



Mirza Elias Uddin Ahmed, additional managing director of Jamuna Bank; Yogesh Sangle, head of MoneyGram for Asia Pacific and South Asia, and Sheshagiri (Sukesh) Malliah, regional head for Indian subcontinent, Indo China and Malaysia, attend a deal signing ceremony in Dhaka recently to launch a deposit service for non-resident Bangladeshis.

MONEYGRAM



Anwarul Azim Arif, chairman of Social Islami Bank, opens a branch on Sheikh Mujib Road at Chowmuhani in Chattogram yesterday.

SOCIAL ISLAMI BANK



Rashidul Hasan, chairman of Uttara Finance and Investments, and SM Shamsul Arefin, managing director, attend its 24th annual general meeting at International Convention City Bashundhara in Dhaka yesterday. The company approved 20 percent cash dividend for 2018.

UTTARA FINANCE AND INVESTMENTS

# 'Golden age' of Australian economy fades as dark clouds loom

AFP, Sydney

Australia's record-breaking economic run isn't about to end because of a ban on plastic bags -- as one lobby group spuriously claimed -- but consumers are buying less, offering a cautionary tale for the rest of the world.

Once dubbed the "Goldilocks economy" for avoiding the pitfalls of the global financial crisis, Australia has seen 27 years of uninterrupted expansion -- unprecedented in the developed world.

But the outlook appears increasingly bearish, and resilient Australia's faltering growth could be the canary in the coal mine for the world economy.

The economy grew just 0.4 percent in the first three months of this year, after near-zero expansion in the second half of 2018.

Strip away gains from population growth and the country is technically in a recession.

"The big issue is the consumers," National Australia Bank chief economist Alan Oster told AFP.

Like many advanced economies, Australia's unemployment rate is not too bad, but like elsewhere there has been a troublesome mixture of high personal debt and stagnant wages.

In response, Australians are being

more thrifty -- spending less on eating out, paying little heed to almost constant high street discounts, and, crucially, spending less on rent and accommodation.

House prices in Sydney have now fallen almost 15 percent from their peak two years ago.

- The emperor's clothes - The downturn has exposed weakness in the Australian economy that had been masked by China's insatiable appetite for Australian commodities. The economy now looks less like Goldilocks and more like the emperor with no clothes.

That's a big lesson for the rest of the world as it picks up the pieces after the financial crisis, Gabriele Gratton of the University of New South Wales said.

"The Australian economy didn't diversify enough and it exposed itself to a situation where Australian households are highly indebted," Gratton told AFP.

Chinese growth also contributed to the sharp rise in housing prices as both locals and foreigners piled into the market, particularly in the major cities Sydney and Melbourne.

But the Chinese economy has been losing momentum in recent years, reducing the demand for commodities and properties in the sun.

"If prices do not collapse, then nothing happens. But if prices do collapse, it will cause the type of (problems) that we've seen in Ireland or in Spain," Gratton said.

The Reserve Bank, which just a year ago appeared more likely to raise interest rates, has reversed course and cut, with more cuts expected.

With interest rates already so low, stimulus spending could be on the cards. But both the central bank and the government have limited room for manoeuvre.

"The problem is you don't have the policy instruments that we can pull now that we pulled in the global financial crisis," Oster said.

Despite the pessimism, most economists do not believe Australia will slip into recession.

The Australian dollar has been weakening, boosting exports, state and federal governments have been splashing out on public services such as healthcare and infrastructure, and population growth remains strong.

Prime Minister Scott Morrison has promised to cut taxes and red tape.

But forecasts over the last year have been repeatedly over-optimistic.

Central bank governor Philip Lowe has taken the unusual step of asking the government to spend more -- lest the porridge go cold.

# Deutsche Bank in wealth management hiring spree

REUTERS, London

Deutsche Bank plans to hire 300 more relationship and investment managers for its wealth management business by 2021, as part of a plan to bulk up in areas the German lender hopes will bring steadier revenue streams.

Deutsche Bank is in the middle of a major restructuring as it tries to shrink its investment bank that has struggled to generate sustainable profits since the 2008 financial crisis. The shake up is expected to lead to thousands of job cuts in areas like equities trading.

