled following a currency crisis in August. The government launched an "all-out fight against inflation" as the lira fell by more than 28 percent in value against the dollar in 2018.

In October, consumer prices were 25.24 percent higher than in the same month a year earlier, the highest level since 2003.

That figure eased to 21.62 percent in November and the level in December was below a Bloomberg forecast of 20.5 percent though still far above the central bank target of five percent.

On a monthly basis, consumer prices eased in December by 0.4 percent, the Turkish statistics office (TUIK) said.

But compared with a year earlier, furnishing and household goods were 31.36 percent more expensive, while food and non-alcoholic drinks were up by 25.11 percent, TUIK data showed.

The lira stood at 5.44 against the US dollar after the figures were released, gaining nearly 2.8 percent in value on the day.

In early January 2018, it took around 3.75 lira to buy one dollar.

Turkish Finance Minister Berat Albayrak has said the fight against inflation will continue through the first three months of 2019, and include cuts on a special consumption tax and value added tax.

The Union of Chambers and Commodity Exchanges of Turkey (TOBB) head Rifat Hisarciklioglu urged the private and public sectors to cooperate in the battle against rising prices.

"Neither the public nor the private sector can do this alone. The responsiblity and duty is all of ours," he said Wednesday.

The focus now shifts to the central bank and whether it will cut interest rates when its monetary policy committee meets on January 16.

In September, the central bank raised its main interest rate, the the one-week repo rate, by 6.25 percentage points to 24 percent. President Recep Tayyip Erdogan has criticised such hikes, going against economic orthodoxy to claim that higher rates fueled inflation.

He described them at one point as the "mother and father of all evil".

Brexit doubts drag down UK business confidence

AFP, *London*

British firms are facing labour shortages, stagnating growth and price pressures heightened by Brexit, according to the largest private sector survey of business sentiment published Thursday.

The percentage of firms reporting an increase in domestic sales and orders in the country's key services sector weakened to the lowest level in two years at the end of 2018, according to the British Chambers of Commerce's (BCC) quarterly survey of 6,000 firms.

"Domestic activity in the dominant services sector weakened for the second successive quarter, with consumer-facing firms particularly downbeat amid subdued household spending levels and tightening cashflow," said Suren Thiru, Head of Economics at the BCC.

Businesses, particularly in the manufacturing sector, also reported an increase in price pressures, partly blamed on the weakening of the pound amid Brexit uncertainty.

"The marked increase in cost pressures for businesses in the quarter suggests that inflation will be higher over the near term, with the continued weakness in sterling maintaining the upward trend on the cost of imported raw materials," added Thiru.

Four-fifths of manufacturers reported difficulties in recruiting staff -- the joint highest level since the survey began in 1989.

Britain is currently enjoying record levels of employment, but the business lobby group warned that reduced immigration following Brexit could leave businesses with serious labour shortages.

"Brexit is hoovering up all of government's attention and resources, but it's far from the only cause of uncertainty," said Adam Marshall, Director General of the BCC.

"Given the magnitude of the recruitment difficulties faced by firms clear across the UK, business concerns about the government's recent blueprint for future immigration rules must be taken seriously -- and companies must be able to access skills at all levels without heavy costs or bureaucracy."

The government is looking to cut immigration from the EU by 80 percent after Brexit.

The BCC chief urged the government to provide clarity to companies, warning they were "understandably holding back on spending and making big decisions about their futures".

"The government's absolute priority now must be to provide clarity on conditions in the near term and avoid a messy and disorderly Brexit," he said.

"Business communities won't forgive politicians who allow this to happen, by default or otherwise."

AFP

An anti-Brexit campaigner holds EU flags as he demonstrates on Whitehall in Central London on Wednesday.