STANDARD BANK

Standard Bank Chairman Kazi Akram Uddin Ahmed, Vice Chairman Mohammed Shamsul Alam and CEO Mamun-Ur-Rashid pose with officials at its Annual Business Conference-2019 at the InterContinental Dhaka on Sunday.

Dollar edges down as investors prepare for volatile markets

REUTERS, *London*

The euro climbed to a 10-day high on Monday as investors sold the dollar and prepared for volatile markets before U.S.-China trade talks and a Federal Reserve policy decision.

Investors are focused on Wednesday's Fed meeting when policymakers are expected to signal a pause in their tightening cycle and to acknowledge growing risks to the U.S. economy.

That could weigh on the dollar, which has fallen 1 percent since late December, after enjoying a boost from the Fed's four rate increases in 2018.

On Monday, the dollar edged down against most major currencies. Traders are awaiting news from U.S.-China talks on Tuesday and Wednesday to see if the world's largest economies can reach a compromise on trade.

"Unless there is a breakdown in negotiations, we suspect the cautiously risk-positive environment can continue - which should favour higher-yielding, under-valued emerging-market currencies against the dollar," said Chris Turner, head of foreign exchange strategy at ING in London.

The dollar index, a gauge of its value versus six major currencies was lower at 95.798, after falling 0.8 percent on Friday.

A deal last week to reopen the U.S. government for now after a prolonged shutdown reduced investor demand for the safety of the dollar.

"The general direction for the dollar is still down and markets will be taking cues from the FOMC this week," said Sim Moh Siong, currency strategist at Bank of Singapore. "The Fed will most likely keep rates steady this year, given the state of economic growth outside the US"

China's industrial profits shrink again in Dec

REUTERS, *Beijing*

Earnings at China's industrial firms shrank for a second straight month in December, putting pressure on policymakers to support industries hurt by slowing prices and weak factory activity amid a protracted US-Sino trade war.

The downbeat data points to more troubles ahead for the country's vast manufacturing sector already struggling with a decline in orders, job layoffs and factory closures as China's economic growth slows to its weakest in nearly three decades.

China's economy expanded 6.6 percent in 2018 and growth is set to slow further this year as Beijing's efforts to reduce debt risks depress the property market and curb credit flows to the private sector, while a crackdown on pollution dents industrial activity.

Industrial profits in December fell 1.9 percent from a year earlier to 680.8 billion yuan ($100.9 billion), weighed down by weak factory-gate prices and soft demand, the National Bureau of Statistics (NBS) said on Monday. This is on top of a decline of 1.8 percent in November - the first contraction in profits in nearly three years.

"As far as the future trend is concerned, it is quite obvious that it will continue to decline because the (producer price index) has apparently turned negative last month, and when PPI has turned negative, the profits of industrial enterprises will go down," said Tang Jianwei, senior economist at Bank of Communications in Shanghai, adding that the structure of corporate profitability will also start to change.

"Profits at mid- and downstream sectors may stabilize while the upstream sector will face immense pressure."

Profits at chemical, coal mining and non-ferrous metal sectors all slowed significantly in December, the data showed.

For the full year, profits rose 10.3 percent to 6.64 trillion yuan in 2018, easing from 2017's robust pace of 21 percent.

Upstream sectors such as oil extraction, coal and metal mining still commanded the lion's share of profit gains last year, but analysts say that as industrial prices slow further or even shrink, profitability will come under pressure.

Tang said that if large-scale tax cuts promised by the government could be rolled out in time, however, it would help put a floor on declining industrial profits in the second half.

A survey from the state planner this month showed activity at 2,500 Chinese small- and mid-sized enterprises continued to contract in the fourth quarter last year despite a flurry of supportive government policies.

The Small and Medium Enterprises Development Index stood at 93 last quarter, below the 100-mark that separates growth from contraction, according to the National Development and Reform Commission.

Moody's said in a recent report the Chinese government's latest measures to support funding for private firms would be limited in effect, as credit would mostly flow to the fewer stronger privately-owned enterprises.

