STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES (STANDARD CHARTERED BANK)				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI		$USD	€EUR	£GBP	¥JPY
0.43%	0.39%	$1,488.40	$58.99	Closed	0.25%	0.80%	0.05%	BUY TK	83.75	92.46	107.26	0.75
4,761.42	8,805.37	(per ounce)	(per barrel)		22,548.90	3,139.15	2,939.62	SELL TK	84.75	96.26	111.06	0.79

Star BUSINESS

DHAKA TUESDAY OCTOBER 22, 2019, KARTIK 6, 1426 BS starbusiness@thedailystar.net

COST-TO-INCOME RATIO

Southeast, Bank Asia most efficient, profitable lenders

SAJJADUR RAHMAN

Southeast Bank is the most profitable and efficient lender in Bangladesh followed by Bank Asia while Dutch-Bangla Bank is the least, according to an analysis of different banks' cost-to-income ratio.

Last year, Southeast's cost-to-income ratio was less than 35 percent, meaning that it had to spend Tk 35 for Tk 100 operating revenues. Bank Asia had the next best ratio of 43 percent, followed by Eastern Bank at 45.63 percent.

The cost-to-income ratio shows a bank's operating costs (administrative and fixed costs) in relation to its operating income. The higher ratio generally indicates lower efficiency, but a number of factors can affect the ratio, including a bank's business model, its size and the overall investment climate of a country, according to bankers.

A general rule of thumb is that any figure above 50 percent refers to inefficiency. But almost all the banks in Bangladesh fall in this category.

Dutch-Bangla Bank's ratio was the highest at 68 percent, followed by Brac Bank at 64 percent (consolidated).

According to the S&P Global Market Intelligence report, Bangladeshi banks' average cost-to-income ratio was 55.25 percent in 2018, higher than those in China, Thailand, India and Vietnam.

"We have been managing our resources efficiently to get better output," said Md Arfan Ali, president and managing director of Bank Asia.

Bank Asia has set a target to bring down the ratio to 40 percent.

Anis A Khan, managing director of Mutual Trust Bank, which has lowered its cost-to-income ratio by four percentage points to 50 percent last year, said they have brought every expense under control except salary payments.

"We do what we need to do. We have reduced our rental and administrative costs and limited opening of new branches as well," Khan said.

Brac Bank and Dutch-Bangla Bank have the higher ratio as they have invested heavily in people and technology.

"We have improved significantly in many indicators including return on assets and return on equity. But our higher cost-to-income ratio indicates that we are continuing to invest in people, technology and processes," said Selim RF Hussain, managing director of Brac Bank.

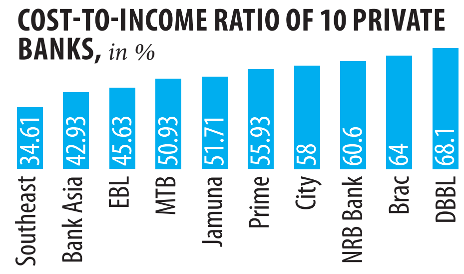
"Since the economy is growing fast, we have to continue to invest for the future," he added.

Some other banks with high ratio said they are trying to limit their expenses by cutting costs for human resources and increasing the use of technologies.

Banks in the United States and the European Union have higher cost-to-income ratio as the salaries of their executives and the expenses for office premises are too high

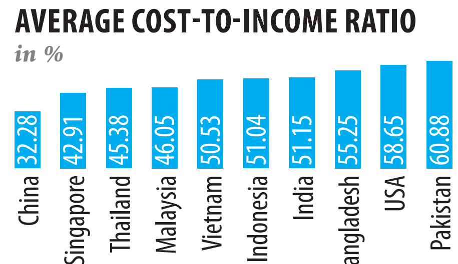
ANIS A KHAN
CEO OF MUTUAL TRUST BANK

COST-TO-INCOME RATIO OF 10 PRIVATE BANKS, *in %*



SOURCE: RESPECTIVE BANKS

AVERAGE COST-TO-INCOME RATIO *in %*



SOURCE: S&P GLOBAL MARKET INTELLIGENCE

Source tax on exports slashed to 0.25pc

STAR BUSINESS REPORT

The National Board of Revenue yesterday slashed the source tax on exports to 0.25 percent from 1 percent to help increase the competitiveness of Bangladeshi products in the international market.

The move followed demands from exporters after the rate of source tax on export proceeds rose to 1 percent from this fiscal year.

Taxmen were unwilling to extend the privilege of reduced source tax on exports to increase collection from exporters to attain their higher tax targets.

The tax authority reduced advance or source tax on export earnings of garment twice last fiscal year -- from 1 percent to 0.60 percent and then to 0.25 percent -- in the face of demands from apparel markers.

Apart from garment, jute goods were enjoying 0.60 percent withholding tax on export proceeds since July 1, 2016. The reduced rate ended on June 30 this year.

The NBR in its yesterday's notification extended 0.25 percent source tax benefit to jute goods makers too.

Latest data on collection of tax at source on export earnings are not available.

