

Investors seek safety in bonds on fears over economic outlook

AFP, New York

Plunging bond yields jolted global markets Wednesday as interest rate cuts by three central banks and grim German economic data underscored worries about a weakening global economy amid the protracted US-China trade war.

Wall Street opened the day in sell-off mode, a familiar theme in August as the US and China have announced new measures targeting each other.

But after a bruising start, US stocks gradually pushed higher throughout the day while Treasury yields recovered from their lows. Two of the three major Wall Street indices finished in positive territory.

Decisions by more central banks to cut interest rates and weak German industrial data "reminded investors that economic growth in several other regions of the world remain at risk as the US and China trade dispute drags on," said CFRA strategist Lindsey Bell in a note.

"While uncertainty is driving upside in defensive asset classes, we don't think stocks should be abandoned at this time. A near-term recession is unlikely." Still, most banks were under pressure, with Italy's UniCredit and Germany's Commerzbank both sharply lower following warnings on the hit from lower interest rates.

Large US banks such as JPMorgan Chase and Wells Fargo also lost more than two percent.

Bond prices rise as more investors seek safe investments, and that pushes their yield or return lower. The benchmark US government 10-year note dropped to multi-year lows, while French

and German bond yields, already in negative territory, set new record lows.

"Nobody wants to be vulnerable, everybody is in risk aversion mode, and all ingredients are in place to push yields lower," Aurelien Buffault, bond manager at Meeschaert, told AFP.

Markets now believe that the world's key central banks will cut interest rates further to stave off, or at least alleviate, any coming recession, analysts said.

"Rates falling everywhere," analysts at Moneycorp said.

"They may not exactly be competing but the world's central banks all seem to be pointing in the same direction towards lower rates. In every case there is concern, to a greater or lesser degree, about the global economy." Commodity markets also followed the logic of economic worry, with safe-haven investment gold surging and oil, the fuel of economic growth, falling.

Gold went above \$1,500 per ounce for the first time since 2013.

Oil extended already steep weakness after the US Department of Energy reported a surprise increase in inventories -- a sign of flagging demand.

European stocks had a rollercoaster session which started on an upbeat note but then turned sour when US stocks fell sharply at the New York opening bell as "escalated US-China trade concerns continuing to weigh on sentiment," Charles Schwab analysts said.

But as Wall Street came off its morning lows, European equities regained their poise to close mostly higher.

Lotto offers 600 plus designs

STAR BUSINESS DESK

Sports and lifestyle brand Lotto has assembled over 600 new designs at its 150 outlets across the country marking Eid-ul-Azha.

Customer can buy imported lifestyle, leather and moccasin shoes, sleepers, leather sandals, polo and t-shirts, four-way flex jeans and gabardine at attractive prices, the company said in a statement.

Backpacks, luggage, travel bags and accessories and a variety of products will also be available.

Galaxy Note 10+ offered on pre-orders

STAR BUSINESS DESK

Samsung Mobile Bangladesh yesterday started accepting pre-orders for its latest flagship device Galaxy Note 10+.

The device comes with a 12GB RAM, a 256GB ROM and a 4300 mAh battery which can be fully charged within an hour, the South Korean mobile maker said in a statement yesterday.

The smartphone will be available in Aura Black and Aura Glow. Pre-order customers will get the device at Tk 1,34,500 after a discount of Tk 10,000. The pre-order period ends on August 31.

Muyeedur Rahman, head of mobile at Samsung Bangladesh, said, "The Note 10+ is for the generation which seeks work-fun balance in their life."

"It's also for the generation which looks for meaning and purpose in everything they do. For those who demand the best, we present our best smartphone," he added.



BANK ASIA

SM Moniruzzaman, deputy governor of Bangladesh Bank; Md Abdul Mannan, a general manager, and Md Sazzad Hossain, deputy managing director of Bank Asia, attend an agreement signing ceremony recently. Bank Asia will finance completion of compliance initiatives of RMG exporters at a concessional interest rate under the central bank's "Program to Support Safety Retrofits and Environmental Upgrades in the Bangladeshi Ready-Made Garments Sector Project".

Prolonged uncertainty weighs on euro zone growth outlook: ECB

REUTERS, Frankfurt

Prolonged uncertainty is dampening the euro zone's growth outlook, particularly for manufactured goods, the European Central Bank said in a regular Economic Bulletin on Thursday.

