# Trade wars and Brexit fears sap German export surplus

AFP, *Frankfurt*

Germany's trade surplus narrowed last year compared with 2017, official data showed Friday, with trade wars making themselves felt even as both imports and exports hit record highs.

Europe's powerhouse economy exported 227.8 billion euros ($258.3 billion) more than it imported in 2018, federal statistics authority Destatis said. That figure was just over 20 billion euros short of 2017's level, as 5.7-percent growth in imports outpaced a 3.0-percent increase in exports.

In absolute terms, exports hit a record high of more than 1.3 trillion euros, as did imports with almost 1.1 trillion.

Figures for December alone were gloomier, with exports down 4.5 percent year-on-year, at 96.1 billion euros, while imports were flat at 82.1 billion.

Recent months have seen a slowdown in global trade as US President Donald Trump's commercial conflicts, especially with China, begin to bite.

Germany has been hit directly by Washington's smaller transatlantic showdown with Brussels, but also by knock-on effects from the US-Chinese spat as well as mounting fears of a hard Brexit throttling trade with vital partner Britain.

Exports to the country's eurozone neighbours also fell in December as the economy slowed in the 19-nation single currency zone.

Nevertheless, ING Diba bank economist Carsten Brzeski noted that "despite all trade war fears, the export sector didn't just grow in 2018 but probably contributed positively to the economy's fourth quarter GDP growth."

"Looking ahead... the risks and uncertainties from outside the eurozone are clearly the make-it-or-break-it factor for the export sector," he added.

# Indian consumers cash in their gold jewellery as prices rally

REUTERS, *Mumbai*

Scrap gold supplies in India, the world's second-biggest consumer of bullion, may increase this quarter as a rally in local gold prices has prompted consumers to sell old trinkets and jewellery.

Rising scrap supplies are likely to cause India's gold imports to continue to fall this year which could weigh on global prices that are trading near their highest since the end of April. Falling bullion imports could help reduce India's trade deficit and support the ailing rupee.

The country's scrap supplies for the quarter ending in March are forecast to rise above 25 tonnes from 14.1 tonnes during the same period a year ago, said Surendra Mehta, secretary at the India Bullion and Jewellers Association (IBJA).

The gold price rally has been encouraging consumers to book profits on long-held supplies as many think current prices may not be sustained, Mehta said.

Gold prices on the Multi Commodity Exchange of India have jumped more than 11 percent in the past six months and were at 33,035 rupees ($464.65) per 10 grams (0.32 troy ounces).

Temples and households in India own more than 24,000 tonnes of gold, which consumers typically buy during weddings and religious festivals such as Diwali and Dussehra.

In Mumbai's Zaveri bazaar, India's biggest bullion market, tiny shops that buy old jewellery were crowded even as high-end jewellery shops were waiting for customers. "Consumers want to sell before prices correct. There are a few investors who are also selling coins and bars," said Ashok Jain, proprietor of Mumbai-based gold wholesaler Chenaji Narsinghji, which buys old jewellery.

Many consumers have been exchanging old jewellery as they cannot afford to make wedding purchases at the current price, Jain said as he rubbed an earring against a stone to test its purity. The sellers included textile trader Paresh Parmar.

"There was old jewellery that we were hardly using. As right now prices are attractive, I decided to sell it," said Parmar, who sold 40 grams (1.3 ounces) of gold worth of 132,000 rupees ($1,857).

Two-thirds of India's gold demand comes from rural areas, where jewellery is a traditional store of wealth. But farmers' earnings have been squeezed recently due to falling crop prices.

Farmers have limited disposable income to make big-ticket purchases like gold, said Mangesh Devi, a jeweller in the western Indian state of Maharashtra.

Additionally many farmers in Maharashtra are short of cash because of a delay in payments for their sugar cane crop, he said.

India's cane farmers are owed 200 billion rupees ($2.8 billion) by sugar mills.


EON FOOD

**Chairman of EON Group of Industries Momin Ud Dowlah, Vice Chairman ABA Mesbah Ud Dowlah and Director Tanim Ud Dowlah attend a press meet at the group's head office in Dhaka on Thursday to announce the launch of Country Natural, a new brand of EON Foods, a concern of the group.**

# Australia central bank trims growth forecast

AFP, *Sydney*

The Reserve Bank of Australia on Friday cut growth forecasts for this year and next, citing the effects of a weaker housing market.

The central bank said growth would reach 2.5 percent in the middle of this year, well down from the 3.25 percent it previously projected.

Bill Evans, an economist at Westpac IQ, said the Bank's revised forecast contained "some acknowledgement of spillover effects from declining house prices".

The projections for the whole of 2019 and 2020 were also revised down to three percent and 2.75 percent respectively.

The figures fuelled a fierce political debate over the state of the economy ahead of May elections. Prime Minister Scott Morrison's Liberal government has seen years of solid economic growth as its trump card in the run up the vote.