The tax authority got Tk 2,136 crore in fiscal 2016-17 from the source, up 17 percent from a year earlier, according to NB.

Because of the reduction, collection of source tax from exports is likely to reduce this year.

GP's profit rises amid challenges

STAR BUSINESS REPORT

Grameenphone's net profit rose 2.04 percent year-on-year to Tk 2,532 crore in the first nine months of the year aided by a surge in revenue growth both in data and voice segments, the operator said yesterday.

The net profit was, however, down 13.03 percent to Tk 727 crore in the third quarter, because of the adverse impact of an undisclosed amount of one-off payment made to the government by the top carrier.

Earnings per share were Tk 18.75 for January to September period, compared to Tk 18.38 year-on-year. It was Tk 5.38 in the third quarter against Tk 6.25 in the same period last year, according to data from the Dhaka Stock Exchange (DSE).

The carrier said it earned Tk 10,749 crore in revenue in the nine-month period, up 9.5 percent year-on-year.

"While voice revenue continues to grow, we witnessed a healthy growth in data revenue, along with growth in usage," said Michael Patrick Foley, chief executive officer of GP, in a statement.

Data revenue surged more than 50 percent to Tk 1,763 crore in the third quarter.

GP's subscriber base expanded by 6 percent to 7.57 crore at the end of the quarter, as it acquired four lakh new subscribers and nine lakh internet users.

Currently, 53.7 percent of the company's total subscribers use internet services.

READ MORE ON B3

Omera, JMI Hospital to go public

OMERA PETROLEUM

Omera Petroleum Director Azam J Chowdhury speaks at a roadshow for an initial public offering of the company at Radisson Blu Dhaka Water Garden on Sunday.

STAR BUSINESS REPORT

Omera Petroleum, a subsidiary of Mobil Jamuna Bangladesh, plans to raise Tk 238.43 crore from the stock market to expand its liquefied petroleum gas (LPG) business.

The company is engaged in import, storage, bottling and distribution of LPG since 2015.

Of the initial public offering (IPO) proceeds, it will purchase a modern seaworthy vessel with a capacity of 4,000 tonnes of liquid petroleum gas. Meanwhile, Tk 46.75 crore will be utilised for repayment of the company's bank loans.

Shamsul Haque Ahmed, chief executive officer of Omera Petroleum, said the carrying cost of imported LPG will decline once the vessel is bought.

"The cost would come down at least $35 per tonne due to the vessel, so our competitiveness will rise and we will be able to reduce the LPG price for customers," he said, adding that the vessel would be bought from Japan.

LPG would be the most important energy solution in future, so they have decided to go for extension of the business, said Azam J Chowdhury, director of the company, at the road show for the IPO held at the capital's Radisson Blu Water Garden hotel on Sunday.

"Worldwide, people are becoming more environmentally aware, so the use of traditional energy like diesel and crude oil will decline and LPG will take the lead," Chowdhury said.

On the other hand, the country is becoming urbanised at a fast rate.

READ MORE ON B3

City Bank's EPS jumps 17pc

STAR BUSINESS REPORT

City Bank posted consolidated earnings per share of Tk 2.58 in the first three quarters of 2019, up 16.74 percent year-on-year.

Addressing an event organised yesterday for disclosing its earnings, Md Mahbubur Rahman, chief financial officer, made a presentation on the financial performance of the bank.

City Bank's consolidated profit after tax was Tk 262.2 crore for January to September period. It was Tk 225 crore during the same nine-month period a year ago, said the official of the listed first generation private commercial bank at its head office in Dhaka.

Mashrur Arefin, managing director and CEO, said the lender has been able to draw much attention from the investor community worldwide in recent years for its noticeable presence and growth in the private commercial banking industry in Bangladesh.

Existing and potential investors, researchers and analysts joined the event through web platforms.

The bank has attracted attention from investment communities across the globe in recent years. International Finance Corporation, the World Bank Group's private sector arm, holds a 5 percent stake in City Bank.

Chinese firm to invest $2m in Ctg EPZ

STAR BUSINESS DESK

An agreement was signed between Bangladesh Export Processing Zones Authority (Bepza) and a Chinese company yesterday for implementing the latter's plan to invest $2 million to establish a factory inside Chattogram Export Processing Zone.

READ MORE ON B3

EBL

Eastern Bank Ltd's CEO Ali Reza Iftekhar and Jamuna Group's Director Zakir Hossain launch a credit and prepaid card co-branded by the bank and Wholesale Club, a hypermarket, at Jamuna Future Park in Dhaka recently.

SAMSUNG

Seungwon Youn, managing director of Samsung Bangladesh, poses at "Samsung Enterprise Evening 2019" in Dhaka recently. The company introduced enterprise solutions for operation and output optimisation.

China seeks $2.4b in sanctions against US in Obama-era case: WTO

Reuters, *Geneva*

China is seeking $2.4 billion in retaliatory sanctions against the United States for non-compliance with a WTO ruling in a tariffs case dating to the Obama era, a document published on Monday showed.

