DMONEY

TR Ramachandran, group country manager for India and South Asia at Visa, and Aref R Bashir, managing director of Dmoney, exchange the signed documents of an agreement at the latter's head office in Dhaka recently for enabling QR payments through Visa cards and credentials. Sonia Bashir Kabir, CEO of Dmoney, was present.

Lyft follows Uber in suing NYC over cruising time caps

REUTERS

Lyft Inc, following its rival Uber's move, has sued New York City seeking to nullify a new rule limiting the time its drivers are allowed to spend cruising in Manhattan without passengers, the company said on Saturday.

The lawsuit, filed by the San Francisco-based ride-hail company on Friday, argues that the cruising rule is arbitrary and threatens to shift business away from ride-hailing companies like Lyft in favor of taxis.

"This rule is not a serious attempt to address congestion, and would hurt riders and drivers in New York," Lyft spokesman Campbell Matthews said in a statement to Reuters.

The "cruising cap" rule, implemented by the city's Taxi and Limousine Commission (TLC), sets a 31 percent limit on how much time drivers of app-based vehicles may drive without passengers in Manhattan south of 96th Street, meaning they would have to have fares at least 69 percent of driving time.

"We will vigorously defend against this suit, and we will continue to fight for safer, less congested streets and for drivers' rights," TLC spokesman Allan Fromberg said in a statement, but mentioned that the agency has not been served with the suit yet.

The rule, along with several others introduced last year, is aimed at reducing congestion in Manhattan, where ride-share vehicles make up close to a third of peak time traffic, according to the TLC.

Uber contested the rule in September along with another rule banning issuance of new licenses to for-hire vehicles through August 2020.

Uber and Lyft disconnected drivers from their apps at times of slow demand this year in an effort to comply with the city regulation.

Both companies oppose the new rules, saying they will prevent drivers from earning money and deprive low-income New Yorkers of ride services in remote areas where regular taxis do not travel frequently. The city rejects that claim.

WB slashes India's growth forecast to 6pc for this fiscal year

REUTERS, *New Delhi*

The World Bank on Sunday slashed its growth forecast for India's current fiscal year to 6 percent, down from 7.5 percent, warning that the "severe" slowdown could further weaken the country's stuttering financial sector.

In its last forecast in April, the bank had said that India's economic outlook was strong and expected growth of 7.5 percent during the current fiscal year that began in April.

But Asia's third-largest economy is currently growing at its slowest pace in six years, expanding by just 5 percent in the April-June quarter, hit by flagging consumer demand and a slackening in government spending.

India's industrial output also shrank at its fastest rate in more than six years in August, data released last week showed, indicating that a slew of government measures had yet to underpin a recovery.

In an effort to kick-start the economy, India's central bank has cut interest rates five times this year, and underlined the challenge for policymakers by downgrading its growth forecast to 6.1 percent from 6.9 percent earlier this month.

Last week, ratings agency Moody's Investors Service lowered its growth forecast for India to 5.8 percent for the current fiscal year from 6.2 percent, adding that a long period of weak growth will hamper the government's fiscal consolidation plans.

The World Bank's latest forecast also underlined similar concerns linked to slowing growth and New Delhi's decision to cut the corporate tax rate, which will cost about 1.5 trillion rupees in tax revenues.

"While the authorities have shown steadfast commitment to fiscal prudence, the significant growth deceleration as well as the corporate tax cuts undertaken to counter it come with heightened risks of fiscal slippage," the bank's report said.

The bank said it expects the economy to gradually recover, growing at 6.9 percent in the fiscal 20/21 starting next April.

Partial US-China trade deal only 'baby step' as thorny issues remain

AFP, *Beijing*

A partial US-China deal may only offer a temporary tariff reprieve because it lacks specifics and leaves the thorny issues for later, analysts said, allowing both economic powers to claim success.

Friday's initial agreement -- which included increasing US farm product purchases, and also covers intellectual property, financial services and currencies -- finally breaks an 18-month trade spat.

Engulfed in an impeachment inquiry, US President Donald Trump heralded the deal as a major breakthrough.

