AKM KNIT WEAR LTD

Prime Minister Sheikh Hasina hands over a national export trophy (gold) to AKM Knit Wear Ltd's Managing Director Md Abdullah at Bangabandhu International Conference Center in Dhaka on Sunday for its performance in 2016-17. The commerce ministry and the Export Promotion Bureau organised the event.

FARDIN ACCESSORIES

Prime Minister Sheikh Hasina hands over a national export trophy (gold) to Fardin Accessories Ltd's Director Omar Faruk at Bangabandhu International Conference Center in Dhaka on Sunday for its performance in 2016-17. The commerce ministry and the Export Promotion Bureau organised the event.

Factories fettered by trade wars, faltering demand

REUTERS, *London/Tokyo*

The bitter trade war between China and the United States kept global factory activity largely in decline in August, business surveys showed, strengthening the case for policymakers to unleash fresh stimulus to fend off recession risks.

In a fresh escalation of the trade spat, the United States began imposing 15 percent tariffs on a variety of Chinese goods on Sunday. China reciprocated with new duties on US crude oil, increasing fears of a global economic slowdown.

An ongoing decline in the euro zone's export-reliant powerhouse of Germany meant factory activity in the bloc contracted for a seventh month in August, bolstering expectations the European Central Bank will ease monetary policy next week.

IHS Markit's August final manufacturing Purchasing Managers' Index (PMI) was 47.0, matching an earlier flash reading but well below the 50 level separating growth from contraction.

While an improvement on July, that month's reading was the euro zone's lowest since December 2012.

In one brighter spot, as it is less dependent on exports than other euro zone countries, France's economy has so far proved more impervious to a slowdown and factory activity returned to growth as manufacturers saw output and client demand pick up. Manufacturing in Britain, rocked by the deepening Brexit crisis and global downturn, contracted last month at the fastest rate in seven years.

"The big picture is that manufacturing is on track to contract for a second consecutive quarter, and a meaningful recovery is unlikely given the ongoing struggles of global manufacturing," said Andrew Wishart, an economist at Capital Economics.

"And while the euro zone equivalent ticked up, it points to manufacturing output from the bloc continuing to contract."

A similar survey due later from the United States is expected to show slowing manufacturing growth in the world's largest economy But in a surprise development, China's factory activity expanded as output edged up, a private sector PMI showed, although orders remained weak and business confidence faltered.

Following Monday's data, market sentiment remained fragile and while European stocks rose cautiously, driven by a rally in miners, the euro was 0.05 percent lower at $1.0985 EUR=, not far from a two-year low of $1.0963 hit in US trade on Friday. Export-reliant South Korea, Japan and Taiwan saw factory activity shrink, underscoring the growing pain from the tit-for-tat tariff war between the world's two-largest economies.

"The broader picture for Asian exports remains very weak because of the impact of the US-China trade war, which is continuing to escalate," said Rajiv Biswas, Asia Pacific chief economist at IHS Markit.

In China, the Caixin/Markit Manufacturing PMI for August rose to a five-month high of 50.4 from 49.9 in July, beating a median market forecast.

The reading followed Beijing's official PMI that showed factory activity shrank in August for the fourth month in a row, pointing to a further slowdown in the world's second-largest economy.

India, an Asian economic powerhouse, saw the slowest expansion in its manufacturing sector in 15 months as demand and output grew at their weakest pace in a year. Data on Friday showed India's economic growth hit a 6-year low in April-June, raising chances of the central bank cutting interest rates further at its next meeting.

Elsewhere, Japanese manufacturing activity fell for a fourth straight month, underlining a darkening outlook for the world's third-largest economy.

While Japan's exports slipped for an eighth month in July due to slumping China-bound sales, the economy has so far enjoyed steady growth thanks to robust domestic demand. But there are signs the economy may start to lose the support from consumption and capital expenditure.

Manufacturers surveyed in the PMI data said the end of a construction spike ahead of the 2020 Tokyo Olympic Games and a scheduled sales tax hike in October are expected to hurt output volumes the coming months.