WTO appeals judges said in July that the United States did not fully comply with a WTO ruling and could face Chinese sanctions if it does not remove certain tariffs that break the watchdog's rules.

China, in its request posted by WTO, said: "In response to the United States' continued non-compliance with the (WTO Dispute Settlement Body's) recommendations and rulings, China requests authorization from the DSB to suspend concessions and related obligations at an annual amount of $2.4 billion."

The United States had failed to comply with the DSB recommendations and rulings within the specified period and no agreement on compensation had been reached, it said.

China went to the WTO in 2012 to challenge US anti-subsidy tariffs on Chinese exports including solar panels, wind towers, steel cylinders and aluminum extrusions, exports that China valued at $7.3 billion at the time.

The duties were imposed as the result of 17 investigations begun by the US Department of Commerce between 2007 and 2012.

China's request appears on the agenda of the DSB set for Oct 28. The United States could challenge the amount of retaliatory sanctions sought, which could send the long-running dispute to arbitration.

The office of US Trade Representative (USTR) Robert Lighthizer has said the WTO ruling recognized that the administration are locked in a tit-for-tat trade war. White House economic adviser Larry Kudlow said on Thursday that China's "serious commitment" to buy up to $50 billion worth of US agricultural goods as part of a phase 1 trade deal would depend in part

REUTERS/FILE

People talk outside the headquarters of the World Trade Organization in Geneva, Switzerland.

United States had proved that China used state-owned enterprises (SOEs) to subsidize and distort its economy.

But the ruling also said the United States must accept Chinese prices to measure subsidies, even though USTR viewed those prices as "distorted".

China and the Trump on private companies and market conditions.

US President Donald Trump said on Friday he thinks a trade deal between the world's two largest economies will be signed by the time the Asia-Pacific Economic Cooperation meetings take place in Chile on Nov. 16 and 17.

Facebook open to currency-pegged stable coins for Libra project

Reuters, *Washington*

Facebook Inc, facing growing skepticism about its digital currency project Libra, on Sunday said the initiative could use cryptocurrencies based on national currencies such as the dollar, instead of the synthetic one it initially proposed.

David Marcus, who heads the Libra project for Facebook, told a banking seminar the group's main goal remained to create a more efficient payments system, but it was open to looking at alternative approaches for the currency token it would use.

"We could do it differently," he said. "Instead of having a synthetic unit ... we could have a series of stablecoins, a dollar stablecoin, a euro stablecoin, a sterling pound stable coin, etc," Marcus told the panel.

"We could definitely approach this with having a multitude of stablecoins that represent national

REUTERS/FILE

A 3-D printed Facebook logo is seen on US dollar banknotes in this illustration picture.

currencies in a tokenized digital form," he said. "That is one of the options that should be considered."

Marcus said he was not suggesting currency-pegged stablecoins were the group's new preferred option.

"What we care about is the mission and there are a number ways to go about this," Marcus told Reuters after the panel, adding that the Libra needed to "demonstrate a lot of agility."

The Facebook-led project suffered severe setbacks earlier this month, as major payment companies Mastercard Inc and Visa Inc became the latest partners to quit the group behind the project.

Other key members that have pulled out included Stripe, eBay Inc and Booking Holdings Inc and PayPal Holdings Inc.

Global policymakers and regulators have also worry that creation of a new synthetic global currency could upend the global financial system, threaten users' privacy, and facilitate money laundering.

Group of 20 finance leaders on Friday agreed to set strict regulations on cryptocurrencies and said such stablecoins should not be issued until various global risks were addressed.

SAP in three-year cloud partnership with Microsoft

Reuters, *Berlin*

Business software group SAP said on Monday it had reached a three-year deal with Microsoft to help its large enterprise customers move their business processes into the cloud.

The partnership, called "Embrace", will help clients to run operations hosted at remote servers supported by SAP's flagship S/4HANA database, new Co-Chief Executive Officer Jennifer Morgan said as SAP released its final third-quarter results in line with preliminary figures released on Oct. 11.

"We bundled SAP's cloud platform services to support customers around the extension, integration and orchestration of SAP systems," Morgan told reporters, adding the product would be sold through Microsoft's distribution channels.

Disclosure of the partnership comes after long-time CEO Bill McDermott stepped down to make way for Morgan - the first woman to become CEO of a company in Germany's blue-chip DAX index - alongside fellow Co-CEO Christian Klein.

The deal - which helped SAP double new cloud bookings in the third quarter - addresses a complaint from many customers that it is too hard to shift from SAP's traditional on-premise model to remotely hosted services.

The partnership deepens SAP's already close relationship with Microsoft and its Azure cloud division, although the Walldorf-based company also works with Google and Amazon Web Services in the cloud.

De-emphasising its own-brand cloud offering is turning out to be one factor supporting a pickup in SAP's cloud gross margins. These picked up by 5.4 percentage points to 69 percent in the third quarter - compared with a 2023 target of 75 percent.

In the third quarter, SAP reported a 10 percent increase in revenue and a 15 percent rise in operating profit, after adjusting one-off items and currencies, helping it to achieve an expansion of 1.7 percent in its operating margins.

