BANK ASIA

Mohammad Borhanuddin, president and managing director (current charge) of Bank Asia, inaugurates a three-day day orientation course for the probationary officers (general cadre) and officers of the bank's export finance division at the Bank Asia Institute for Training and Development in Dhaka yesterday.

UK employment hits record high

AFP, *London*

British employment has reached a record-high level, shaking off stubborn uncertainty surrounding the UK's departure from the European Union, official data showed on Tuesday.

"The level of employment in the UK increased by 179,000 to a record high of 32.72 million people in the three months to February 2019," the Office for National Statistics said in a statement.

That was the highest level since records began in 1971, according to the ONS.

The unemployment rate remained at 3.9 percent, the lowest level since 1975.

"The UK job market remained encouragingly buoyant in February, with a combination of rising employment and falling unemployment pushing pay up at one of the fastest rates seen since the global financial crisis over 10 years ago," noted Christopher Williamson, chief business economist at IHS Markit.

"However, forward-looking survey data suggest that demand for staff has cooled, which will likely feed through to weaker jobs growth and easing pay pressures in coming months."

European leaders last week agreed with British Prime Minister Theresa May to delay Brexit until October 31 at the latest, saving the continent from a chaotic no-deal departure.

The delay avoids a possible economic calamity on both sides of the Channel but does little to resolve the political morass that has seen May's control over her MPs and cabinet gradually slip.

Following Tuesday's jobs data, analysts at Capital Economics said Brexit was "not applying the brakes to hiring" just yet in the UK.

Huawei says not discussed 5G chipsets with Apple

REUTERS, *Hong Kong*

China's Huawei Technologies said on Tuesday it has not held talks with Apple Inc about supplying 5G chipsets, a day after its founder said it was open to selling such chips to the US firm which has yet to unveil dates for a next-gen iPhone.

Apple is behind rivals such as South Korea's Samsung Electronics Co and Huawei in delivering a phone equipped with fifth-generation (5G) modems that is expected to provide fresh momentum in a slumping global smartphone market.

Intel Corp, the sole supplier of modem chips for iPhones, has said its 5G chips will not appear in mobile phones until 2020, raising the possibility that Apple, its biggest customer, will be more than a year behind rivals in delivering a device that uses the faster 5G networks.

Samsung started selling 5G phones in South Korea this month ahead of the global introduction of 5G networks, and Huawei, whose smartphones outsold iPhones in the fourth quarter, plans to launch a 5G phone in June.

"We have not had discussions with Apple on this issue," Huawei's rotating Chairman Ken Hu said on Tuesday, adding he looked forward to Apple's competition in the 5G phone market.

His comment comes a day after CNBC published here an interview with Huawei founder Ren Zhengfei that the firm was "open" to selling its 5G chips to Apple.

Uncertainty over the availability of a 5G-equipped iPhone has weighed on the world's most valuable company - at $939 billion - as rivals unveil products such as foldable phones in a bid to revive stalling smartphone sales.

Brokerage UBS earlier this month said Apple, also battling falling iPhone sales, is increasingly in jeopardy of being unable to ship a 5G iPhone in 2020 which could cause near-term headwind for the company.

Apple held talks with Samsung, Intel and Taiwan's MediaTek Inc to supply 5G modem chips for 2019 iPhones, according to an Apple executive's testimony at a trial between Qualcomm Inc and the US Federal Trade Commission earlier this year.

REUTERS/FILE

A customer waits to buy a new Huawei smartphone in Beijing.

China stimulus may worsen economic distortions: OECD

REUTERS, *Beijing*

China's stimulus measures will shore up economic growth this year and next but may undermine the country's drive to control debt and worsen structural distortions over the medium term, the OECD said in a report on Tuesday.

Beijing has stepped up fiscal stimulus to prevent a sharper slowdown in the world's second-largest economy, which is being squeezed by weaker domestic demand and a trade war with the United States.

Local governments will be allowed to issue 2.15 trillion yuan ($320.60 billion) worth of special purpose bonds in 2019 to fund infrastructure projects, a jump of 59 percent from last year.

But S&P Global Ratings estimated last year that local governments were already sitting on hidden debt that could be as high as 40 trillion yuan.

"Infrastructure stimulus could lift growth over the projection horizon, but it could lead to a further build-up of imbalances and capital misallocation, and thereby weaker growth in the medium term," the OECD said in its latest survey on China's economy.

"The stimulus risks increasing once again corporate sector indebtedness and, more generally, reversing progress in deleveraging," it said.

China's corporate debt has fallen to about 160 percent of gross domestic product (GDP) due to a multi-year clampdown on riskier types of financing and debt, but the level was still higher than in other major economies, the OECD said.

The government in March announced tax and fee cuts of 2 trillion yuan for companies this year, which will lift its budget deficit to 2.8 percent of GDP this year from 2.6 percent in 2018.

China's fiscal stimulus could be as high as 4.25 percent of GDP this year, up from 2.94 percent in 2018, the OECD added.

Easier monetary policy should help reduce the risk of liquidity strains which could put further pressure on businesses, said Ludger Schuknecht, deputy secretary-general of the OECD.