Trade tensions are high and the risk of a no-deal Brexit remains, pointing to weaker euro zone growth in the second and third quarters, the ECB said, which is largely consistent with its policy statement after the July interest rate

meeting.

Last month the ECB all but promised more stimulus in the coming months, putting a rate cut and more bond buys firmly on the table as the growth outlook deteriorates amid spreading uncertainty and a manufacturing recession.

Still, recent data and survey indicators continue to point to positive employment growth, which is likely to support household income and consumer spending, cushioning the blow to the bloc from weak trade, the ECB added.



BANGLALINK

Rubaiyat A Tanzeen, enterprise business director at Banglalink, and Md Adil Islam, managing director at Meghna Bank, attend a deal signing ceremony at the latter's head office in Dhaka recently. The bank's officials will use the mobile operator's SIMs, bundle offers, internet packs and other digital services.

PNG backtracks on China debt refinancing statement

AFP, Sydney

Papua New Guinea Prime Minister James Marape has backtracked on an announcement saying he had asked China to refinance the country's \$8 billion debt, insisting the statement was released without his knowledge.

A statement from his office on Tuesday said the recently appointed PNG leader had asked China's ambassador for help in refinancing the country's 27-billion-kina public debt during a meeting in Port Moresby.

But on Wednesday afternoon, Marape's office released a new

statement saying it was "false" that he was "going one way to China" to tackle the country's debt.

He said PNG was primarily discussing trade with China while examining debt options with undisclosed "non-traditional partners".

"We are in discussion with many of our bilateral partners to access very low cost concession finance to give us some breathing space," Marape said in the statement.

"This includes our discussions with (the) World Bank, ADB (Asian Development Bank) and some other possible non-traditional partners."

Cash-strapped PNG's public debt stands at about 33 percent of GDP, with interest repayments at 15 percent of the government's annual expenditure.

Marape, who took office less than three months ago, said he intended "to refinance bad and expensive loans secured by the previous government" but would not add any "reckless" burden to the country's economy.

"I have put (a) stop to more borrowings and loans until we are satisfied that the project cost-benefit analysis establishes (a) return on the loans we might secure," he said.

Beijing calls US ban on Chinese firms 'abuse of state power'

AFP, Beijing

Beijing on Thursday said US rules banning technology giant Huawei and other Chinese firms from government contracts amounted to "abuse of state power" amid an escalating China-US trade war.

The interim rule, which will preclude any US federal agency from purchasing telecom or technology equipment from the firms, is part of a sweeping effort by Washington to restrict Huawei, which officials claim is linked to Chinese intelligence.

"The abuse of state power by the United States to unscrupulously and deliberately throw mud at and suppress specific Chinese enterprises seriously undermines the image of the United States and its own interests," said Chinese foreign ministry spokeswoman Hua Chunying.

Bangladesh second in export growth: WTO

FROM PAGE B1

With the high achievement of export receipts last fiscal year, the government on Wednesday set a new export target for the current fiscal year at \$54 billion, of which \$45.50 billion is expected from merchandise export and \$8.50 billion from services export.

The overall export growth has been fixed 15.20 percent higher than the achievements last fiscal year.

In merchandise export, the growth rate has been fixed at 12.25 percent higher than that attained last fiscal year while in services 34.10 percent.

Md Mofizul Islam, senior secretary to the commerce ministry, announced the targets after a meeting with businesspeople and leaders of trade bodies and business chambers at his secretariat office in Dhaka.

The target for the new fiscal year has been fixed on the achievements of the immediate past fiscal year.

World economic outlooks, government policy supports, changes in the dollar exchange rate, market and product diversification, supply side capacity, improvement of safety standards in garment factories and effects of the US-China trade war have been taken into consideration during fixing of the target, Islam said. Last fiscal year receipts from merchandise shipment amounted to \$40.53 billion and services sector \$6.33 billion.

Overall exports had registered a 14.30 percent growth, 10.55 percent in goods shipments and 46.06 percent in services sector. As usual, the highest export target has been fixed for the garment sector in the current fiscal year at \$38.20 billion, which is 11.91 percent higher than the achievement of last fiscal year.

Of the amount, \$18.85 billion has been targeted from knitwear and \$19.35 billion from the woven sector. Last year Bangladesh exported garment items worth \$34.13 billion, registering a 11.49 percent year-on-year growth.

