

# Global strain stirs BOJ debate of more easing in March



A businessman walks past the Bank of Japan building in Tokyo.

REUTERS, Tokyo

Bank of Japan policymakers debated the feasibility of ramping up monetary stimulus at their rate review this month as heightening overseas risks weighed on the country's fragile economy, a summary of opinions of the meeting showed on Tuesday.

While many in the board maintained their view Japan's economy continued to expand

moderately, some voiced concern over the impact of slowing global demand and the potential hit to consumption from a scheduled sales tax hike in October.

"In the current situation where downside risks are materializing, the BOJ should be prepared to make policy responses," one of the central bank's nine board members was quoted as saying.

"If there are concerns that the inflation

momentum will be lost, the BOJ should ease policy decisively," the member said.

Another member said the BOJ must act "pre-emptively" if economic and price developments deteriorate, the summary showed.

Others, however, were more cautious about topping up an already massive stimulus program. Some said maintaining the current policy was the best approach given the rising cost of prolonged easing, according to the summary.

"In a situation where a virtually zero lower bound exists, there is a possibility the effect of monetary easing via an additional decrease in government bond yields will be limited than before," one board member said.

At the March 14-15 meeting, the BOJ kept monetary policy steady but downgraded its view on exports and output in a nod to the impact of slowing global growth.

"There's concern Japan may face growing signs of sliding into recession, depending on the impact of overseas economic developments and the scheduled domestic sales tax hike," one member was quoted as saying in the summary.

The BOJ faces a dilemma. Years of heavy money printing have dried up market liquidity and hurt commercial banks' profits, highlighting the rising risks of prolonged easing.

And yet, subdued inflation has left the BOJ well behind its US and European counterparts in dialing back crisis-mode policies, and with a dearth of ammunition to battle any abrupt yen spike that could derail an export-driven economic recovery.

# Jatra showcases BackOffice software

STAR BUSINESS DESK

Travel agency software maker Jatra Solutions has showcased features and services of its product Jatra BackOffice at Novoir Dhaka Travel Mart 2019 at the Sonargaon hotel in Dhaka recently.

Jatra BackOffice offers interactive mod-

ules, accurate and secured accounting and streamlined processes along with data processing in multiple graphic ways, said MGH, Jatra Solutions' owning company, in a statement yesterday.

Jatra Solutions started its journey in 2008 and is now operating in both Bangladesh and Nepal.

# Siemens turns to China's SPIC to help turn around gas turbines

REUTERS, Zurich

Siemens and China's State Power Investment Corp (SPIC) plan to co-operate on energy plants in the latest move by the German engineering company to revive its ailing gas turbines business.

The strategic partnership follows speculation that Siemens is looking to find a joint venture partner for the business, where sales and profit have collapsed amid falling demand and cut-throat price competition.

China is one of the few remaining markets for gas turbines, which have lost ground elsewhere due to the increasing popularity and cheapness of renewable power generation.

Siemens Chief Executive Joe Kaeser said the deal with one of China's big five state-owned power companies could go further.

Siemens also signed a technology collaboration deal with China United Heavy-duty Gas Turbine Company, in which SPIC is the majority shareholder.

"The objective of both parties is to form a longstanding partnership extending beyond

the scope of the agreements announced today," Kaeser said in a statement.

Siemens declined to comment on the extent of further agreements or whether it was a prelude to SPIC taking a stake in its Power and Gas division.

Reuters reported last week that Siemens was looking to find a solution for the troubled business by its investor day in May, with sources saying discussions between Siemens and Japan's Mitsubishi Heavy Industries had intensified.

Siemens was also looking at other options for the business where profit halved during its first quarter, the sources said.

The agreements signed in Beijing on Tuesday will support collaboration in product demonstration and novel management systems for decentralised energy systems, Siemens said. Both companies agreed to cooperate in new projects and develop gas power systems globally. No technology would be sold by Siemens to the Chinese firm, instead allowing SPIC to use its design system for gas turbines.

