MUTUAL TRUST BANK

Mutual Trust Bank Chairman Md Hedayetullah, Founding Chairman Syed Manzur Elahi, Vice Chairman Khwaja Nargis Hossain, Directors Rashed A Chowdhury, MA Rouf, Md Abdul Malek and Md Manirul Islam, and CEO Anis A Khan attend the bank's Annual Business Conference 2019 at a hotel in Dhaka yesterday.

Coca-Cola, Pepsi tout plastic recycling in rare joint appearance

AFP, *Davos, Switzerland*

The bosses of Coca-Cola and Pepsi promised Thursday that "huge progress" would be made by 2030 to reduce plastic waste, which contaminates humans, wildlife, and oceans.

Soft drink archrivals James Quincey and Ramon Laguarta participated in a panel on the plastic economy, a recurring theme at the World Economic Forum in Davos, alongside Dow Chemical boss Jim Fitterling and others.

These three companies are part of the new Alliance to End Plastic Waste announced with great pomp in mid-January by about 30 multinationals.

"We can reduce the amount of plastics in the system, both in our beverages and in our snack businesses," said Pepsico's Laguarta.

"I am quite optimistic by 2030 that we will... be solving the problem," he added.

The new Alliance to End Plastic Waste -- also comprised of big energy, petrochemical and plastic manufacturing firms -- said it would donate $1 billion (880 million euros) to "minimise and manage plastic waste and promote solutions for used plastics".

About eight million tonnes of plastic are thrown into the sea every year, according to the Earth Day advocacy group -- the equivalent of a rubbish truck-load every minute.

Global economy in real danger if US-China trade war escalates

REUTERS, *Bengaluru*

A synchronized global economic slowdown is under way and any escalation in the US-China trade war would trigger a sharper downturn, according to Reuters polls of hundreds of economists from around the world.

That is a major shift in sentiment from just a year ago, when economists were optimistic about a significant global upturn. But an escalation in trade tensions and tightening financial conditions have hurt activity in most economies and dragged China's growth last year to the weakest in 28 years.

Reuters surveys over the past two years have repeatedly highlighted trade protectionism as one of the prominent downside risks for the global economy.

In the latest Reuters polls of more than 500 economists taken this month, growth this year was cut for 33 of 46 economies the respondents were asked about and left unchanged for 10. Predictions for only three smaller economies were marginally upgraded.

The outlook for inflation this year was trimmed for most economies too, with lower lows and lower highs.

Over half of nearly 270 economists who answered an additional question said a further escalation in the US-China trade war will likely trigger an even sharper global economic slowdown this year.

With a March 1 deadline set by the White House for an agreement or risk of an escalation of tariffs on another $200 billion worth of Chinese goods, both US President Donald Trump and Chinese President Xi Jinping are still far apart on key structural elements critical for a deal.

Those concerns coincide with a growing sense of unease among market experts polled by Reuters who have consistently lowered their forecasts for various asset prices over the past few months, from stock indexes to bond yields to oil.


REUTERS/FILE

US President Donald Trump and Chinese President Xi Jinping

"Irrespective of the 'truce' between Presidents Trump and Xi at their December meeting, trade frictions are likely to weigh on activity in 2019," noted Janet Henry, global chief economist at HSBC.

"Further tariff increases have been postponed, but there has been no mention of the existing tariffs being lifted and the possibility of US tariffs being imposed on autos is still on the table."

Despite a 90-day truce reached in early December and Trump saying trade talks with China are going well, concerns over the conflict have continued.

"Don't tell me anyone is really buying the drivel that a 'great deal' is imminent between the US and China on trade, we are in the early stages of a new Cold War," noted Jan Lambregts, global head of financial markets at Rabobank.

The global economy is forecast to expand 3.5 percent this year, the second straight cut to the 2019 outlook after it was downgraded in the previous survey for the first time since polling began for that period in July 2017. In the last poll it was 3.6 percent.

