MIDLAND BANK

Rezaul Karim, chairman of the executive committee of Midland Bank, and Md Ahsan-uz Zaman, CEO, open a branch relocated on Satmasjid Road at Dhanmondi in Dhaka on Monday.

Philips shifting 'hundreds of millions' of production due to trade war

REUTERS, *Amsterdam*

The trade war between Washington and Beijing is forcing Dutch health technology company Philips to move "hundreds of millions" of euros worth of production from the United States to China, and vice versa, to avoid punitive tariffs.

"This is not peanuts", Chief Executive Frans van Houten told reporters on Tuesday.

"These are serious changes to our supply chains," he said, adding the switches would take place in the first half of 2019.

Philips, whose healthcare products range from high-tech toothbrushes to medical imaging systems, stuck to an earlier prediction that increased trade tariffs would cut around 60 million euros ($69 million) from core profits this year.

But the effects of the trade war go beyond tariffs, the CEO said, as it is hitting consumer confidence in China, slowing demand for consumer healthcare products in the world's second-largest economy.

Philips' sales in China will continue to grow in 2019, however, Van Houten said, as strong demand for hospital equipment will outweigh the weakness of the consumer market.

Overall, Philips held on to its target for total comparable sales growth of 4 to 6 percent per year until 2020.

Strong demand for hospital equipment in China, Latin America and Europe helped Philips beat analysts' forecasts in the last quarter of 2018, as comparable sales rose 5 percent and core profit (adjusted earnings before interest, tax, depreciation and amortization) increased 10 percent to 971 million euros.

Together with a 6 percent dividend hike and a new 1.5 billion euros share buyback plan, this lifted Philips shares 1.8 percent to 32.89 euros at 0930 GMT.

"On headline numbers, Philips reported a decent update", ING analyst Marc Hesselink wrote in a note. "Underlying, the quality of the beat was lower (as) Connected Care & Healthcare Informatics was, like previous quarters, well below expectations."

More Chinese provinces cut growth targets this year as gloom spreads

REUTERS, *Beijing*

More Chinese provinces have cut their annual growth targets in 2019 than the year before, a sign of deepening pessimism among local governments amid weakening domestic demand and an prolonged trade dispute with the United States.

The lower regional targets reinforce expectations of a further slowdown in the world's second-biggest economy this year, after 2018 gross domestic product expanded at its slowest pace in nearly three decades.

Of China's 31 provinces, regions and municipalities, at least 23 cut their economic growth targets for this year, according to provincial announcements this month. In 2018, 17 provinces set lower targets.

Shandong, China's third-richest province, has yet to announce its 2019 target.

Five provinces - Sichuan, Hebei, Guizhou, Gansu and Hainan - kept their targets unchanged from last year. That compares with 12 provinces that maintained their targets in 2018.

Only one province - Hubei - raised its target, encouraged by an emerging high-tech manufacturing sector.

"The new provincial targets reflect the challenges faced by China. Export-driven coastal areas are facing the risk of lower growth amid uncertainty from the US-China trade war," said Tommy Xie, China economist at OCBC Bank in Singapore.

REUTERS/FILE

Workers survey the construction site of the terminal for the Beijing New Airport in Beijing.

"Western China will remain the key source of growth due to the rise of consumption and services," Xie said. The downward revisions also imply China will set a lower national growth target this year, probably in the 6-6.5 percent range, he added.

Growth cooled to 6.6 percent last year, the slowest pace since 1990, as a multi-year campaign to curb risky lending practices squeezed access to corporate financing, particularly for private firms. A longer-term effort to rein in polluting and low-value industries also hurt factory output.

Moreover, China's vast services sector has lost steam, while an increasingly cautious consumer outlook dulled retail sales.

The trade dispute with the United States also hammered Chinese exporters. Export-oriented provinces such as Guangdong, Jiangsu and Fujian all missed their 2018 economic growth targets.

A recent Reuters visit to three once-thriving towns in Dongguan in Guangdong province showed clear signs of a slowdown. Scores of shops and restaurants were shuttered, some factories idled and many up for rent.

"Some provinces in southern China exposed to exports could feel a bigger impact from the trade war this year," said Yu Pingkang, chief economist at Changjiang Pension Insurance Co in Shanghai.

"I personally believe the trade tensions could ease temporarily in March, but they won't be resolved once and for all. The US won't easily give it up, and the pressure could come back in the (US) election year of 2020."

Chinese and US officials are meeting in Washington this week seeking to end their bruising trade dispute, though sources say they are still far apart on some issues.

US Treasury Secretary Steven Mnuchin said on Monday the United States expects significant progress in the talks, but the two sides will be tackling "complicated issues", including how to enforce any deal.

