BOJ to stick to playbook in fighting excessive yield falls

REUTERS, Tokyo

The Bank of Japan will stick to its playbook of minor tweaks and verbal warnings to rein in sharp falls in long-term interest rates, sources say, raising questions about its ability to control the yield curve while managing market expectations.

The key 10-year Japanese government bond (JGB) yield spiked on Tuesday after a poorlyreceived auction, a sign markets were finally paying heed to BOJ Governor Haruhiko Kuroda's recent comments warning against excessive falls in super-long yields.

In the last month the BOJ has repeatedly signaled its displeasure over what it saw as excessive declines in super-long yields and a flattening yield curve.

It has also reduced its bond purchasing plans for most maturities and signaled it could forgo operations to buy bonds with a maturity of over 25 years.

Such efforts have given rise to market views the BOJ is serious about steepening the yield curve, even if such attempts risk being interpreted as a withdrawal of monetary stimulus.



REUTERS/FILE

A security guard walks past the Bank of Japan headquarters in Tokyo.

the yield curve from flattening," of a full-fledged uptrend in yields. said Mari Iwashita, chief market economist at Daiwa Securities.

skillfully and controlling the yield curve fairly well these days," she

Japanese finance and central bank officials took Tuesday's price

"Market players realized the action in stride, describing it as a BOJ had a strong desire to prevent one-off move rather than the start

"It's true the moves were a bit volatile," one of the officials said would be problematic if yields test the upper limit of the BOJ's target range. Judging from recent moves, that's unlikely to happen."

jumped 6.5 basis points to -0.160 percent on Tuesday, before pulling back to -0.165 percent on Wednesday.

Under its yield curve control (YCC) policy, the BOJ pledges to guide short-term rates at -0.1 percent and the 10-year yield around 0 percent.

The policy is aimed not only at keeping borrowing costs ultra-low, but at preventing excessive falls in long-term yields that would strain financial institutions' margin.

Global economic uncertainties, however, have repeatedly pushed the 10-year yield below the -0.2 percent level, seen by markets as the BOJ's line in the sand. That has dragged on super-long yields.

BOJ officials concede that putting a floor under rates is tougher than capping them as it requires trimming bond buying, a move that could be seen as a withdrawal of stimulus and trigger an unwelcome rise in the yen.

"The BOJ is using verbal signals on condition of anonymity. "It on verbal jawboning and market operations to rein in sharp yield falls for now, rather than take bolder steps such as an overhaul of its policy framework, say sources The 10-year bond yield briefly familiar with its thinking.

US hiring rises at solid but slower pace in September

AFP, Washington

American firms continued to hire in September but at a slower pace as businesses have become more cautious, according to private payrolls firm ADP on Wednesday.

Concerns about a slowing US economy Donald Trump's trade war with China is impacting companies and showing up in economic data, including the contraction in the manufacturing sector.

driver of the economy, slowed sharply, bringing the total increase in new private jobs to 135,000, well below the consensus forecast. However, the blockbuster increase originally reported for August was revised down sharply, to show an increase of just 157,000, nearly 40,000 fewer jobs, according to the ADP data.

"The job market has shown signs of a ADP said.

slowdown," Ahu Yildirmaz, vice president and co-head of the ADP Research Institute, said in a statement. "The average monthly job growth for the past three months is

145,000, down from 214,000 for the same time period last year." The report is closely scrutinized for have risen in recent weeks as President signals on the all-important government employment report due out Friday. Economists expect official data to show

private hiring rose 120,000 in September. The ADP report showed services Job gains in the service sector, the main companies added 127,000 jobs last month, with big gains in health care, transportation and professional services, but that was after

> two months with gains over 140,000. Goods-producing industries made just 8,000 new hires, not enough to recoup the 30,000 jobs lost from May to July. And mining lost another 3,000 positions, continuing the decline seen since late 2018,

Govt redefines hard term external loans

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The economist said the recent sustainable and the rollover risks are proliferation of news on proposed costing in development project proposals such as the presence of serious weaknesses in International Monetary Fund. the financial design of projects within government agencies.

will need to strengthen their surveillance account for 62 percent and 23 percent of hard-term external public borrowing respectively of the outstanding debt.