That 3.5 percent lines up with the International Monetary Fund's growth outlook released ahead of the World Economic Forum in Davos, which highlighted the challenges policymakers face as they tackle the risk of a serious slowdown.

Major central banks, too, have changed tack on their monetary policy path as they wind down crisis-era measures while still facing an array of daunting risks.

Despite predicting two rate hikes this year, in line with the Federal Reserve's own dot plots, economists now expect the US central bank to take rates higher in the second quarter instead of the first, with a significant minority forecasting either one hike or none.

A sharp slowdown in euro zone economic growth became more prominent after Europe's top economy, Germany, barely skirted a recession in the second half of last year. That has increased the prospect for policy normalization to be delayed.

"Global growth looks set to fall to its weakest pace since the financial crisis as slowdowns in the euro zone and China continue and the US soon joins the mix," said Andrew Kenningham, chief euro zone economist at Capital Economics.

"US monetary policy tightening is pretty much over and the ECB seems set to miss the boat altogether in this cycle. Indeed, it won't be long before policy loosening comes back on the agenda."

But it is not just developed economies. Growth in emerging markets were also forecast to take a hit this year.

And in an extraordinary U-turn in policy, the Reserve Bank of India was forecast to cut interest rates by mid-year, compared to a rate hike predicted just a month ago.

"Markets are rightly still alert to the potential for a bigger growth hit from the trade frictions, but fears regarding the inflation outlook have eased back since early October," added HSBC's Henry.

"The broader question is when considering how to respond to another economic downswing is which countries can increase leverage even as others are forced to retrench."

Indian smartphone makers seek export incentives

REUTERS, *Mumbai*

Smartphone makers in India are calling for export credits on devices and tariff cuts on machinery imports as part of measures they say will make Asia's third-biggest economy a global smartphone manufacturing hub.

The India Cellular and Electronics Association (ICEA), whose members include some of the industry's biggest names including Apple Inc, made the proposals in a 174-page document reviewed by Reuters and submitted to the government ahead of its annual budget announcement next week.

"As the country is nearing to achieve saturation point... without an export take off manufacturing growth cannot be sustained and accelerated," the ICEA said in the document.

The ICEA confirmed it submitted the document. The finance and technology ministries did not respond to requests for comment.

The government's 'Make in India' campaign beginning 2014 and gradual tax increases on imports of mobile phone components have spurred the creation of more than 260 manufacturing units in the country and over 600,000 jobs, ICEA said.

That has helped India become the second-biggest producer of mobile phones after China, and prompted foreign smartphone makers such as Oppo and Samsung Electronics Co Ltd as well as contract manufacturers like Wistron Corp and Hon Hai Precision Industry Co Ltd (Foxconn) to ramp up production for phones primarily sold domestically.

The industry is now set for a further boost under a broader National Policy on Electronics currently in the works. Yet at the same time, the government also appears to be raising obstacles.


REUTERS/FILE

A worker arranges battery charger circuit boards at a mobile phone battery manufacturing plant in Noida, India.

KANSAI NEROLAC

Tamim Iqbal, a national cricketer, and Vishal Mothreja, CEO of Kansai Nerolac Paints, a Japanese paint company, exchange documents after signing a deal at Four Points by Sheraton Dhaka on Thursday. Tamim became the brand ambassador of Kansai Nerolac, which is all set to launch in Bangladesh.

Central bank policy tightening: damned if they do, damned if they don't

REUTERS, *London*

Central banks may be about to face one of their biggest challenges yet: Global economic growth is slowing, but they have struggled to build up their policy arsenals since the last crisis to effectively deal with another one.

The US-China trade war, worries about Britain's imminent departure from the European Union, a potential recession in Italy and unrest in South America all pose risks for the global economy.

While the US Federal Reserve embarked on its current tightening cycle back in December 2015, the European Central Bank, Bank of England and Bank of Japan still have interest rates at or near rock-bottom.