UAE pulls WTO trade complaint against Qatar

AFP, Abu Dhabi

The United Arab Emirates withdrew on Thursday a complaint it made to the World Trade Organization accusing Qatar of imposing discriminatory trade restrictions on its goods.

"Qatar withdrew the measures in question, in order to address the claims" which led Abu Dhabi to discontinue its action against Doha, the UAE foreign ministry said in a statement.

The UAE, whose complaint was referred to a WTO dispute resolution panel in May, has enforced a complete economic

embargo of Qatar along with Saudi Arabia and other regional allies since June 2017.

The Saudi-led bloc, which also includes Bahrain and Egypt, accuses Doha of supporting Islamist movements and backing Iran, a claim Qatar rejects.

The UAE previously said the measures it challenged "appear to be inconsistent" with WTO agreements.

"Qatar's discriminatory measures against goods... originating from the United Arab Emirates, imposed in May and June 2018, violated Qatar's obligations and commitments as a member of the WTO," added the Emirati statement.

US FDA tells four firms to stop selling flavoured e-cigarette, hookah products

REUTERS

The US Food and Drug Administration has told four companies to remove 44 of their flavored e-liquid and hookah tobacco products that do not have the required approval for sale in the US, the agency said on Thursday.

The move comes against the backdrop of the FDA's efforts to curb the usage of the addictive substances among young adults.

The agency said it has issued warning letters to Mighty Vapors LLC, Liquid Labs

USA LLC, V8P Juice International LLC and Hookah Imports Inc and has sought their response within 15 days.

The FDA said the products had been introduced into the market after the effective date of a rule that extended FDA's authority to all tobacco products, thereby making them adulterated or misbranded.

E-cigarettes have existed in a regulatory gray area for years and a US federal judge in July ordered the FDA to implement a 10-month deadline for submitting a formal application by e-cigarette makers to keep their products on the market.

Mohammad Sayduzzaman DMD of Phoenix Finance



STAR BUSINESS DESK

Mohammad Sayduzzaman has recently been promoted to deputy managing director of Phoenix Finance and Investments Ltd.

Prior to the promotion, he was the senior executive vice president of the company, according to a statement.

Sayduzzaman joined the company as assistant vice president in 2005. He obtained a master's degree in accounting from Jagannath University and is a fellow member of the Institute of Chartered Accountants of Bangladesh and the Institute of Chartered Secretaries of Bangladesh.

Vessel congestion to worsen during Eid vacation

FROM PAGE B1

At least 8 to 10 days out of the total time required for production are being wasted due to delays in receiving accessories from the port, Chowdhury said.

Chowdhury, also the managing director of Chattogram-based Eastern Apparels, himself suffered a lot recently after failing to timely ship an export consignment of 1 lakh pieces of trousers to a New York-based buyer.

Production at his factory was partly halted for 12 days due to the delay in receiving accessories he imported from Hong Kong, he said.

He said he incurred a loss of around Tk 2 lakh as operating cost for each day during the halt.

However, Chowdhury somehow managed to convince the buyer and sent the export cargo on August 7 -- 12 days after the scheduled date.

Vessel operators are counting an additional maintenance cost of around \$10,000 for each day of idle stay of a ship and they may also miss a trip in a month due to this delay.

Abdullah Jahir, general manager of a vessel operating firm PIL (Bangladesh) Ltd, said currently 10 out of total 18 jetties of the port can be allocated for container vessels.

He underscored the need for building more jetties in near future to avert such congestion.

In a meeting on August 6, port users urged Chattogram Port Authority (CPA) Director (traffic) Enamul Karim to request the government not to stop cargo carrying vehicles on Dhaka-Chattogram highway during Eid vacation.

CPA Secretary Md Omar Faruq said they decided to keep vessel operation and loading unloading activities normal since the afternoon on Eid day.

He said they would extend all-out support in transport of import and export cargoes to and from the private inland container depots during the vacation.

"But we alone cannot ease the congestion. All the stakeholders should come forward to prevent the congestion from getting worse."



MHM Fairoz, managing director and CEO of Singer Bangladesh, opens SINGER Pro dealer outlet "Rean Trade International" at Razmoni Ishakha Shopping Complex in the capital's Kakrail.

SINGER