The company reiterated its forecast for the year and through to 2023. SAP is due to update investors on strategy at a capital markets' day in New York on Nov. 12.

China unexpectedly keeps benchmark lending rate unchanged

REUTERS, *Shanghai*

China on Monday unexpectedly kept unchanged its new benchmark lending rate, suggesting Beijing is keen to avoid overly loosening monetary policy for fear it may push up already-high debt levels across the economy.

The one-year Loan Prime Rate LPR remained at 4.20 percent, steady from the previous monthly fixing. The five-year LPR was fixed at 4.85 percent, unchanged from September. A Reuters poll last week had forecast the rate would be cut again following reductions in August and last month.

Frances Cheung, head of Asia macro strategy at Westpac in Singapore, said Monday's decision does not point to an end to the downward adjustment in the LPR. "That said, the outcome is likely to reinforce the somewhat risk-on sentiment today," Cheung said.

"Looking ahead, we still see each monthly LPR re-set as providing an opportunity for a baby-step reduction."

Investors in China's financial markets took the rate decision in stride. Benchmark 10-year treasury futures for December delivery CFTZ9, the most-traded contract, were barely moved after the data release.

A separate Reuters poll of 83 analysts showed that the central bank is expected to slash the one-year LPR to 4.00 percent by the end of 2019, down by 20 basis point from its current level.

The decision to keep the LPR steady came just days after China reported its third-quarter gross domestic product (GDP) growth cooling to near 30-year low.

Economists and China observers say a recent bath of weak data showing a further loss of momentum in the world's second-biggest economy underlined the need for further monetary policy support.

A bruising 15-month long Sino-US trade dispute was also one of the key factors fueling the easing expectations. US President Donald Trump has outlined the first phase of a deal to end a trade war and suspended a threatened tariff hike, though officials on both sides said much more work needed to be done.

REUTERS/FILE

Headquarters of the People's Bank of China, the central bank, is pictured in Beijing.

Reckitt Benckiser names Ahold's Jeff Carr as new CFO

REUTERS

Reckitt Benckiser Group Plc will bring back former finance executive Jeff Carr as the successor of Chief Financial Officer Adrian Hennah who is retiring next year, the maker of Durex condoms and Lysol disinfectant said on Monday.

The appointment is Reckitt's second big management change this year after the British consumer goods maker picked PepsiCo executive Laxman Narasimhan as its new top boss, replacing long-time chief executive Rakesh Kapoor.

Carr, finance chief at Dutch-American supermarket operator Ahold Delhaize since 2011, was with Reckitt for a decade between 1994 and 2004. He started his career at Anglo-Dutch firm Unilever and has held senior roles at firms including AB Foods and easyJet.

"Jeff brings extensive experience across consumer and retail companies, and is also an alumnus of RB," Reckitt Benckiser CEO Laxman Narasimhan said adding that he also had a record of building strong teams and capital allocation discipline.

Carr would take over in April from Hennah, who will stay on until October 2020, completing seven years as CFO at Reckitt.

Reckitt said Carr, 58, will receive a salary of 680,000 pounds ($882,776.00) and a pension allowance of 10 percent of his salary, on top of other benefits.

German economy may have contracted again in third quarter

REUTERS, *Frankfurt*

The German economy may have contracted in the three months to September, and a slowdown in exports is now threatening to affect the domestic economy as well, the Bundesbank said on Monday.

The euro zone's largest economy has slowed sharply in the past year as its traditional engine of growth - exports - bore the brunt of a global trade war.

"Germany's economic output could have shrunk again slightly in the third quarter of 2019," the country's central bank said in a monthly report. "The decisive factor here is the continued downturn in the export-oriented industry."

This downturn was starting to cast a shadow on the rest of economy, the Bundesbank said, adding however that it did not expect an outright recession.

"Early indicators currently provide few signs of a sustainable recovery in exports and a stabilization of the industry," the central bank said.

"This raises the risk that the slowdown extends to a greater extent to more domestically oriented sectors."

CITY BANK

Mashrur Arefin, CEO of City Bank, poses at the disclosure of its 3rd quarter financial performance for 2019 at its head office in Dhaka yesterday. Story on B1

UK government bond yields rise as risk of no-deal Brexit recedes

REUTERS, *London*

British government bond yields rose on Monday due to the reduced risk of an economically damaging no-deal Brexit, after parliament forced Prime Minister Boris Johnson to write to the European Union to ask for a delay to Britain leaving the bloc.

Johnson still wants to take Britain out of the EU by Oct. 31, but following a parliamentary vote on Saturday he has had to ask the EU for a three-month delay, to take effect if he cannot pass necessary legislation before the end of the month.

Benchmark 10-year gilt yields rose 4 basis points to 0.75 percent on Monday, their highest level since Thursday when they hit a three-month high of 0.793 percent, as investors saw less need to hold safe-haven assets.