# China's Huawei sees little impact on sales from US broadside

REUTERS, Shenzhen/Hong Kong

The US campaign against China's Huawei is having little impact on the company's sales and it is unlikely many countries will follow the United States in banning Huawei from building next-generation mobile networks, its rotating Chairman Eric Xu said.

"Recently we are seeing a large number of countries making their own decisions," Xu said during an interview at Huawei Technologies' headquarters in Shenzhen.

While Australia has banned Huawei from 5G networks over security concerns, European Union coun-

tries such as Germany and France have indicated they are likely to ignore the US call to shut out the telecoms giant.

"Maybe it's only Australia," Xu told Reuters reporters after a tour of the campus.

Xu affirmed that Huawei's revenue jumped 36 percent over the first two months of 2019 and was set for a 15 percent annual spike to \$125 billion, underlining strength in its smartphone business and sales of computing and communications networks.

Huawei has been facing mounting scrutiny, led by the United States, amid worries its equipment could be used

by Beijing for spying. The company, however, says the concerns are unfounded.

Xu said he does not expect the United States to intensify its attack on the company by barring sales of US components to Huawei, a move that almost put its compatriot ZTE Corp out of business last year before US President Donald Trump lifted the ban.

Huawei is the world's third-largest buyer of computer chips, many of which come from US companies, and a sales ban would be disruptive to the global tech industry, Xu said.



Meherun N Islam, managing director of CEMS Global, opens a five-day Bangladesh International Trade Fair 2019 at International Convention City Bashundhara in Dhaka yesterday.

# Global investors now seek BGMEA support

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Its 300 member organisations comprise faith communities, socially responsible asset managers, unions, pensions, NGOs and other socially responsible investors with combined assets of more than \$400 billion.

The ICCR says the investors are concerned that ending the work of the Accord on Building and Fire Safety in Bangladesh would be too risky for the agency's signatory companies to continue to source from unsafe factories lacking a credible and effective regulatory system.

"It is our hope that the Accord will be able to function in Bangladesh until such time as the Remediation Coordination Cell is fully prepared to assume its tasks."

The ICCR expressed sadness over the devastating fire in Chawkbazar in late February that killed 70 people.

The government of Bangladesh has a major challenge to protect its citizens from deadly fires and it will take time to build its capacity to do so, it said. Rahman confirmed that he received the letter.

"But the extension or departure of the Accord is depending on the court now."

A hearing on a petition filed by the Accord challenging the High Court directive that asked the agency to stop activities in Bangladesh is scheduled April 7.

"However, the Accord should leave the country like the Alliance did after the completion of its works in Bangladesh," Rahman said.

He said the Accord signatories were supposed to assist the garment factory owners financially for remediation, but only three to four factories had availed the finance through the Japan International Cooperation Agency.

ICCR members are not direct signatory to the Accord, but have international investment, said David M Schilling, senior programme director of the ICCR.

"We are concerned over the safety of the entire supply chain," Schilling told The Daily Star over phone from New York.

He says the ICCR sent similar kind of letters to Cambodia and Mexico in the wake of safety-related challenge of workers.

The ICCR also thinks that the signatories of the Accord should pay higher prices for the garment items they source from Bangladesh as manufacturers have spent money to strengthen workplace safety, Schilling said.

The brands and retailers should share the cost of the remediation, he also added.

The ICCR had earlier sent letter to Prime Minister Sheikh Hasina seeking the extension of Accord's operations.

# First floating rate T-bond hits market

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Three banks -- Sonali, NRB and South Bangla Agriculture and Commerce -- purchased Tk 112 crore of the bond, while the remaining amount was mopped up by the central bank itself.

The interest rate on the bond was set at 6.50 percent through an auction, which is higher than the existing 6.44 percent interest rate for five-year treasury bonds.

Before this, there were five government treasury bonds in the market with maturities ranging from two years to 20 years but with fixed interest rates.

For instance, the interest rate on the five-year treasury bond is now 6.44 percent and those who invested in the instrument will get the same return upon its maturity.

But those who invest in the FRTB can get more

or less than 6.50 percent as the yield is floating. The interest rate of the instrument will change every three months.

The clients are now enjoying interest two times a year from the traditional bond, but the facility is doubled for bondholders of the FRTB.