Chief executive Christian Sewing wants instead to allocate more resources to businesses that have more stable revenue streams, with wealth management one of them.

"This drive to grow our business is now materialising with a big investment push," Fabrizio Campelli, global head of Deutsche Bank Wealth Management told Reuters in an interview.



Mohammad Masudur Rahim, chairman of Prime Finance and Investment, presides over its 23rd annual general meeting at Krishibid Institution Bangladesh in Dhaka yesterday. Md Ahsan Kabir Khan, managing director, was present.

PRIME FINANCE

# Central banks tackle technology with innovation hub

REUTERS, Zurich

Central banks grappling with fast-changing financial technology and companies like Facebook moving into finance will aim to work together more closely through an innovation hub approved on Sunday by the Bank for International Settlements.

The BIS said the intention of the hub, which will be based in Basel, Hong Kong and Singapore, is to improve the functioning of the global financial system and it will identify and develop insights into trends in technology affecting central banking.

Facebook's plan to expand into payments and launch its own Libra cryptocurrency were not mentioned in the BIS statement, but the social media giant's move has helped crystallise opinion among central bankers on the urgency of coordinating regulatory responses to financial technology trends.

"The IT revolution knows no borders and therefore has repercussions in multiple locations simultaneously," BIS Chairman Jens Weidmann said in a statement following the decision to create the hub at a BIS board meeting.

# China's factory activity shrinks as US tariffs, slowdown hit orders

REUTERS, Beijing

China's factory activity shrank more than expected in June, an official manufacturing survey showed, highlighting the need for more economic stimulus as U.S. tariffs and weaker domestic demand ramped up pressure on new orders for goods.

The Purchasing Managers' Index (PMI) stood at 49.4 in June, China's National Bureau of Statistics said on Sunday, unchanged from the previous month and below the 50-point mark that separates growth from contraction on a monthly basis. Analysts polled by Reuters predicted a reading of 49.5.

The weak manufacturing readings are likely to cast a shadow over the apparent progress US and Chinese leaders made at the G20 summit in Japan over the weekend in restarting their troubled talks over tariffs amid a costly trade war.

They will also spark concerns about stalling growth in China and the risk of a global recession, despite slightly better-than-expected export and industrial profits data in May.

Many economists still expect the economy to face strong headwinds in coming months as domestic demand falters and external risks rise.

"Although the outcome of the

G20 summit (in Osaka) might boost confidence for some entities, organic growth in the economy is still insufficient, and counter-cyclical stimulus policies need to be maintained," researchers at Huatai Securities wrote in a research note

In June, China's factory output growth slowed, with the subindex falling to 51.3 from 51.7 in May while the contraction in total new orders accelerated to 49.6 from 49.8. Export orders extended their decline with the sub-index falling to 46.3

earlier this year.

Southwest Securities said weak new export orders reflected a fading of the front-loading effect, which had temporarily boosted exports as Chinese companies rushed to place orders before more tariffs took effect.

Presidents Donald Trump and Xi Jinping held ice-breaking talks at the G20 summit on Saturday. However, Chinese state media warned on Sunday Beijing and Washington will likely face a long road before the two countries could reach a deal.

Analysts at Nomura expect any gains achieved on a temporary trade deal between China and the United States would prove fleeting with a renewed escalation likely further down the road.

Trump has already imposed tariffs on \$250 billion of Chinese goods and is threatening to extend those to another \$300 billion, which would effectively cover all of China's exports to the United States. China has retaliated with tariffs on US imports.

To deal with the economic challenges, policymakers have released a range of measures and are expected to launch more. Premier Li Keqiang last week pledged to cut real interest rates on financing for small and micro firms.



Workers direct a crane lifting steel pipes for export at a port in Lianyungang in China yesterday.

AFP



Selim RF Hussain, CEO of Brac Bank, and Farzanah Chowdhury, managing director of Green Delta Insurance Company, attend a deal signing ceremony at the bank's head office in Dhaka on June 27 to launch livestock insurance for SME customers.

BRAC BANK



Citibank NA Bangladesh employees pose celebrating its 14th annual "Global Community Day" in Dhaka on June 29. Around 70 Citi employees along with partners, family and friends participated in activities to help improve local communities in Dhaka and Chattogram.

CITI