"Uncertainty is likely to keep gilts volatile, but with the chance of no-deal on 31 October further reduced and deal hopes still alive, the sell-off in gilts looks most likely to extend in the coming days," Citi rates strategist Jamie Searle said.

Goldman Sachs said on Sunday that it thought the probability of a no-deal Brexit had fallen to 5 percent from 10 percent.

Johnson wants to hold another vote on his preferred Brexit deal later on Monday, but this may be blocked by the House of Commons' speaker, who will make a statement on the proceedings shortly after parliament opens at 1330 GMT.

Short sterling interest rate futures for 2019 and 2020 edged around 1 tick lower, pointing to marginally reduced expectations of a Bank of England rate cut.

Another measure of interest rate expectations BOEWATCH showed around a 30 percent chance of a 25 basis-point rate cut before Governor Mark Carney is due to step down at the end of January, and a 55 percent chance of a move lower before the end of 2020.

Speaking in Washington late on Friday, before the UK parliamentary vote, Carney said that a Brexit deal would help the country's economy but that "almost existential" worries about global trade wars might prevent the BoE from raising interest rates.

Mitsubishi sells Australian iron ore, rail project to Sinosteel

REUTERS, *Melbourne*

Mitsubishi Corp has handed over the full ownership of an iron ore expansion and rail and port infrastructure project in Western Australia to China's state-owned Sinosteel that has been slated to cost A$10 billion ($6.86 billion) to develop, the Japanese conglomerate said on Monday.

The Japanese trading house divested all of subsidiary Crosslands Resources shares to Sinosteel unit Sinosteel Ocean Capital for an undisclosed sum, according to a statement from Mitsubishi. The shares were transferred on Friday, according to the statement.

The project, which includes the mothballed Jack Hills iron ore mine, expansion project as well as a proposed rail and port facility, was once considered Australia's next big prospect for iron ore riches outside of the Pilbara, now the world's biggest export hub for iron ore. Mitsubishi paid $A150 million for its initial 50 percent stake in Crosslands in 2007 and a further A$325 million for the rest in 2012, before it placed the mine on care and maintenance the following year as iron ore prices tanked.

The Japanese group agreed to exit the project considering its own divestment strategy and "the environment surrounding the project," it said in the statement.

REUTERS/FILE

People at Mitsubishi Corporation's head office in Tokyo.

Omera, JMI Hospital to go public

FROM PAGE B1

"From where will the government provide natural gas? So, the demand for LPG would increase by the day," he added.

On the same day, JMI Hospital Requisite, a subsidiary of JMI Group, organised a road show at the Bangabandhu International Convention Centre to raise Tk 75 crore under the book-building method. Md. Abdur Razzaq, managing director of JMI Hospital Requisite, said the demand for medical devices in domestic and global markets are increasing rapidly.

To meet the demand, JMI has taken the initiative to create new devices. It will increase the business in the sector, he said.

JMI GROUP

Md Abdur Razzaq, managing director of JMI Hospital Requisite Mfg, attends a roadshow at Bangabandhu International Conference Center in Dhaka yesterday for raising funds from the stock market. Story on B1

Chinese firm to invest $2m in Ctg EPZ

FROM PAGE B1

Yifa Jute & Sisal Products plans to annually produce 1,000 tonnes of rope and 1,500 tonnes of twine alongside cloth from jute and sisal employing some 101 Bangladeshis. It also plans to make such products from Manila hemp and cotton.

Zillur Rahman, Bepza member (investment promotion), and Mo Jisheng, chairman of the Yifa, signed the agreement at BEPZA Complex, Dhaka, says a press release.

GP's profit rises amid challenges

FROM PAGE B1

"We continued to deliver a solid business performance in the third quarter despite a very challenging regulatory environment," Foley said.

The operator has been affected by the suspension of issuance of no objection certificates (NOCs) by the telecom regulator because of a fallout from the ongoing row they have long been embroiled in over an audit claim.

The Bangladesh Telecommunication Regulatory Commission has repeatedly demanded Tk 12,479 crore from GP as per findings of the audit into the operator's book in 2016 that covered the period from its inception to December 2014.

GP has called the audit disputed and has not paid anything, leading the regulator to suspend issuing the NOCs on July 22. The NOCs are needed to roll out new package or service or import network equipment.

In the third quarter, the mobile phone operator invested Tk 218 crore, down 53 percent year-on-year.

"We invested less than what we had planned for, as a result of the NOC suspension," said the operator in the statement.

Jens Becker, chief financial officer of the operator, said it reported solid growth with strong margins in the third quarter.

"We will continue to focus on acquiring quality subscribers and invest in building a strong network and distribution ecosystem in order to enable connectivity to all the people of Bangladesh."

The largest company on the DSE by market capitalisation, GP's shares were down 1.32 percent to close at Tk 314.50 yesterday.

GP's network covered 99.5 percent of the population and 69 percent of the population are under its 4G network.

Gold flat as markets eye trade talk cues, Brexit deal

REUTERS

Gold prices were little changed on Monday as investors waited for more clarity on U.S.-China trade negotiations, and Brexit after British parliamentarians delayed a crucial vote on the divorce deal.