Beijing may unveil more fiscal stimulus during the annual parliamentary meeting in March, including bigger tax cuts and more infrastructure spending, after a raft of growth boosting measures last year.

At the meeting, the government is expected to unveil a lower annual GDP growth target of 6-6.5 percent, policy sources previously told Reuters.

The government last year set a target of around 6.5 percent.

Last year, 15 provinces, regions and municipalities met or exceeded their growth targets, including Beijing, Shanghai, Zhejiang, Henan, Sichuan, Hebei and Hubei.

EMIRATES

Nejib Ben Khedher, senior vice president of Emirates Skywards, and Nick Moore, senior vice president for passenger services at Emirates, open a new Emirates Skywards Centre located at the Departures Level in Concourse B at Terminal 3 of Dubai International Airport recently. The centre will function as a one-stop customer touch point for all new and existing members of the Emirates Skywards loyalty programme.

UNION CAPITAL

Chowdhury Tanzim Karim, chairman of Union Capital, and Chowdhury Manzoor Liaquat, managing director, attend the company's "Business Development and Team Building" programme at a hotel in Dhaka recently.

AB BANK

Kaiser A Chowdhury, a director of AB Bank, and Tarique Afzal, managing director (current charge), attend a training on "Internal Credit Risk Rating System and CRM Policy" organised by the bank for its senior officials at the bank's training academy in Dhaka recently.

Syria and Iran sign 'strategic' economic agreement

AFP, *Damascus*

Syria and Iran signed 11 agreements and memoranda of understanding late Monday, including a "long-term strategic economic cooperation" deal aimed at strengthening cooperation between Damascus and one of its key allies in the civil war that has torn the country apart.

The agreements covered a range of fields including economy, culture, education, infrastructure, investment and housing, the official Sana news agency reported.

They were signed during a visit to Damascus by Iran's First Vice President Eshaq Jahangiri.

Syrian Prime Minister Imad Khamis said it was "a message to the world on the reality of Syrian-Iranian cooperation", citing "legal and administrative facilities" to benefit Iranian companies wishing to invest in Syria and contribute "effectively to reconstruction".

The agreements included two memos of understanding between the railway authorities of the two countries as well as between their respective investment promotion authorities.

In relation to infrastructure, there was also rehabilitation of the ports of Tartus and Latakia as well as construction of a 540 megawatt energy plant, according to Khamis. In addition there were "dozens of projects in the oil sector and agriculture", he added.

The civil war has taken an enormous toll on the Syrian economy and infrastructure, with the cost of war-related destruction estimated by the UN at about $400 billion.

Iran will stand "alongside Syria during the next phase that will be marked by reconstruction", Jahangiri promised.

Iran and Syria had already signed a military cooperation agreement in August while Tehran has supported Damascus economically during the conflict through oil deliveries and several lines of credit.

The new agreements come against the backdrop of fresh US sanctions against Iran, while Syrian President Bashar al-Assad's regime and several Syrian businesspeople and companies are already on US and European blacklists.

Fintech companies raised a record $39.6b in 2018: research

REUTERS, *New York*

Venture capital-backed financial technology companies raised a record $39.57 billion from investors globally in 2018, up 120 percent from the previous year, according to research by data provider CB Insights published on Tuesday.

Funding was raised through 1,707 deals, up from 1,480 in 2017, the research said.

The surge in funding was due in large part to 52 mega-rounds, or investments larger than $100 million, which were worth $24.88 billion combined, the research said.

A $14 billion investment in Ant Financial, the payment affiliate of Chinese e-commerce giant Alibaba Group Holding Ltd, accounted for 35 percent of total fintech funding alone last year, the research said.

In the last three months of the year, five companies joined the coveted ranks of fintech "unicorns", or companies valued at more than $1 billion. These include credit card provider Brex, digital bank Monzo and data aggregator Plaid.

Venture capital investors have been pouring billions of dollars into fintech companies, in the hopes that they can gain market share from incumbent financial institutions by offering easier to use and cheaper digital financial services.

Fintechs have emerged globally across all sectors of finance, including lending, banking and wealth management. While the large rounds minted new unicorns and led funding to hit a record high in 2018, CB Insights estimates these will likely delay initial public offerings.

"IPO activity is likely to remain lackluster in 2019," the research reads.

Asia saw the biggest jump in number of deals in 2018, growing 38 percent from the previous year and accounting for a record $22.65 billion, according to the study.

In the United States, fintechs raised a record $11.89 billion through 659 investments, while the number of deals dropped in Europe, but funding reached a record $3.53 billion.

UCB

Arif Quadri, additional managing director of United Commercial Bank, and Abul Ali Ahad, head of learning and development, pose at the certification ceremony of a five-day workshop on foreign exchange and trade organised by the bank for its senior executives at the bank's learning and development centre in Dhaka.