BRAC BANK

Nihad Kabir and Asif Saleh, directors of Brac Bank, inaugurate a relocated branch on Mirpur Road in the capital's Dhanmondi yesterday.

Dutch issue first 'green bond'

AFP, *The Hague*

The Netherlands said it was issuing its first "green bond" on Tuesday, becoming the first top-rated country to tap into a growing market for investments in environmental projects.

It is aiming to raise between four and six billion euros ($4.5 billion to $6.7 billion) up to July 2040, according to HSBC, one of the banks handling the operation, although the Dutch government did not immediately give a figure.

The Netherlands is the fifth country to issue environmentally friendly sovereign debt after fellow EU nations Poland, France, Belgium and Ireland.

"The Netherlands is today the first triple A country to issue a green bond," Dutch Finance Minister Wopke Hoekstra said on Twitter, referring to its international bond rating.

The Dutch finance ministry added: "With green bonds we finance green expenditures and we stimulate the green capital market. A new step towards a greener economy and a greener Netherlands." Climate change and the environment are pressing issues for the Netherlands, where at least a third of the country lies below sea level.

Analysts said the Netherlands' first green bond set a high bar for other countries because of its tough environmental standards.

"We are looking at this green bond with a very favourable eye, particularly because it is the first sovereign green bond with such strict conditions," said Bram Bos, a portfolio manager at NN Investment Partners.

Hoekstra said earlier this year that these "dark green bonds" would only finance projects that meet specific criteria such as such as making a "substantial contribution to reducing CO2 emissions." Green bonds -- where governments sell debt specifically earmarked for environmental projects -- launched a decade ago but the overall share of green instruments in global finance remains small.

They accounting for only $156.8 billion or two percent of the global bond market, according to HSBC.

Fed may cut rates if inflation keeps disappointing: Bullard

REUTERS, *Hong Kong*

Further weakness in inflation could prompt the US Federal Reserve to cut interest rates, even if economic growth maintains its momentum, James Bullard, President of the Federal Reserve Bank of St. Louis, said on Wednesday.

The risk of the Fed missing its 2 percent inflation target and the trade war were two key macroeconomic challenges to the policy-setting Federal Open Market Committee (FOMC), he said in a presentation prepared for an audience at the Foreign Correspondents' Club (FCC) in Hong Kong.

The Fed held interest rates steady earlier in May, when Chairman Jerome Powell said there was "no strong case" for either a cut or hike in interest rates.

But Bullard said on Wednesday "a downward policy rate adjustment even with relatively good real economic performance may help maintain the credibility of the FOMC's inflation target going forward." "A policy rate move of this sort may become a more attractive option if inflation data continue to disappoint," he said.

Bullard and Chicago Fed's Charles Evans, both voting members of the FOMC, have in recent days expressed concerns over the Fed's failure to meet its target. Bullard said on Wednesday that another 'low-side miss' is on the horizon in 2019.

Bullard said any policy adjustment going forward would be in response to incoming data, and not a continuation of the rate normalisation process which has stopped earlier this year after 225 basis points worth of hikes from near zero levels.

He remained upbeat about growth prospects.

Bullard drew comparisons with 2-1/2 decades ago -- when rates were increased by 300 basis points between early 1994 and early 1995, and the economy still boomed during the second half of the 1990s -- to stress that rate normalisation can be accomplished without damaging prospects for an extended period of growth.

The next FOMC meeting will convene on June 18.

Bullard expects agreements on trade will be reached in the near term, but warned that a failure to do so, with substantial barriers "erected and maintained," could alter "global trading patterns over the medium term".

These unresolved trade disputes and the below-target inflation "suggest that the FOMC needs to tread carefully in order to help sustain the economic expansion," he said.

Bullard said that from a macroeconomic perspective, China should agree to "everything that's being asked" in the negotiations because it would lead to a domestic economic boom.

"They will establish credibility on trade inside China, and will reassure foreign investors that they can invest in China and be treated appropriately. If that occurs, I would see blue skies ahead for the Chinese economy," Bullard said.

"It's not just the U.S. that's doubting Chinese credibility. Many global players all around the world have found that it's a difficult place to do business." In an interview with Bloomberg TV earlier on Wednesday, Bullard said tariffs would have to stay on for "something like six months" with no prospect of a resolution in sight to weigh on Fed policy.