The opposition Labor Party called the latest figures "a major blow to the Liberal Party's claim of good economic management." Morrison brushed aside the revision, saying the projections were "now consistent with our budget forecast".


SQUARE FOOD & BEVERAGE

**Anjan Chowdhury, managing director of Square Food & Beverage Limited, poses with the company's top performing sales officers at its Annual Sales Conference-2019 at Hotel Sea Palace in Cox's Bazar yesterday.**

# IMF chief warns of high Arab public debt

AFP, *Dubai*

Public debt has rapidly increased in many Arab countries since the 2008 global financial crisis, due to persistently high budget deficits, the International Monetary Fund warned Saturday.

"Unfortunately, the region has yet to fully recover from the global financial crisis and other big economic dislocations over the past decade," IMF Managing Director Christine Lagarde said.

"Among oil importers, (economic) growth has picked up, but it is still below pre-crisis levels," she told the Arab Fiscal Forum in Dubai.

Lagarde said public debt among Arab oil importing nations had increased from 64 percent to 85 percent of Gross Domestic Product in the decade since 2008.

Nearly half of these countries now have public debt of over 90 percent of GDP, she said.

Public debt among oil exporters -- including the six-nation Gulf Cooperation Council -- rose from 13 percent of GDP to 33 percent of GDP, accelerated by the crash in oil prices around five years ago, Lagarde said.

"The oil exporters have not fully recovered from the dramatic oil price shock of 2014," she said.

"Modest growth continues, but the outlook is highly uncertain."

Lagarde said oil producing countries should look to renewable energy in the coming decades, in line with the Paris Agreement on climate change, which stipulates a reduction in greenhouse emissions.

The IMF last month lowered its economic growth forecasts for Saudi Arabia -- the world's top crude exporter -- and the wider Middle East and North Africa region due to a renewed fall in oil prices, low output and geopolitical tensions.

Lagarde welcomed both spending and revenue reforms, including the introduction of a value added-tax (VAT) and excise duty by Saudi Arabia and the United Arab Emirates.

But she urged more reforms, anti-corruption measures and transparency.

"The economic path ahead for the region is challenging," she added.

# Tata Motors shares plunge 30pc on Jaguar woes

AFP, *Mumbai*

Shares in India's Tata Motors tanked almost 30 percent on Friday after problems at its Jaguar Land Rover unit dragged the luxury carmaker to India's biggest quarterly loss.

The Mumbai-based manufacturer has been badly hit by falling demand for luxury cars in China, as well as uncertainty over Brexit and rising debt.

It announced Thursday a net loss of 270 billion rupees ($3.8 billion) for the quarter ending December owing to a $3.9-billion write-down on JLR.

That compared to a profit of 12 billion rupees for the same period a year ago.

It marked a record loss in Indian corporate history, exceeding the deficit recorded by Indian Oil Corporation in 2012, according to Bloomberg News.

# BSRM to set up wire plant for Tk 459cr

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Welding electrode is used for gas metal arc welding or shielded metal and CO2 wire is used to weld shipbuilding steel. BSRM currently has a plant at Nasirabad in Chattogram that manufactures wire rod.

The production capacity of the plant, which is the first and only company to manufacture high-strength reinforcement wires in Bangladesh, is 24,000 tonnes of wire rod. Considering the demand for the products, the group has decided to set up a new factory with some diversified product lines, said the project proposal.

BSRM Group logged in profit of Tk 602 crore in the financial year 2017-18. Its turnover was Tk 12,841 crore.

The business group has total liabilities of Tk 9,589 crore in the market against which its total asset value is Tk 13,466 crore. Currently, two companies of BSRM -- Bangladesh Steel Re-Rolling Mills and BSRM Steels -- are listed on the Dhaka Stock Exchange.

Bangladesh Steel Re-Rolling Mills traded above Tk 70 in the last one month and BSRM Steels at more than Tk 60, according to data from the DSE.

# Economic diplomacy top priority

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In order to strengthen bilateral trade and business relations and attract investment from abroad, Bangladesh's missions are actively involved in promotional activities on a regular basis.

New Bangladeshi diplomatic missions are being established in South America, Africa and Eastern Europe to tap in the potential of trade and business in new geographical areas, he said.

Bangladesh is also signing and ratifying bilateral trade and investment agreements with more countries, developing enhanced trade relations with the neighbours.

Momen urged the ambassadors to pursue their government for opening resident diplomatic missions in Bangladesh.

# Humbled Goldman Sachs still faces questions on 1MDB

AFP, *New York*

Goldman Sachs's decision to potentially cut bonuses for top executives over the 1MDB scandal reflects an acknowledgement at shareholder and public outrage over the debacle.

The prestigious investment bank announced last week that it could withhold millions of dollars in bonuses to former Chief Executive Lloyd Blankfein and two other retired executives depending on the outcome of ongoing probes into the Malaysian fund.

The bonuses were first approved in 2011 and the annual payouts depend on the firm's performance over the ensuing eight years. In Blankfein's case, the bonus began at $7 million and nearly doubled, according to US securities documents.