Spot gold was flat at $1,490.23 per ounce as of 0720 GMT. US gold futures dipped slightly to $1,493.40.

Asian shares edged higher, limiting bullion's gains, with MSCI's broadest index of Asia-Pacific shares outside Japan up 0.3 percent.

"The markets are quite long, and people are worried about the trade war. Investors are waiting for pull backs in gold to step in again," AxiTrader market strategist Stephen Innes said.

"What has been supportive for gold are recessionary fears, and provided that remains in the headlines, it is a significant reason to stay long gold. Right now, there is no major catalyst to drive it any direction."

The long-standing Sino-U.S. trade war has taken a toll on economies around the world with Japan's exports down for a 10th straight month, South Korean exports plunging 19.5 percent in October, and Thai exports missing expectations.

In China, new home prices grew at a steady pace in September, a relief for policymakers who remain wary of high debt and bubble risk, and are refraining from stimulating the sector as the economy cools.

Providing little comfort to market sentiment, British Lawmakers on Saturday voted to withhold a decision on Prime Minister Boris Johnson's deal, a move that forced him to seek from the EU a third postponement of Britain's departure from the bloc.

The vote for an extension dealt a blow to optimism that a deal agreed last week would ensure Brexit happens with little economic disruption.

Spot gold looks neutral in a range of $1,479-$1,502 per ounce, and an escape could suggest a direction, Reuters technical analyst Wang Tao said. Among other precious metals, silver rose 0.9 percent to $17.70 per ounce, and platinum rose 0.4 percent to $892.84.

Meanwhile, palladium gained 0.6 percent to $1,765.81 an ounce, slightly lower than a high of $1,783.21 it struck on Thursday.

"Sell rates for palladium reached the highest level since January. This suggests the recent rally has been driven by fundamentals, rather than speculative interest," ANZ Bank said in a note.

"And with the market likely to remain tight for the foreseeable future, we believe there is plenty more upside for (palladium)prices."

BEPZA

Maj Gen SM Salahuddin Islam, executive chairman of the Bangladesh Export Processing Zones Authority (Bepza), and Mo Jisheng, chairman of Yifa Jute & Sisal Products Co Ltd, attend a deal signing ceremony at the Bepza Complex in Dhaka yesterday. Story on B1

BASIS

Zunaid Ahmed Palak, state minister for ICT, hands over a trophy to winners of the 5th NASA Space Apps Challenge Bangladesh at the presentation ceremony organised by the Bangladesh Association of Software and Information Services in Dhaka on Sunday.

SANOFI EXITS BANGLADESH

Sales executives demand all dues before departure

STAR BUSINESS REPORT

SOME 500 sales executives of Sanofi Bangladesh yesterday gave a 48-hour ultimatum to the management, demanding that they receive the full payment of compensation before the local operation of the French pharmaceuticals giant is sold to a third party.

Leaders of the Sanofi Bangladesh Karmokorta Kalyan Parishad, the platform of the executives, announced the ultimatum at a press conference at the Dhaka Reporters' Unity in the city.

The employees also warned that it would go for tougher actions like forming human-chains in front of the National Press Club in Dhaka if their demands are not met by October 24. The human-chain will be formed at 11:00am on Thursday.

The warning came as Sanofi is now packing its bags to leave Bangladesh for strategic reasons as per a decision of the global headquarters.

"We do not want to be employed in any third company as per decision of Sanofi's departure plan," said Anwar Hossain, president of the platform.

Last week, Sanofi said it was looking for a buyer to sell the company with a job security guarantee clause so that some 1,100 employees of the country operation don't lose employment.

However, the employees have expressed concerns that Sanofi and the buyer would go on to sign an agreement that may guarantee job security for only 12 months. And after the end of 12 months, the buyer may choose not to continue their service, they said.

Hossain said the employees have written to the management seeking clearing of the dues. Sanofi is trying to sell the company along with all the dues to the prospective buyer.

The employees observed work abstention to realise their demands.

The executives sought intervention of the government and the French embassy in Dhaka to settle the problem.

Yesterday, the Sramik-O-Karmachari Union, the platform of workers of the company, staged a token hunger strike from 4:30pm to 6:00pm in front of the gate of Sanofi factory in Tongi, according to Abdur Razzaque, president of the union.

COLLECTED

Anwar Hossain, president of Sanofi Bangladesh Karmokorta Kalyan Parishad, speaks at a press conference in Dhaka Reporters' Unity yesterday.

Handloom products fair begins in Dhaka tomorrow

SME FOUNDATION

Md Safiqul Islam, managing director of SME Foundation, and Mantasha Ahmed, president of the Association of Fashion Designers of Bangladesh, attend a press conference in Dhaka yesterday announcing of jointly organising a four-day fair on handloom products at Gardenia Hall from tomorrow.

STAR BUSINESS REPORT

A four-day fair on handloom products titled Heritage Handloom Festival 2019 will start tomorrow in the capital's Gardenia Hall.