Any further sign of weakness in domestic demand could add pressure on the Bank of Japan to ramp up stimulus at its rate review on Sept. 18-19, which follows the ECB's latest policy decision and that of the US Federal Reserve.

REUTERS/FILE

An employee works on the production line of a tyre factory under Tianjin Wanda Tyre Group, in Xingtai, China.

Lawyers seek $26m in Volkswagen US fuel economy settlement

REUTERS, *Washington*

Lawyers for owners of 98,000 Volkswagen AG US vehicles that had fuel economy labels that overstated efficiency will ask a US judge for $26 million in attorney's fees and costs, court documents show.

On Friday, the Environmental Protection Agency said the largest German automaker must forfeit greenhouse gas emissions credits and lower the fuel economy ratings on those vehicles after it said vehicle software overstated real-world performance.

Volkswagen said on Friday it had agreed to a $96.5 million court settlement to reimburse 98,000 consumers. People who still own the vehicles are eligible for lump-sum payments ranging from $518.40 to $2,332.80 per vehicle.

The $26 million request, which involves $23.9 million in fees and $2.1 million in expenses, is separate from the $96.5 million, court filings show, while any uncollected consumer funds will be directed to "environmental remediation efforts." The settlement came after 15 months of negotiations.

The EPA said Volkswagen's software lowered the fuel economy rating on 98,000 vehicles by about one mile per gallon, or 3.5 percent. The software was on about 1 million 2013-2017 model year Audi, Bentley, Porsche and Volkswagen vehicles, the agency said. It caused the transmission to shift gears in a manner that sometimes optimizes fuel economy and greenhouse gas emissions during the EPA-prescribed emissions test, but not under normal driving conditions, the agency said.

The vehicles getting lower ratings - and eligible for compensation - include versions of the Audi A8, Bentley Continental GT, Porsche Cayenne and VW Touareg. Not all of the five model years are covered by the court settlement.

The EPA said Volkswagen understated greenhouse gas emissions by about 220,000 metric tons and it would forfeit EPA credits and credits in the federal Corporate Average Fuel Economy program.

The issue was discovered during an investigation by the EPA and California Air Resources Board into excess diesel emissions in hundreds of thousands of US vehicles.

The German automaker admitted using illegal software to cheat US pollution tests in 2015, triggering a global backlash against diesel vehicles that has so far cost it 30 billion euros ($33 billion) in fines, penalties and buyback costs. In May, it set aside an additional 5.5 billion euros in contingent liabilities.

Gold edges higher after new US-China tariffs

REUTERS

Gold edged slightly higher on Monday after the United States and China imposed new tariffs on each others' goods but a firmer dollar limited the precious metal's upside.

Washington began imposing 15 percent tariffs on a variety of Chinese goods on Sunday, including footwear, smart watches and flat-panel televisions, as Beijing began imposing new duties on US crude.

However, US President Donald Trump said both sides would still meet for talks later this month.

Spot gold was up 0.2 percent at $1,522.17 per ounce as of 0920 GMT, having fallen to a one-week low at $1,517.11 in the previous session. US gold futures were up 0.1 percent at $1,531 an ounce.

Trading could be subdued as US financial markets are closed for the Labour Day holiday.

"Overall, there is nothing going on apart from the fact that the dollar is stronger. There was not so much reaction (in gold prices) as this (tariffs) was well anticipated," ABN Amro analyst Georgette Boele said.

Against key rivals, the dollar scaled a more-than two-year high earlier in the session, making gold costlier for investors holding other currency.

"We can expect a correction in gold prices as it had moved up so quickly that you don't need so much to trigger profit taking," Boele added.

The trade war, heightened fears over a global economic downturn, negative yielding debt around the globe and hopes for interest rate cuts by global central banks contributed to a rise of more than $100 for gold in August.

Federal fund futures implied traders saw a 97 percent chance of a 25 basis-point rate cut by the US central bank this month. The European Central Bank was also widely expected to lower interest rates.

On the technical front, "near-term supportive interest sits around $1,515-$1,520, while resistance cuts in toward $1,535 with extension toward $1,550," MKS PAMP said in a note.