But it will take weeks to finalise and the details are not clear -- nor will it roll back tariffs already in place on hundreds of billions of dollars in two-way trade.

"The lack of specificity and even the fact this baby stepped agreement could take weeks to iron out, quickly cooled trader optimism," said Axi Trader analyst Stephen Innes.

After earlier attempts at a truce between Trump and his Chinese counterpart Xi Jinping did not pan out businesses remained cautious, Innes said.

There is "fear this could be more of the same old lather rinse and repeat trade detente followed by trade escalation," he said.

For now, Washington will hold off on a massive tariff increase planned for next week and -- as negotiations progress -- new December tariffs could also be cancelled, US officials said.

Trump said China had pledged to rapidly increase purchases of American farm products to $40-50 billion -- a stunning feat, and more than double 2017 levels.

But China is yet to confirm these details.

"Substantial progress had been made in such areas as agriculture, intellectual property rights protection, exchange rate, financial services, expansion of trade cooperation, technology transfer and dispute settlement," state-run Xinhua news agency reported citing Liu He, the country's top negotiator.

"The two sides also discussed arrangements for future consultations," Liu said when he met Trump Friday, according to Xinhua.

Previously, Trump has blamed China for backtracking on its promises.

On Friday, the US president played up the "substantial phase one" deal as a result of his hard-line stance with China.

"It's not much and it doesn't get us very far in the big issues, so whether it will lead to anything important is still very unclear," said Barry Naughton, an expert on China's economy at the University of California, San Diego.

The Chinese Communist Party mouthpiece People's Daily warned in an editorial Saturday the trade war would only be resolved by "abolishing all tariffs." But to get there, the two sides need to address issues such as scaling back Chinese government subsidies that have skewed competition, and opening up sectors dominated by state-owned enterprises (SOEs).

In a step in towards that, China recently announced a timetable to remove foreign ownership limits in finance companies beginning next year.

Beijing also passed a foreign investment law in March, promising a level playing field for overseas investors, addressing a major US complaint.

But "a significant improvement is... not very likely," said Song Houze, a research fellow at The Paulson Institute.

"The existence of thorny issues like SOE and tech make a major deal unlikely, which means the existing tariff will most likely stay." The latest truce, however, was essential for both sides as both face cooling domestic growth, he said.

US restrictions on Chinese investments in its high-tech sectors -- blocking Huawei from government contracts -- and sanctions on a series of China's tech giants have also cast a shadow on trade negotiations.

The US commerce department said last week it will blacklist 28 Chinese entities it says are implicated in rights violations and abuses in China's Xinjiang region.

"Even if the US and China reach a comprehensive trade deal, the US will likely tighten restrictions on China's access to technology in the coming years," said Wang Tao, head of Asia economics at UBS Investment Bank.

"The US has elevated this issue to national security and it may be hard to reverse, no matter what kind of agreement they reach (or not) on Huawei," said Wang Tao, head of Asia economics at UBS Investment Bank.

REUTERS/FILE

Workers are seen next to aluminium rolls at a plant in Binzhou, China.

JAMUNA BANK

AKM Mosharraf Hussain, a director of Jamuna Bank, cuts a ribbon to open the bank's 133rd branch at Salanga Bazar of Raiganj upazila in Sirajganj. Nur Mohammed, chairman of Jamuna Bank Foundation, and Shafiqul Alam, CEO of the bank, were present.

Bruised US banks expected to report third quarter earnings decline

REUTERS, *New York*

The biggest US banks are expected to kick off the earnings season on a sour note next week due to falling interest rates, which may have pressured net interest margins enough to cause the sector's first year-over-year earnings per share decline in three years.

While strength in mortgage banking and cheap valuations could provide support to the S&P 500 bank index, its performance depends on what reassurance executives provide on credit conditions, the outlook for loan growth and their ability to reduce deposit costs during their conference calls.

Tuesday brings third quarter profit reports from Citigroup Inc, Wells Fargo and Co, JPMorgan Chase & Co, and Goldman Sachs. Bank of America reports on Wednesday.

The biggest US banks will report a 1.2 percent decline in third-quarter earnings, while revenue is seen rising 0.9 percent, according to data aggregated by Refinitiv analyst David Aurelio. This would be the first profit decline since the same quarter in 2016, according to data from Factset.