SME Foundation and the Association of Fashion Designers of Bangladesh (AFDB) are jointly organising the programme for a second time.

The festival will showcase different handloom products before local and foreign visitors along with items prepared by the ethnic communities of Bangladesh.

Jamdani, Monipuri, Mirpur's Benarasi and Tangail saris, handloom products of Sirajganj along with jute and bamboo goods will be presented in 45 stalls of the show.

The festival will also have demonstrations on how the products are made.

Md Safiqul Islam, managing director of SME Foundation, and Mantasha Ahmed, president of the AFDB, shared the info about the festival at a press meet at the Gardenia Hall yesterday.

Planning Minister MA Mannan is scheduled to open the festival at 5:00pm, after which visitors will be allowed to enter.

The second day will be dedicated for foreign guests only with invitations going out beforehand to ambassadors and foreign officials.

The organisers named the second day the "Friends of Bangladesh Day".

The third and fourth days will see the doors open for local visitors from 10:00am to 8:00pm.

There is no entry fee for visitors, organisers said at the press conference.

A number of seminars, fashion shows, folk dance and musical nights along with match-making programmes would be organised, they said.

Islam of SME Foundation said the festival would help the small and medium entrepreneurs, especially small handloom businesses, to flourish.

"We want to keep our culture and heritage alive by strengthening such entrepreneurs as they are continuing the business in order to keep their heritage."

China beats US in number of 'unicorn' startups

AFP, *Beijing*

CHINA now has more privately-held start-ups valued by investors at over $1 billion than the US, a report said Monday.

There were 206 Chinese firms out of a global total of 494 ultra-valuable start-ups -- known as "unicorns" -- in June 2019, according to the research firm Hurun Report.

This makes China the country with the largest number of unicorns in the world, with the US coming in second with 203 such companies.

"China and the USA dominate with over 80 percent of the world's known unicorns, despite representing only half of the world's GDP and a quarter of the world's population," Hurun Report chairman Rupert Hoogewerf said.

"The rest of the world needs to wake up to creating an environment that allows unicorns to flourish in."

According to Hurun, China is home to the world's three most valuable unicorns -- Alibaba affiliate Ant Financial, app maker ByteDance and ride-hailing giant Didi Chuxing, which have a combined value of $280 billion.

Major US names like Airbnb and coworking space operator WeWork also made the list, which included lesser-known startups like California-based automated pizza delivery company Zume and Indian fantasy sports platform Dream11.

Hurun, which released its inaugural Global Unicorn List Monday, told AFP this was the first time China's number of unicorns was confirmed by researchers to have surpassed the US.

A report released in June by another research firm, Visual Capitalist, found only 94 unicorns from China compared to 156 from the US, based on data from May 2019.

Rich Chinese outnumber American counterparts for first time

REUTERS, *Zurich*

THE number of rich Chinese has surpassed the count of wealthy Americans for the first time as both countries keep churning out millionaires, a study by Credit Suisse showed.

The Swiss bank's annual wealth survey released on Monday found 100 million Chinese ranked in the global top 10 percent as of the middle of this year versus 99 million in the United States.

"Despite the trade tension between the United States and China over the past 12 months, both countries have fared strongly in wealth creation, contributing $3.8 trillion and $1.9 trillion respectively," said Nannette Hechler-Fayd'herbe, global head of economics and research at Credit Suisse.

The ranks of the world's millionaires have risen by 1.1 million to an estimated 46.8 million, collectively owning $158.3 trillion in net assets, 44 percent of the global total, the study found.

The United States added more than half of this number –675,000 new millionaires – to its sizeable stock.

A decline in average wealth in Australia — largely due to exchange rates — resulted in 124,000 fewer millionaires there, while Britain lost 27,000 and Turkey 24,000.

The report estimates that 55,920 adults are worth at least $100 million and 4,830 have net assets above $500 million.

It forecast global wealth — which increased 2.6 percent over the past year — would rise by 27 percent over the next five years to $459 trillion by 2024. The number of millionaires would also grow over this period to almost 63 million.

The share of the world's bottom 90 percent accounts for 18 percent of global wealth, compared to 11 percent in the 2000.

"While it is too early to say wealth inequality is now in a downward phase, the prevailing evidence suggests that 2016 may have been the peak for the near future," it said.

REUTERS/FILE

A couple walk through the usually busy Sanlitun Soho shopping district after the city emptied ahead of Chinese New Year in Beijing.

Global renewable power capacity to rise by 50pc in five years: IEA

REUTERS, *London*

GLOBAL renewable energy capacity is set to rise by 50 percent in five years' time, driven by solar photovoltaic (PV) installations on homes, buildings and industry, according to the International Energy Agency (IEA).

Total renewable-based power capacity will rise by 1.2 terawatts (TW) by 2024 from 2.5 TW last year, equivalent to the total installed current power capacity of the United States.

Solar PV will account for nearly 60 percent of this growth and onshore wind 25 percent, the IEA's annual report on global renewables showed.

The share of renewables in power generation is expected to rise to 30 percent in 2024 from 26 percent today.