SIGNING CEREMONY

to ensure that external debt remains mitigated." In fiscal 2017-18, public debt in

hugely inflated salaries for cleaners and Bangladesh stood at \$91 billion, which is Still, the BOJ will likely rely prices of surgical masks and so on suggests about 34 percent of the GDP, according to External debt stood at \$40 billion in the

fiscal year and is predominantly owed to "The Bangladesh Bank and the ERD multilateral and bilateral creditors, which

UAW rejects new GM offer as strike forces 6,000 Mexico layoffs

The United Auto Workers union said on Tuesday it rejected a new comprehensive offer from General Motors Co to end a twoweek-old strike, saying the automaker came up short on several fronts including wages, healthcare and temporary workers. The union said it made a counterproposal

and warned "there are still many important issues that remain unresolved." Also on Tuesday, GM said the strike by US workers forced it to halt production at its pickup and transmission plants in Silao, Mexico, resulting in temporary layoffs of 6,000 workers.

About 48,000 UAW members went on strike on Sept. 16 seeking higher pay, greater job security, a bigger share of the leading US automaker's profit and protection of healthcare benefits.

UAW Vice President Terry Dittes told members in a letter the GM offer "came up short" on issues like healthcare, wages, temporary workers and job security, "to name a few." The union said it is committed "to exploring all options in order to reach an agreement."

GM said in a statement it continues "to negotiate and exchange proposals, and remain committed to reaching an agreement that builds a stronger future for our employees and our company." The statements on "comprehensive

proposals" indicate the talks have shifted into a higher gear as the dispute is taking a toll on both the automaker and striking UAW workers, whose \$250 a week from the union strike fund is a fraction of their normal pay. Analysts estimate the strike could cost GM over \$1 billion. Both sides face broader risks should the

US economy slow down. Data released on Tuesday showed the US manufacturing sector contracted in September to its weakest level in more than a decade. Stocks fell broadly on the report, and GM's share price was down more than 3 percent.

The strike had previously forced GM to lay off at least 2,000 Canadian workers and temporarily close an engine plant in Mexico. Many suppliers have halted or scaled back some operations.



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Md Zafrul Hasan, head of digital financial services at City Bank, and Md Shafiqul Islam, head of marketing and sales at US-Bangla Airlines, exchange documents of an agreement recently providing 10 percent discount on tickets for American Express cardholders till March 15 next year.

Google offers incognito mode All TV channels on board Bangabandhu satellite for Maps in privacy push

Alphabet Inc's Google is rolling out new privacy features to its Maps, YouTube and Voice Assistant services, with options including incognito mode and automatic data deletion, the company said on Wednesday.

Google has raced to launch a slew of privacy-related features as the search giant and social media companies face heat from users and regulators globally on how their platforms handle user data. The incognito mode on Google Maps will stop saving

maps activity to users' accounts, including the places they search for, though it would take away their personalized recommendations. Google also launched Password Checkup, a new feature that tells users whether their accounts have been

compromised or if any of their passwords are weak. The company said it will also expand its auto-delete option to YouTube, letting users to set a time period after which their viewing history data will be automatically erased.

In the coming weeks, Google will also roll out an option to delete voice assistant activity by verbal command: "Hey Google, delete the last thing I said to you."

the capital's Pan Pacific Sonargaon Bangladesh Telecommunication Regulatory hotel, commercial transmission of the Commission that also launched the satellite. Bangabandhu-1 satellite was inaugurated formally by Prime Minister Sheikh Hasina.

After handing over the commercial deed to the Association of Television Channel Owners (ATCO) Chairman Annan Chowdhury, Hasina also asked the authority concerned to get to working on the second satellite.

communication purpose and I request you to move for the second one with a wider perspective," she said. The ruling party also has an election After launching the satellite the prime

promise to launch the country's second satellite in their current tenure and the BCSCL has started working on it.

requirements by hosting stakeholders' consultation meetings," said BCSCL Chairman Shahjahan Mahmood. "Within the shortest possible time we

will finalise our project proposal and will

Wednesday.

Debt Statistics Report.

try to launch it within the stipulated time," And yesterday in a gala ceremony at said Mahmood, also the former chairman of

A senior official of the BCSCL said already they have noticed some weakness in the Bangabandhu-1 and will try to mitigate them in the second one so that Bangabandhu-2 is more business-friendly. "Now we have got experience, which is

why we can launch the Bangabandhu-2 at a much cheaper price than the "The current one is mostly use for Bangabandhu-1 and designing will be easier and user-friendly," said the official requesting not to be named. DREAM FOR MOON

> minister said the nation can now dream for the moon.