Monday's data showed industrial firms' liabilities rose 5.2 percent from a year earlier to 64.1 trillion yuan by end-2018, compared with a 5.8 percent rise as of end-November.

Though traders are replenishing inventory ahead of the Lunar New Year holiday in early February, demand remains weak.

Aggravating the slowdown, the government has also vowed it will not relent on enforcing anti-pollution controls, refusing to accept mounting economic pressure as excuses.

That raises uncertainty on the overall boost to the industrial sector from support measures policymakers have pledged so far.

Beijing has promised to increase spending on infrastructure projects this year and boost consumption in areas such as automobile and home appliances.

The state-run enterprise China Railway is planning a record-high rail investment worth about 850 billion yuan in 2019, according to a Nikkei report.

REUTERS/FILE

A worker welds a pressure vessel at a company manufacturing industrial equipment in China.

BKB

Md Ali Hossain Prodhania, managing director of Bangladesh Krishi Bank (BKB), speaks at its Mymensingh division managers' conference at the National Academy for Primary Education on Saturday.

Nissan says it's target of SEC inquiry after report of probe on exec pay

REUTERS, *Tokyo*

Nissan Motor Co Ltd said on Monday it was the target of a US Securities and Exchange Commission (SEC) inquiry, widening a scandal involving the Japanese firm and its ousted Chairman Carlos Ghosn over his alleged financial misconduct.

Ghosn, first arrested on Nov. 19 in Japan, has been charged with failing to disclose more than $80 million in additional Nissan compensation for 2010-2018 that he had arranged to be paid later. Ghosn, swiftly dismissed as Nissan chairman after the arrest, has denied wrongdoing.

Nissan was also charged by Japanese prosecutors for under-reporting his pay, and has since pledged to overhaul its governance.

Bloomberg earlier reported that the US regulator was investigating the company's disclosures on executive pay.

The report, citing sources, said the SEC is examining whether the company maintained adequate controls to prevent improper payments and whether lapses by Nissan violated US securities law.

Separately, the Wall Street Journal reported that the SEC also sent a request for information to Ghosn. A representative for Ghosn could not immediately be reached for comment.

A Nissan spokesman confirmed the automaker received an inquiry from the US regulator, without giving further details. The SEC was not immediately available to comment on the matter.

Such an SEC inquiry does not mean that regulators have found any wrongdoing, but can lead to civil cases against companies and their employees, or they can end with no charges, sometimes months or years later.

Aramco amps up in South Korea

Plans $1.6b bet on refiner Hyundai Oilbank

REUTERS, *Seoul*

State-owned Saudi Aramco plans to invest up to $1.6 billion for a nearly 20 percent stake in South Korean refiner Hyundai Oilbank, expanding its foothold in one of its biggest Asian buyers of crude oil.

Saudi Aramco is already the biggest shareholder in South Korea's No.3 refiner, S-Oil Corp, with a 63.41 percent stake, and the latest deal should help Aramco boost crude oil sales to Hyundai Oilbank, the South's smallest refiner by capacity.

Saudi Aramco's chief executive told Reuters in November that it planned to expand its market share in Asia - including China, India, Malaysia and Indonesia - and Africa.

Saudi Aramco plans to pay 1.8 trillion won for a stake of up to 19.9 percent of Hyundai Oilbank from Hyundai Heavy Industries Holdings, which now owns 91.13 percent of Hyundai Oilbank.

"Saudi Aramco seems to be boosting investments in downstream projects ahead of an initial public offering," said Lee Dong-wook, an analyst at Kiwoom Securities.

Saudi Energy Minister Khalid al-Falih said in early January that the state oil giant will be listed by 2021.

Saudi Arabia is the top crude oil supplier to South Korea, the world's fifth-biggest importer. In 2018, South Korea imported 323.17 million barrels of crude from the kingdom, or 885,408 barrels per day (bpd), according to data from Korea National Oil Corp.