Beyond the bonuses, Goldman also said it could claw back compensation from current chief executive David Solomon and two other current senior executives, president John Waldron and chief financial officer Stephen Scherr.

Solomon was paid $23 million last year, including $15.4 million in stock options.

The announcement on bonuses was intended as a message for shareholders who are upset at how the corruption scandal has tarred the bank's image at a time when it is working to build up its consumer banking business through the online platform Marcus, according to two people familiar with the matter.

The board of directors wants shareholders to know it is not blind to the gravity of the situation, said one of the sources, adding that the message was not meant to be an admission of wrongdoing.

Besides Solomon, who also serves as chairman, Goldman's 13-member board includes ArcelorMittal chief executive Lakshmi Mittal.

Experts say Goldman Sachs could face a fine of perhaps $2 billion under a criminal case related to 1MDB.

In January, Solomon apologized to Malaysia over the scandal and the involvement of former Goldman partner Tim Leissner, who had pleaded guilty to violating US anti-bribery and money laundering laws.

Solomon's statement stood out in tone from that of Blankfein, who said during the height of the financial crisis in 2009 that he was "doing God's work" in helping companies raise capital.

US authorities have accused a Malaysian financial intermediary, Low Taek Jho, along with Leissner and another former Goldman banker, Ng Chong Hwa, of conspiring to launder billions of dollars from 1 Malaysia Development Berhad, a sovereign wealth fund set up for development of the country. Goldman garnered $600 million in fees and revenues from 1MDB bond transactions.

# India's banks unlikely to match RBI's rate cut any time soon

REUTERS, *Mumbai*

Indian bankers say piles of bad debt and the high cost of deposits mean they are unlikely to reduce interest rates on loans by as much as the central bank cut its key lending rate in a bid to spur growth.

The reluctance of bankers to pass on all of Thursday's surprising 25 basis point rate cut is a potential blow to Prime Minister Narendra Modi's government, which hopes lower lending rates will lift growth and job creation ahead of general elections due by May. Making more credit available more cheaply is vital for Modi, who wants to please businesses, farmers and individual borrowers.

Four senior public and private sector bankers told Reuters on Friday that they might only cut lending rates by 5-10 basis points. A move of that size would have a negligible impact in boosting credit, or in reducing refinancing costs. "If there is a lot of (government) pressure, then I may cut by a notional 5-10 basis points," said the head of a big state-run bank who asked for anonymity due to sensitivity of the subject.

"That may have a psychological impact on corporates but will not really help in boosting credit growth or lowering borrowing costs." For Modi and new Reserve Bank of India Governor Shaktikanta Das, who is keen to boost private investments by lowering rates, this poses a problem.

Economic growth has slowed, with private investments slumping and consumption gains muted. Annual industrial output growth in November rose 4.1 percent, down from October's 8.4 percent.

For the banks - often stuck with bad loans and heavy provisioning - any cut in loan rates is unlikely without a corresponding fall in deposit rates, which will require cash conditions to improve significantly, say bankers.

And banks are reluctant to cut deposit rates in the fiscal year's last quarter, as they are keen to shore up their books while not losing hefty deposits.

# BSEC looks to curb overbidding for small-cap stocks

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The stock market regulator had earlier directed institutional investors to justify their bidding price to control overestimation but the outcome was not satisfactory.

"If this turns into a success, the same method can be introduced on the main board too," he added.

The small-cap board is set to be introduced next month, said KAM Majedur Rahman, managing director of the Dhaka stock Exchange.

The new board would open up a new avenue for small-cap companies, the paid-up capital of which would be between Tk 5 crore and Tk 30 crore after listing, according to the gazette notification made last month.

If a company seeks premium, it has had to log in profits for the last two financial years at least and have a minimum paid-up capital of Tk 10 crore. However, if the paid-up capital goes past Tk 30 crore, the firm will have to apply for listing on the main board of the exchanges.


PARTEX FURNITURE

**Quazi Mohammad Shahed, CEO of Partex Star Group's Complex-1, opens a showroom of Partex Furniture, a concern of the group, on Jasimuddin Road in the capital's Uttara.**

# Textile sector needs Tk 10,000cr investment

FROM PAGE B1

If the investment is done in a textile palli under an economic zone there will not be a need to set up separate ETPs. "Only a central ETP is enough to serve the whole cluster of mills, thus reducing the cost of production." The BTMA chief said the majority of investment in the textile sector has been taking place in the form of capacity expansion.

Although the local textile millers can supply quality fabrics the quantity is still low, said Siddiqur Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association. "Every year Bangladesh needs to improve the capacity of its primary textile sector as the export of apparel items is also growing."

If Bangladesh wants to hit $50 billion in garment export receipts by 2021, the local textile millers will have to supply more. "The increased supply of local raw materials also decreases the lead time, which is very important in this competitive apparel business worldwide," Rahman added.