But he said Beijing should prevent any policy "overshooting".

Fiscal policy should aim to support the economy while avoiding any side-effects, he added.

"I'm sure government authorities and the PBOC are monitoring this carefully. It's a matter of implementing it (stimulus) in the right way," he told an event ahead of the release of the report.

New bank loans rebounded more than expected in March, and totaled a record 5.8 trillion yuan for the quarter, as policymakers pushed lenders to support struggling smaller, private companies, which are seen as higher credit risks than state-controlled firms.

But there are concerns that looser lending standards may fuel a further rise in bad loans as well as inefficient investment and speculation, particularly in the property market.


REUTERS/FILE

Employees work on the production line of a factory manufacturing fashion accessories in China.

German investors see brighter outlook

AFP, *Frankfurt*

A closely-watched measure of investor confidence in Germany has clambered back into positive territory, data showed Tuesday, pointing to a brighter outlook ahead even as views of the present situation grew gloomier.

The ZEW institute's barometer added 6.7 points for a reading of 3.1 in April, it said after its regular monthly polling of around 200 financial players and analysts.

It was the first positive reading for the indicator in just over a year, a period in which threats to growth like Brexit, trade wars and weakness in emerging markets have plagued investors.

The uptick "is based above all on hope that the global economic context will develop less badly than previously supposed," ZEW chief Achim Wambach said in a statement.

"A contribution to the improved expectations will have come from the delay to the date of Brexit" to October 31 at a European summit last week, he added.

Export-oriented Germany has suffered from a global trade slowdown and uncertainty over possible new barriers to trade with major markets in Britain and United States.

Brexit could create new hurdles where trade with the island nation has so far been frictionless.

And US President Donald Trump has threatened taxes on imports of European cars if his own trade demands are not met.

Looking at other elements of the ZEW survey, respondents' expectations for the 19-nation eurozone also pushed into the positive, adding 7.0 points for a reading of 4.5.

But financial players' view of the present state of both the German and eurozone economies worsened.

"The latest figures for new orders and production in German industry produce a picture of rather weak development in the business situation," Wambach said.

German Economy Minister Peter Altmaier is widely expected to present on Wednesday updates that further reduce the forecasts for 2019 economic growth, after a drastic 0.8-point cut in January to just 1.0 percent.

UCB

Mohammed Shawkat Jamil, managing director of United Commercial Bank Ltd (UCB), ATM Tahmiduzzaman, executive vice president, and Subhash Chandra Das, chief financial officer of Sonali Bank, attend a deal signing ceremony at UCB's corporate office in Dhaka recently. The agreement aims at collecting e-chalan and other fees and charges of different organisations through UCash, a mobile financial service of UCB.

J&J reports Q1 sales above expectations

REUTERS

Johnson & Johnson reported first-quarter revenue above analysts' estimates on Tuesday, driven partly by demand for its Stelara treatment for psoriasis and Crohn's disease and cancer drugs Darzalex and Imbruvica.

J&J, the first major drugmaker to report first-quarter results, reported a slight rise in quarterly sales to $20.02 billion, above the average analyst estimate of $19.61 billion, according to IBES data from Refinitiv.

The US healthcare conglomerate said net profit fell to $3.75 billion, or $1.39 per share, from $4.37 billion, or $1.60 per share, a year earlier.

J&J recorded litigation expense of $423 million in the first quarter. The company did not record litigation expense in the year-ago period.

ECB policymakers doubt projected growth rebound

REUTERS, *Frankfurt*

Several European Central Bank policymakers think the bank's economic projections are too optimistic as growth weakness in China and trade tensions linger, four sources with direct knowledge of discussions said.

A "significant minority" of rate-setters in last week's policy meeting expressed doubt that a long projected growth recovery is coming in the second half of the year and some even questioned the accuracy of the ECB's projection models, given their long history of downward revisions, the sources said.

With the ECB using the these projections as a key input into policy decision, more cuts in growth and inflation forecasts would raise the chance that the bank's first post crisis rate, now seen next year, is delayed even longer.

An ECB spokesman declined to comment.

The central bank has so far maintained that many of the factors holding down growth are temporary, so the economy would rebound in the second half, after waning exports and eroding confidence nearly dragged Germany into recession late last year.

ECB President Mario Draghi said over the weekend there were signs that these factors were waning, even if political uncertainty loomed large.

But some of his fellow Governing Council members were not as confident and argued that the growth hurdles were far from temporary, so there was no reason to project any significant rebound, the sources said.

While Germany's vast car sector did take a one-off hit from an adjustment to new emissions-testing methods, more permanent factors could include shifting consumption habits, a move away from diesel and weak Chinese demand, some governors argued, according to the sources.

The policymakers added that weak global trade growth also appears to be more permanent, trade wars now look to be the norm rather than the exception and even if Chinese growth looks to be stabilizing, demand from Beijing is unlikely to surge. Some governors went as far as saying that the ECB's forecasting methodology may need to be reviewed since projections are persistently too optimistic and are regularly cut quarter after quarter, the sources said.


REUTERS/FILE

European Central Bank headquarters building is seen in Frankfurt, Germany.