Aramco, the world's largest crude producer, plans to increase investment in refining and petrochemicals in a bid to cut its reliance on crude as demand for oil slows.

Hyundai Oilbank has a total of 650,000 barrels per day of refining capacity in the southwestern city of Daesan and also aims to expand its petrochemical business. In May last year, it announced plans to build a 2.7 trillion won petrochemical plant with South Korea's Lotte Chemical.

The firm's holding company, which also includes shipbuilder Hyundai Heavy Industries, said it would use the funds from the Oilbank deal to invest in new businesses and improve its financial structure, including cutting its debt-to-equity ratio. Saudi Aramco plans to value Hyundai Oilbank at 10 trillion won, or 36,000 won per share, Hyundai Heavy Industries Holdings said in a statement.

A person familiar with the matter said the company plans to offer a discount of 10 percent to Saudi Aramco in a block deal that will require board approval from both firms next month.

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BRAC BANK

Chowdhury Akhtar Asif, deputy managing director of Brac Bank, and Mohammad Abdul Ohab Miah, chief financial officer (current charge), receive a "SAFA Best Presented Annual Report Awards" in Pune, India recently. This is the second consecutive year for the bank to have received the award, presented by the South Asian Federation of Accountants.

Excluding Huawei may hurt 5G

China tells EU

REUTERS

China's envoy to the European Union warned that excluding Chinese tech group Huawei could hamper new 5G mobile networks, the Financial Times on Sunday.

Efforts to limit involvement of Chinese technology in upcoming 5G projects in Europe might bring "serious consequences to the global economic and scientific co-operation," Ambassador Zhang Ming said in an interview with FT.

Some Western governments, led by the United States, have barred the use of the Chinese company's equipment in new networks over concerns the technology could be used for spying.

Oil falls on China slowdown

REUTERS, *Singapore*

Oil prices fell 1 percent on Monday after US companies added rigs for the first time this year, a signal that crude output may rise further, and as China, the world's second-largest oil user, reported additional signs of an economic slowdown.

International Brent crude oil futures were at $60.74 a barrel at 0804 GMT, down 90 cents, or 1.46 percent.

US crude oil futures were at $52.84 per barrel, down 85 cents, or 1.58 percent, from their last settlement.

High US crude oil production, which rose to a record 11.9 million barrels per day (bpd) late last year, has been weighing on oil markets, traders said.

In a sign output could rise further, US energy firms last week raised the number of rigs looking for new oil for the first time in 2019 to 862, an addition of 10 rigs, Baker Hughes energy services firm said in its weekly report on Friday. Beyond oil supply, a key question for this year will be the magnitude of demand growth.

Oil consumption has been increasing steadily, and it will likely average above 100 million bpd for the first time ever in 2019, driven largely by a boom in China.

A global economic slowdown, however, amid a trade dispute between Washington and Beijing is weighing on fuel demand-growth expectations.

Earnings at China's industrial firms shrank for a second straight month in December on sluggish factory activity, piling more pressure on the world's second-largest economy, which reported its slowest pace of growth for last year since 1990.

"Persistent weakness seen in Chinese economic data has raised downside risks ... of lower crude oil imports by Beijing in 2019," said Benjamin Lu of Singapore-based brokerage Phillip Futures.

China is trying to stem the slowdown with aggressive fiscal stimulus measures.

But there are concerns that these measures may not have the desired effect as China's economy is already laden with massive debt and some of the bigger government spending measures may be of little real use.

The increased US supply - the United States is now the world's largest oil producer - and the economic slowdown are weighing on the oil price outlook.

"We expect US crude oil prices to range between $50-$60 per barrel in 2019 and about $10 more per barrel for Brent," Tortoise Capital Advisors said in its 2019 oil market outlook.

M Iqbal Mahmud, managing director of the Aziz Trade & Engineering, on behalf of the company receives "Asia's Greatest Brand and Leaders Award 2018" given by magazine AsiaOne and URS Media Consulting PL at Marina Bay Sands Singapore recently.

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