In his FCC remarks, he added China selling its large stock of U.S. Treasuries was not "as big of a threat as it's being made out to be" as it would be hard to replace them with other assets.

REUTERS

President and CEO of the Federal Reserve Bank of St. Louis James Bullard speaks at the Foreign Correspondents' Club on the US economy and monetary policy in Hong Kong yesterday.

METLIFE

Md Monzur Mofiz, deputy managing director of Dutch Bangla Bank Limited, and Kazi Mahfuz Mamtazur Rahman, team leader of Swisscontact, sign a memorandum of understanding recently for a digitised payroll system for 20,000 garment workers under a "Sarathi–Progress through Financial Inclusion" project jointly funded by MetLife Foundation and Swisscontact.

Dollar near one-month highs before Fed minutes; pound dives

REUTERS, *Tokyo*

The dollar largely kept to familiar trading ranges on Wednesday, as it found support near a 3-1/2-week high on higher US yields after the United States eased trade restrictions on Chinese telecommunications equipment maker Huawei Technologies.

The move came as a relief to markets hit by escalating trade tensions between the United States and China, though analysts said sentiment remained fragile with tariff negotiations between the world's two largest economies yet to produce a durable solution.

"The trade dispute won't be resolved easily, so the risk-off mood won't come off all of a sudden, said Ayako Sera, market strategist at Sumitomo Mitsui Trust Bank. "I think market sentiment will rather improve one small step at a time." Against a basket of key rival currencies, the dollar was largely steady at 98.031, having brushed a 3-1/2-week high of 98.134 overnight. The index has risen 1.9 percent this year.

The US Commerce Department blocked Huawei Technologies Co Ltd from buying US goods last week, leading several companies to suspend business with the world's largest telecoms equipment maker.

Chipmakers, many of which sell to Huawei, bore the brunt of the sell-off. But late on Monday, the United States granted Huawei a licence to buy US goods until Aug. 19.

Against the yen, the dollar was largely steady at 110.49 yen, after hitting a two-week high of 110.675 during the previous session. The greenback has recovered 1.4 percent from a three-month trough of 109.02 yen touched on May 13.

Japan's exports fell 2.4 percent in April from a year earlier, down for a fifth straight month, in a sign of weakness in external demand, finance ministry data showed.

Gender diversity good for businesses and economies: UN

AFP, *Geneva*

Companies that improve gender diversity -- especially at the top -- perform better and rake in higher profits, while countries that increase women employment see better economic growth, the UN said Wednesday.

The UN's International Labour Organization found in a fresh study that companies that improve gender diversity in their management report significant profit increases.

"Gender diversity is a smart business strategy," according to the report, which based its findings on a survey of nearly 13,000 companies across 70 countries.

According to the survey, nearly three-quarters of companies that tracked gender diversity in their management reported profit hikes of between five and 20 percent.

And some 57 percent said growing the number of women at the top made it easier to attract and retain talent, while nearly as many said they saw improvements in creativity, innovation and openness, and an enhancement of the company's reputation.

The report also analysed data from 186 countries between 1991 and 2017, and found that increasing women's employment is associated with more economic growth at the national level.

- 'Bottom-line issue' - "These results are eye-opening," said Deborah France-Massin, who heads ILO's employers' activity bureau. "Companies should look at gender balance as a bottom-line issue, not just a human resources issue," she said in a statement.

Gender balance in senior management is defined as 40-60 percent of either gender, and the ILO said the beneficial effects of gender diversity begin to kick in when women hold at least 30 percent of senior management and leadership positions.

But it warned that nearly 60 percent of the companies surveyed acknowledged that they did not meet this target.

And in nearly half of the companies surveyed, women accounted for fewer than one on three of entry-level management recruits.

"The glass ceiling is still intact. There are some cracks in it but there is still some way to go," France-Massin told reporters in Geneva.

The situation obviously varies depending on the country and region where a company is based, with businesses in the Middle East and North Africa generally counting only around 10 percent women in management positions, the report showed.

While women's employment has grown worldwide in recent decades, they still remain 26 percentage points less likely to hold a job than men, ILO data shows.