"At current levels, both the CFTC (Commodity Futures Trading Commission) and ETF (exchange-traded fund) positions remain bullish and are likely to continue to be so over the near term should price action remain firm broadly around $1,500-$1,480."

Holdings in the world's largest gold-backed ETF, SPDR Gold Trust, have risen about 12 percent this year.

Speculators increased their bullish stance in COMEX gold and upped net long positions in silver contracts in the week to Aug. 27, US CFTC data showed on Friday.

Among other precious metals, silver dipped 0.2 percent to $18.31 per ounce. Platinum slipped 0.3 percent to $927.71 per ounce, while palladium was down 0.2 percent at $1,528.63.

AB BANK

Abdur Rahman, deputy managing director of AB Bank, and Mohammed Salimullah, managing partner of Meet, Greet and Assist Services, attend a deal signing ceremony in Dhaka recently facilitating "complimentary protocol services" for the bank's credit cardholders at Hazrat Shahjalal International Airport.

China aims to rev up shale gas drive

REUTERS, *Singapore*

China aims to slash its growing dependence on gas imports by boosting domestic projects like shale fields as the security of its energy supply comes under the spotlight amid a festering trade war with the United States.

The row with Washington has overshadowed China's economy, likely slowing gas demand growth considerably this year, a new government research report shows. But Beijing is funding new efforts to boost domestic production, particularly from so-called unconventional sources like shale gas, as weaning China off its import reliance takes on new importance.

The report, released on Saturday by the oil and gas department at the National Energy Administration (NEA) and a State Council research arm, calls for boosting natural gas production in key resource basins in the southwestern province of Sichuan, the Erdos basin in the north and offshore China.

According to the report, China's gas consumption will rise by about 10 percent this year to 310 billion cubic metres (bcm), and to continue growing until 2050. Though slowing from last year's 17.5 percent, 2019's growth still represents an annual addition of 28 bcm, faster than the annual average growth of 19 bcm during 2007-2018, the report said.

While China imposed tariffs on imports of liquefied natural gas (LNG) from the United States starting last year, it remains the world's second-largest buyer of the super-chilled fuel.

"China's reliance oil and gas imports is growing too rapidly, with oil topping 70 percent and gas moving towards 50 percent," said Lin Boqiang, Director of the Energy Economics Institute at Xiamen University.

The NEA report calls for building the Sichuan basin into the country's top gas hub due to its rich resource base in both conventional gas fields and unconventional resources, such as shale gas and 'tight gas', a low-permeability gas derived from reservoir rocks and costly to develop.

"Through expanding development of deep-reservoir gas, tight gas and shale gas, Sichuan is likely to account for about a third of the country's total natural gas output," the report said, up drilling over 500 wells a year between 2019 and 2035, double the 2018 level, Zhao was cited as saying.

Dominant state oil and gas firms have already ramped up drilling activities with near-record spending, in response to a call by President Xi Jinping in August last year to boost domestic energy security.

REUTERS/FILE

Workers inspect a natural gas facility by Sinopec at its Dongsheng gas field in Erdos, China.

from 20 percent currently. Shale gas in Sichuan, the key region for China's still fledgling shale gas development, could overtake conventional gas in output, the report added.

In a separate report carried by official news agency Xinhua on Saturday, Zhao Wenzhi, an influential researcher at China's Academy of Engineering forecast that China's shale gas output could reach 280 bcm, or 23 percent of the country's total gas output, by 2035. Zhao also serves as president of Exploration and Production Institute at state giant PetroChina.

China last year produced about 10.9 bcm shale gas, less than 7 percent of the nation's total gas output at 161 bcm. The leap in projected shale gas output would require companies

To expedite the growth, Beijing should consider offering tax sweeteners such as waiving resource tax on the shale gas, Zhao said.

China recently also announced a policy to extend subsidies for another three years on domestic production of unconventional gas, to include also tight gas for the first time.

In a research note last week, Wang Xueke, a consultant at Wood Mackenzie, raised China's tight gas outlook to 85 bcm by 2040, up from an earlier forecast at 68 bcm.

Despite the lofty forecast and state subsidies, China faces complex geology and a lack of technological breakthroughs to make shale gas a profitable enough business to lure private money.