Falling technology costs and more effective government policies have helped to drive the higher forecasts for renewable capacity deployment since last year's report, the IEA said.

"Renewables are already the world's second largest source of electricity, but their deployment still needs to accelerate if we are to achieve long-term climate, air quality and energy access goals," said Fatih Birol, the IEA's executive director.

"As costs continue to fall, we have a growing incentive to ramp up the deployment of solar PV," he added.

The cost of generating electricity from distributed solar PV (PV systems on homes, commercial buildings and industry) is already below retail electricity prices in most countries.

Solar PV generation costs are expected to decline a further 15 percent to 35 percent by 2024, making the technology more attractive for adoption, the IEA said.

However, policy and tariff reforms are needed to ensure solar PV growth is sustainable and avoid disruption to electricity markets and higher energy costs, the report said.

Mahathir warns of possible trade sanctions on Malaysia

REUTERS, *Kuala Lumpur*

MALAYSIAN Prime Minister Mahathir Mohamad said on Monday his exports-reliant country could be hit with trade sanctions amid rising protectionism highlighted by the US-China tariff war.

Mahathir did not mention the source of possible sanctions on the Southeast Asian country but said he was disappointed that proponents of free trade were now indulging in restrictive trade practices on a "grand scale".

"Unfortunately, we are caught in the middle," he told a conference in the capital Kuala Lumpur, referring to the US-China trade war.

"Economically we are linked to both markets, and physically we are also caught in between for geographical reasons. There are even suggestion that we ourselves would be a target for sanctions."

The United States and China were two of the three biggest export destinations for Malaysia between January and August this year. Singapore was the top destination.

To cushion the impact of the collision between the superpowers, Mahathir said Malaysia was collaborating more with its regional neighbors.

Mahathir also complained of being bullied by powerful nations, referring to a campaign by European countries against Malaysia's agricultural mainstay of palm oil. The edible oil contributed 2.8 percent of Malaysia's gross domestic product last year and 4.5 percent to total exports.

AFP

Malaysian Prime Minister Mahathir Mohamad, *centre*, talks to Indonesian members of parliament during the inauguration ceremony of President Joko Widodo in Jakarta on October 20.

"Having cleared most of their forests and refusing to reduce their noxious emissions, they now try to impoverish the poor by preventing them from clearing their forest for living space and earning a living," he said.

The European Union passed an act earlier this year to phase out palm oil from renewable fuel by 2030 due to deforestation concerns.

There are also concerns that India, one of the biggest buyers of Malaysian palm oil, would restrict imports of the product due to a diplomatic row over comments made by Mahathir on New Delhi's recent actions in the disputed South Asian region of Kashmir.

Departing Draghi leaves divided ECB to Lagarde

AFP, *Rankfurt*

DEPARTING European Central Bank president Mario Draghi will leave a conflicting legacy after chairing his final governing council meeting on Thursday, credited with saving the euro but dividing the institution with his easy-money policy.

The gathering "is unlikely to be the good-natured celebration of his achievements that he might have hoped for," said analyst Jack Allen-Reynolds of Capital Economics.

"Attention will focus on the growing divisions" among policymakers left by a September stimulus package, he predicted.

Among the 25-strong council, "the loss of teamwork and comradeship has now burst into public", agreed Dirk Schumacher of Natixis bank.

"That in itself is undermining to some degree the effectiveness of the ECB," he added -- just when it needs to convince watchers it can support the economy in future.

Seen as a solo artist who succeeded in bending the institution to his vision for the eurozone economy, Draghi is credited above all with saving the euro during its existential debt crisis.

That rescue came only with help from hefty cash injections and historic low interest rates -- earning him the ire of conservatives, especially in Germany, who say he has harmed savers.

As he departs, Draghi leaves his successor Christine Lagarde to confront a eurozone apparently running out of steam after five years of recovery added 11 million jobs.

Last week, the IMF forecast eurozone economic growth of just 1.2 percent this year and 1.4 percent in 2020.

Since 2011, Draghi has lowered interest rates into negative territory, bought 2.6 trillion euros ($2.9 trillion) of government and corporate debt and issued hundreds of billions in cheap loans to banks.

An official account of September's governing council meeting showed broad agreement on the need for further supportive steps, as the ECB's own forecasts showed inflation falling short of its just-below-two-percent target out to 2021.

But disagreement erupted over how powerful the response should be.

Most controversial was restarting "quantitative easing" (QE) bond purchases, which had been idling since December 2018.

The scheme, aimed at boosting growth and, indirectly, inflation, has always split policymakers.

This time, backers argued it should "ward off future shocks affecting the eurozone, which raise fears of deflation", while opponents including the German and -- unusually -- French central bank chiefs believed it would have a "minimal effect", Mirabaud bank economist Valentin Bissat said.

Capital Economics' Allen-Reynolds warned that the acrimony "raises questions about the decision's legitimacy and whether the council could ever agree to expand its asset purchases further" if needed.

ECB's outgoing president Mario Draghi and incoming president Christine Lagarde.