As tourism drives residents out, Malaysia's heritage city turns to millennials

REUTERS, *Malaysia*

The faded white walls and wooden door of Fong Lai Kheng's hair salon in the heart of Malaysia's George Town stand out on a street lined with souvenir shops, cafes and colourful murals.

But not for much longer. After a four-fold increase in her rent in just five years, Fong is planning to shut her business when the lease expires this year after five decades joining an exodus of residents and traditional traders.

The Malaysian port city of George Town became a UNESCO world heritage site in 2008, but since then an influx of tourists and rising rents have pushed out residents and the businesses that served them.

"What else can we do?" said Fong between washing and drying the hair of one of her regular customers. "There are many others who are eager to rent even if I don't. I just have to pack my bags and retire." Once an important trading hub, George Town in the northern Malaysian state of Penang is a melting pot of Malaysia's rich cultural diversity, where British colonial buildings sit alongside Chinese shophouses, mosques and Hindu shrines.

Since winning world heritage status, it has become one of Asia's best-known tourist spots, attracting 3.8 million visitors in 2018 - more than double 2007 levels, official data show.

But as with other world heritage sites - from Venice to Vietnam's Hoi An - there are fears the city could become a victim of its own success as the onslaught of tourists and exodus of residents threatens its unique character.

Eager to find ways of repopulating the city, the council is refurbishing six dilapidated pre-war shophouses, aiming to draw a new generation of residents - students and tech-savvy entrepreneurs - into the heart of the city.

The new scheme is inspired by co-living spaces in crowded, expensive cities from London to Hong Kong, with tenants sharing a kitchen and living room.

They will follow the traditional design, with shops on the ground floor and living quarters above.

George Town's Mayor Yew Tung Seang, who is spearheading the pilot scheme, hopes it will boost affordability and help to attract young tenants who would not otherwise have been able to move to the city.

"Everything was converted into hotel, hotel, hotel - it became a tourist town," Yew told the Thomson Reuters Foundation.

"Eventually what we are hoping to see is a vibrant city where people stay in the city." The population of George Town has been falling since 2000 when rent control laws were repealed, causing some rents to triple, according to a report by the government-linked Khazanah Research Institute.

The number of permanent residents in the city almost halved between 2007 and 2009 to just 10,000 as owners of heritage properties sold or renovated them to fetch higher rents, the report said.

The number of hotels in the city meanwhile rose nearly 60 percent between 2009 and 2013.

No figure for the current population is available. "Co-living and co-working is not easy to succeed, I know that," said Yew.

"Our ultimate idea is that people will move back to George Town and stay here." The scheme to repopulate Georwge Town will also be tested on another row of 10 privately-owned shophouses, where 17 rooms are up for rent as commercial spaces for technology-related events such as coding boot camps.

Owner Yeap Leong Huat, a businessman, said he hoped the project would be a "catalyst for change" and inspire other private owners to do the same.

"George Town is an old town. We have the romance of the past, but we want to show that there is the power of the future in this old city too," said entrepreneur Howie Chang, who is managing the 10 shophouses.

But activists fighting to save George Town's heritage were sceptical that such projects would draw people back into the city.

"It's too little too late," said Mark Lay, a New Zealander who has lived in the city since 2012 and co-founded the non-profit George Town Heritage Action Group.

He said the city was rapidly losing its intangible heritage the traditional traders who have been forced out while lax law enforcement meant heritage buildings were being demolished or renovated without adhering to conservation guidelines.

He said the government should prioritise existing residents struggling to live in the city due to high costs, including by improving public services and access to financial aid, as well as capping the number of hotels.

"If the government takes care of the locals, everything else will fit in. Tourists can see what the authorities are doing this is just turning into a fake Disneyland."

The transformation into a tourist town has also left visitors disappointed, according to Joann Khaw, a tour guide of over 25 years and a heritage conservation campaigner.

In recent years, Khaw has had to venture further away from the heritage area to cater to demand from tourists who ask to see the more authentic side of local life.

"How many residents are there left? These are all trinket shops, cafes, guest houses and bars. The tourists would tell me, 'we have this at home, we don't need to come all the way to see this'," she said.

Asked about the concerns, UNESCO said by email that it was "following up on conservation issues" with Malaysian authorities.

REUTERS

Tourists walk past a souvenir stall in George Town in Penang, Malaysia.