The interest rate on the FRTB will be fixed calculating the Bangladesh Compounded Rate (BCR) and adding a spread set by lenders.

The BCR is a daily rate announced by the central bank on its website. It is a compound rate calculated from the average interest rate of 91-day treasury bills in the previous 91 days.

Both individuals and institutional investors will be eligible to purchase and hold the FRTBs.

Non-resident investors will have to purchase the FRTBs with funds from a non-resident foreign

currency account, or a Non-Resident Investor's Taka Account (NITA) with a bank in Bangladesh in the name of the purchaser.

They can transfer coupon payments (interest) and resale or redemption proceeds abroad in a foreign currency.

A Bangladesh Bank official said that the government might issue more bonds with floating rate to reinvigorate the bond market.

The bond market will be able to attract many individual and institutional clients if the reforms continue as a good number of people are shying away from the banking sector on the back of growing financial scams, he said.

The FRTB will help the government manage its budget deficit, said Rahman, also the managing director of Dhaka Bank.

# German consumer morale slips despite vibrant job market

APP, Berlin

After a buoyant start to the year, German consumers are less optimistic heading into April despite a renewed growth outlook and a vibrant labour market, a key survey showed Tuesday.

Market research firm GfK's forward-looking monthly barometer stood at 10.4 points for April,

down on 10.7 for this month.

The survey of some 2,000 people showed that after a bright start to the year, German consumer optimism is waning slightly.

The gap has "once again narrowed" between rising consumer expectations of changing economic conditions and declining earnings-related conditions, against the backdrop of strong labour

market performance, the GfK noted.

According to the Nuremberg-based market research institute, the indicator of economic outlook stands at 11.2 points, up seven points from March, which put an end to five consecutive months of decline.

The morale of German business leaders also picked up in March after falling for six months in a row, the Ifo, the Munich-based institute, said Monday in its business confidence index.

"The coming months will show whether this is the beginning of a turnaround," said GfK in a statement. The pollsters said consumers "do not expect Germany to slip into a recession this year".

They do however expect a noticeable slowdown in the economy, like Germany's "wise men" panel advising the government who last week lowered their GDP growth forecast for this year to just 0.8 percent.

Also weighing on the GfK survey was a drop in both expectations of income and desire to consume, the latter of which has fallen to a level last seen two years ago.

Yet Germans maintain a strong desire to consume, showing little fear for job security, while the prolonged phase of low interest rates has made them less likely to save.

German unemployment remains at historic lows, with just 5.0 percent of people out of work in Europe's largest economy in February.

Private consumption should continue to support German growth, but is reliant on consumer concerns not rising amid the prolonged Brexit negotiations, as well as trade tensions between the EU and the United States, the GfK concluded.

# Opec, non-Opec plan next JMMC meeting on May 19 in Jeddah

REUTERS, London/Dubai

Opec and its allies aim to hold their next ministerial monitoring committee meeting, known as the JMMC, on May 19 in the Saudi Arabian city of Jeddah, two sources said on Tuesday.

Saudi Arabia and Russia are members of the JMMC, which includes other major oil producers who took part in a global supply cut agreement last year, including Iraq, the United Arab Emirates, Kuwait, Nigeria and Kazakhstan.

# MFS market to heat up as PM opens Nagad

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The disproportionately higher transaction limits though have raised the eyebrows of private sector players, who voiced concerns of uneven competition and possibilities of money laundering and terrorist financing.

It will be able to provide faster services through various digital channels and digital systems like digital apps, mobile phones, ATM, POS terminals, NFC-enabled devices, electronically-enabled cards, biometric devices and tablets.

At the ceremony organised at Gono Bhaban, Telecom and ICT Minister Mustafa Jabbar, Postal Department Director General Sushanta Kumar Mandal and Nagad Managing Director Tanvir A Mishuk were also present.

Hasina also released a commemorative postage stamp of Tk 10, a first-day cover of Tk 10 and a data card of Tk 5 to mark the 49th Independence and National Day.



Shoppers are seen inside a department store in Frankfurt.

REUTERS/FILE