"Overall it's shaping up to be a pretty challenging quarter because of the net interest rate environment," said Fred Cannon, director of research for Keefe, Bruyette & Woods in New York, citing the flattening and temporary inversion of the US Treasury 2-year/10-year yield curve during the quarter.

Bank profits depend heavily on net interest income, or the difference between the rate they charge for long-term loans and the rate they pay for short-term borrowing.

Executives from Citi, Wells Fargo and JPMorgan all cut their full-year forecasts for net interest income last month, citing macroeconomic concerns.

Part of the problem is US Federal Reserve interest rate cuts in July and September. And futures traders are betting on more Fed rate cuts going forward, including one in October.

As a result, bank investors will listen for executive reassurance on the net interest margin outlook and their ability to mitigate weakness, said Manulife Investment Management's Lisa Welch, who manages the John Hancock Regional Bank Fund.

One offset to lower lending profits would be a reduction in interest rates banks pay their customers for deposits, as those rates rose while the Fed was hiking interest rates.

"There's going to be a lot of questions on how fast banks are able to bring down their deposit costs as loan yields are coming down," said Welch, adding that she does not expect deposit costs "to come down as quickly as loan yields have fallen."

Mortgages may be another silver lining to lower rates in third-quarter numbers and future quarters as borrowers avail of cheaper rates. Refinancing, which accounts for most mortgage applications, has more than doubled from a year ago, according to Mortgage Bankers Association data released on Wednesday.

"With rates being lower, we think mortgage activity will be very strong," said Welch, pointing to First Horizon as one bank that could benefit from mortgage demand.

Bank of America and Wells Fargo should also benefit, according to KBW's Cannon. To cope with rising demand, Wells Fargo is boosting its mortgage team, according to a memo seen by Reuters this week.

But investors will also be on high alert for signs slowing US economic growth is hurting debt repayments, said Mike Cronin, investment manager at Aberdeen Standard Investments.

"Given that we've had some economic data that's been a little weaker is there any trend in credit costs that raises concerns going into 2020?" said Cronin.

REUTERS

Traders work on the floor at the New York Stock Exchange.

US SEC halts Telegram's $1.7b digital token offering

REUTERS, *New York*

US authorities said on Friday they have halted a $1.7 billion unregistered digital token offering by the messaging service Telegram Group Inc and its TON Issuer subsidiary.

The Securities and Exchange Commission said it had received a temporary restraining order against the two offshore entities, which the regulator said had failed to register to sell 2.9 billion digital tokens called "Grams" to initial investors globally, including 1 billion to US buyers. The move marks the latest effort by the agency to crack down on the fledgling cryptocurrency industry.

The SEC has taken the position that initial coin offerings are securities offerings and therefore subject to SEC offering rules, which require firms to file registration and disclosure documents.

"Our emergency action today is intended to prevent Telegram from flooding the US markets with digital tokens that we allege were unlawfully sold," Stephanie Avakian, co-director of the SEC's Division of Enforcement, said in a statement. Telegram promised to give the coins to buyers when it launched its blockchain by Oct. 31, when the purchasers and the company would be able to sell them into US markets, the SEC said.

Citi pays $30m fine to settle real-estate violations

REUTERS, *Washington*

Citibank has agreed to pay a $30 million (23.7 million pounds) fine to settle charges of repeated violations of real estate holding rules and for failing to meet its commitment to take corrective actions, the U.S. Office of the Comptroller of the Currency (OCC) said on Friday.

Federal law limits the time a national bank may hold foreclosed and "other real estate owned" (OREO) assets.

In 2015, Citi said it lacked adequate processes to effectively monitor the holding period, and committed to developing and taking corrective actions, but it did not do so, the OCC said. As a result, between 2017 and 2019, the bank committed over 200 violations in South Dakota related to the statutory holding period for OREO assets.

On Friday, a Citi spokesman said the bank did not meet the holding requirement in some instances, but customers were not affected.

"Since identifying the issue, we have strengthened controls, processes and procedures to ensure the timely disposition of these assets," the Citi spokesman said.