Policymakers want to start raising borrowing costs so they have more room to maneuver if there is another downturn. But they risk fanning the slowdown hundreds of economists polled by Reuters this month think is already underway.

Central banks are also facing increasing pressure from governments to keep policy loose, bringing their independence into question.

US President Donald Trump has taken a swipe at the Fed, Italy has put pressure on the ECB to extend its asset purchases, and Indian Prime Minister Narendra Modi has made it clear to the Reserve Bank of India that he wants stimulative monetary policy ahead of national elections in May.

"With the global economy likely to slow over the coming quarters, it seems more likely that central banks will continue to come under fire from populist leaders," said Neil Shearing, group chief economist at Capital Economics.

But most central banks target inflation, not growth.

Tighter policy usually strengthens currencies while reducing consumer and business spending, which should keep inflation lower - but it also risks curtailing what is pretty scant growth in many countries.

The Bank of Japan has been targeting inflation of 2 percent for years without success. It is not expected to start normalizing its extremely loose monetary policy until 2020 or later.

ECB President Mario Draghi may also have to wait a long time before policy is tightened.

He acknowledged on Thursday that growth in the euro zone was likely to be weaker than previously expected, although the bank stuck to its guidance that it intends to raise interest rates later this year for the first time in a decade.

It is now expected to wait until the fourth quarter to raise its deposit rate, however, later than thought a month ago. Only 36 of 65 economists polled by Reuters this month were confident the ECB would be able to raise rates before the next downturn.

"The risks surrounding the euro area growth outlook have moved to the downside on account of the persistence of uncertainties," Draghi told a news conference, citing trade and geopolitical threats, emerging market volatility and Brexit.

Britain is due to leave the European Union in a little over two months, but there is still huge uncertainty about what relationship the two sides will have come Brexit day on March 29.

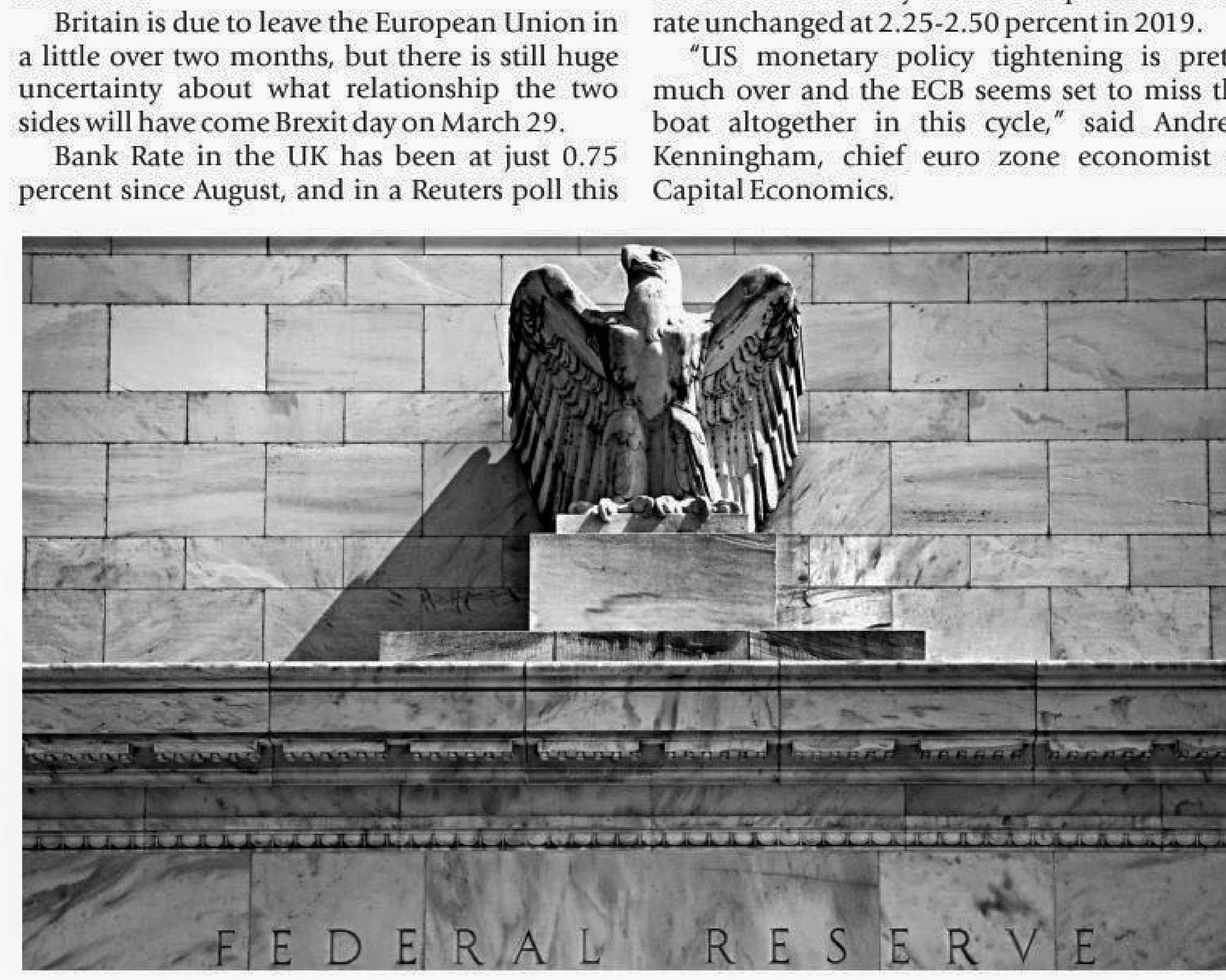
Bank Rate in the UK has been at just 0.75 percent since August, and in a Reuters poll this month expectations for a hike next quarter were pushed back to July at the earliest as the potential for a no-deal Brexit remains high.