"Other nations are landing on moon and "We are trying to know the market we also need to have that dream." To achieve that her government also

setup an institute to foster research on space science named Bangabandhu Sheikh Mujibur Rahman Aviation and Aerospace University (BSMRAAU).

Developing country debt jumps

Total foreign debt held by developing nations jumped

more than five percent to \$7.8 trillion, driven by a surge

in Chinese debt, the World Bank said in a report on

the debt burden is rising, according to the International

behind a 15 percent surge in China's debt level, which

helped push up the total, the World Bank said in a

that was almost entirely due to the International Monetary

But the data show an increasing share of countries where

A growing appetite for yuan-denominated debt was

Loans from multilateral lenders surged 86 percent but

Excluding the top 10 borrowers, foreign debt rose by just

to \$7.8tr in 2018: World Bank

Tk 1,530cr cash subsidy for remitters

transmission plant in Silao, Mexico on October 1.

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He said the agencies that mobilise remittances throughout the world have been asked to implement the scheme without any delay.

General Motors workers are seen while leaving their shift, outside the GM pickup and

The finance minister said the scheme was helping the country fetch more remittance.

The flow of remittance rose 16.54 percent year-on-year to \$4.51 billion in the first quarter of the fiscal year.

"Previously, it took six months for us to receive the same amount of remittance. This is a good side," the finance

The inflows in August were \$1.44 billion, which climbed up to \$1.47 billion the following month - up 28.95 percent year-on-year, according to data from the Bangladesh Bank. The minister said at the current pace, Bangladesh will be

able to fetch up to \$18 billion to \$20 billion in remittance in the current fiscal year. The upward trend in remittance will give some

breathing space to the government in defending the exchange rate. The exchange rate of the taka against the US dollar is also favourable for remitters: on September 30, the inter-

bank exchange rate was Tk 84.50 per US dollar, up from Tk

83.75 a year earlier. Remittance hit an all-time high of \$16.40 billion in fiscal 2018-19. The inflows were 9.47 percent higher than in fiscal 2017-18, according to data from the central bank.

Gold edges higher as US data fans slowdown fears

REUTERS

Gold prices edged up on Wednesday, after rising as much as 1 percent in the previous session, as disappointing US manufacturing data fanned fears of a sharp global economic slowdown and stoked bets of further interest rate cuts.

Spot gold was up 0.2 percent to \$1,481.76 per ounce at 0736 GMT. Prices hit a near two-month low of \$1,458.50 on Tuesday, before climbing as much as 1 percent during the session. US gold futures GCv1 were little

changed at \$1,488.20 per ounce. "Considering the risks to the global economy, gold is still a strong safehaven asset," said Phillip Futures

analyst Benjamin Lu. US manufacturing activity tumbled to a more than 10-year low in September as lingering trade tensions weighed on exports, fanning fears of an economic slowdown and raising expectations that the US Federal Reserve could further ease monetary policy.

But Lu added: "Until and unless Fed gives really strong dovish signals, we will see gold trading around \$1,500."

Lower interest rates reduce the opportunity cost of holding nonyielding gold. The data also prompted President Donald Trump to lash out at the Fed, saying the central bank has

kept interest rates "too high", with a strong dollar hurting US factories.

Markets now await US non-farm payrolls data due on Friday to gauge the state of the world's largest economy amid its bitter trade war with China. "I think the market does not want to rush ahead of the non-farm payroll data in case there is a surprise hit," said AxiTrader market strategist Stephen Innes.

"Investors are bit scared. This Reuters analyst Wang Tao.

emotion will probably inhibit people from jumping back into the (gold) bandwagon over the near term. They are going to need some convincing."

On the technical front, spot gold may consolidate in a narrow range of \$1,462-\$1,488 per ounce, or bounce towards \$1,514, as its short downtrend from the Sept. 4 high of \$1,557 could have temporarily ended, according to



REUTERS/FILE

four percent, the World Bank said. Borrowers in sub-Saharan Africa saw debt levels swell by eight percent, while half the countries in the region have seen their external debt double over the past decade, the

Fund's record aid to crisis-battered Argentina.

report said. "To grow faster, many developing countries need more investment that meets their development goals," World

Bank Group President David Malpass said. However, he flagged the continuing concerns about complete information on debt levels and its

composition. "Transparency is a critical part of attracting more investment and building an efficient allocation of capital, and these are essential in our work to improve development

Gold bars and coins stacked in the safe-deposit boxes room of the Pro outcomes," he said. Aurum gold house in Munich, Germany.