Prime Minister Theresa May is engaged in a last-ditch bid to win support for a tweaked divorce deal after parliament this month crushed the original plan in the biggest defeat in modern British history.

Her finance minister, Philip Hammond, said the economy would suffer severe damage if the United Kingdom left the EU without a deal. That would leave little scope for the BoE to be tightening policy anytime soon.

Across the ocean, median predictions suggest the Fed will raise rates twice this year, although nearly one-third of 105 economists polled by Reuters predicted the US central bank would either hike rates only once or keep the fed funds rate unchanged at 2.25-2.50 percent in 2019.

"US monetary policy tightening is pretty much over and the ECB seems set to miss the boat altogether in this cycle," said Andrew Kenningham, chief euro zone economist at Capital Economics.



REUTERS/FILE

The Federal Reserve building is pictured in Washington.

Mastercard to apply for China licence to clear card payments

REUTERS, *Shanghai*

US payments card company Mastercard Inc said on Friday it still plans to apply for a bankcard clearing license in China and was in "active discussions" to explore solutions.

Mastercard "continues to make every effort to secure the requisite license to be able to access China's domestic market," it said in a statement posted on its website.

The company "hopes to be able to present another application for the bankcard clearing license in the very near future."

State newspaper Beijing News reported on Friday that Mastercard had submitted application materials in 2017 but voluntarily withdrew its application in June 2018, citing an unnamed source at China's central bank.

Mastercard did not immediately respond to an emailed request from Reuters on Saturday for further comment.

American Express Co in November won approval to clear card payments in China, becoming the first US card network to gain direct access to what is set to be the biggest bank card market by 2020.

Previously, foreign card companies have had to partner with China's UnionPay, a state-controlled consortium that enjoyed a monopoly on all yuan payment cards issued and used in the country, for access to the country's payments network.

UnionPay counts Mastercard, Visa Inc and Apple Inc among its partners for payment services in China.