ACI MOTORS

FH Ansarey, managing director of ACI Motors, and Henrik Naaby, managing director of Firexpress, a Danish firefighting equipment producer, exchange documents after signing a deal at ACI Centre in Dhaka yesterday. ACI Motors took up exclusive dealership of Firexpress for selling and marketing their firefighting equipment in Bangladesh.

Oil, gas giants spend 250m on EU lobbying: green groups

AFP, *Paris*

The five biggest publicly listed oil and gas companies and trade groups representing them spent more than 250 million euros lobbying the European Union to influence climate action since 2010, environmental groups said Thursday.

Research showed that BP, Chevron, ExxonMobil, Shell and Total, as well as trade groups acting on their behalf, have held at least 327 high level meetings with European Commission officials since Commission President Jean-Claude Juncker took office in 2014 -- an average of more than one a week.

The findings came from publicly listed documents, and companies who responded to requests for comments said there was no conflict of interest in their executives meeting high-level EU policymakers.

But green groups said the money spent on access to officials showed to what extent oil and gas firms were seeking to influence decisions in Brussels. "This is part of a long trail of the fossil fuel industry delaying, weakening and torpedoing much-needed climate action," Pascoe Sabido, a researcher and campaigner with Corporate Europe Observatory, told AFP.

The EU is seen as one of the global leaders when it comes to climate action.

But there are fears its member states are not phasing out fossil fuels quickly enough to comply with the 2015 Paris climate accord, which commits nations to limit warming to "well below" two degrees Celsius (3.6 Farenheit).

A Commission spokeswoman told AFP it was "good practice that politicians and officials meet with external actors".

She added that "some meetings" with oil and gas representatives focused on "renewables and the ways to decarbonise our economy".

Last year the International Panel on Climate Change (IPCC) called for a radical drawdown in fossil fuel use to hit the safer 1.5C cap laid out in the Paris deal.

Yet global emissions are rising year on year, and environmental groups fear major EU gas infrastructure projects in the pipeline could lock the continent into fossil fuels well beyond the IPCC's deadlines.

Euro zone business activity stagnates as Draghi bows out

REUTERS, *London*

Euro zone business activity stagnated in October as demand withered, according to a downbeat survey published on Thursday hours before European Central Bank President Mario Draghi makes his swansong appearance.

In September, the ECB cut its deposit rate deeper into negative territory and said it would revive its bond-buying program indefinitely to cut borrowing costs and stimulate investment and growth in the euro zone.

But inflation in the euro zone still languishes at less than half the ECB's target and October's preliminary Purchasing Managers' Index (PMI) readings add weight to fears the economic outlook is darkening once again.

IHS Markit's flash composite PMI, seen as a good guide to economic health, was 50.2, just above September's more than six-year low final reading of 50.1 but still perilously close to the 50 mark that separates growth from contraction and below expectations in a Reuters poll for 50.3.

"Things are really not getting any better yet. A slight improvement in October PMIs can't mask the fact that growth has almost stalled. The overall picture is one of a feeble economy," said Bert Colijn at ING.

Germany's export-dependent manufacturing sector remained in contraction this month, earlier data showed, suggesting a third-quarter slowdown in Europe's largest economy could stretch into the closing months of the year.

French activity picked up more than expected, however, boosted mainly by a firmer service sector.

"The divergence between Germany and France persisted," said Jessica Hinds at Capital Economics.

"All in all, the PMIs will make for uncomfortable reading at the ECB's policy meeting later today (Thursday) and will lend weight to the doves' calls for further policy action."

Draghi chairs his final news conference later on Thursday but it is unlikely to be the grand finale he was hoping for.

The ECB is all but certain to not make any policy changes, six weeks after unveiling a package including new asset purchases worth 20 billion euros a month, a rate cut and a pledge to open the money taps further if needed.

An overwhelming majority — 95 percent of economists who answered an additional question in last week's Reuters poll on the central bank — said this latest stimulus package would not significantly help in bringing inflation back to its 2 percent target ceiling.

ECB President Mario Draghi

Norway's central bank kept its main interest rate unchanged on Thursday, as predicted, as did Sweden's. But the Riksbank surprised many by saying it expected to tighten policy in December, even though the economy is slowing more sharply than previously expected.

Europe's traders prepared for Draghi's send off by pushing regional stocks to their highest in well over a year on Thursday and nudging the euro towards its best month since January 2018.

The Swedish crown surged 0.7 percent while the Norwegian crown was also dragged higher.

IHS Markit said the euro zone PMIs indicated economic growth of just under 0.1 percent this quarter, below the 0.2 percent predicted in a Reuters poll last week.

"The dataflow remains weak and is yet to signal a convincing trough in growth. Based on the PMIs alone, we're tracking broad stagnation in Q4," said economists at Morgan Stanley.

Giving little hope for a turnaround anytime soon, an index measuring new business rose only slightly to 49.1 from 48.7, chalking up its second month below the breakeven mark.

A PMI for the bloc's dominant service industry nudged up to 51.8 from September's 51.6, which had been its lowest reading since the start of this year. Economists had expected 51.9.

With the survey painting a gloomy picture, optimism among services firms was at its weakest since mid-2013. The business expectations index sank to 56.5 from 58.6.

Manufacturers also had a bad October and activity contracted for a ninth straight month, the PMI showed. It held steady at September's 45.7, a low not seen in seven years and missing the median expectation for 46.0.

The manufacturing output index, which feeds into the composite PMI, was 46.2, just pipping last month's 46.1 but its ninth sub-50 reading in a row.

October's weak results were despite factory gate prices falling for a fourth month. The output prices index was 48.9 compared to September's 48.6.

BOJ warns of rising financial vulnerability as banks hunt for yields

REUTERS, *Tokyo*

Japanese commercial banks are loading up on complex financial products and risky loans in their hunt for yields, the central bank said on Thursday, warning of the accumulating cost of prolonged ultra-low interest rates.

Faced with narrowing margins and a dwindling population, regional banks have increased loans for property investment and to companies with low profitability, the central bank said in a twice-yearly report analysing Japan's banking system.

Despite continued improvements in the economy, some of the loans have turned sour due to lax lending standards and a rising number of firms falling behind in restructuring, it said.

"Credit costs remain low but have recently started to rise, particularly for regional financial institutions," the BOJ said.

"As they have not been able to secure adequate returns relative to the risks involved, their capital adequacy ratios have continued to decline moderately," the report said.

If such conditions persist, regional banks could lose the capacity to absorb losses from soured loans in the event of a major shakeout in financial markets, it said.

Big banks have expanded overseas lending and investment in complex financial products, which make Japan's banking system more susceptible to global risks, the BOJ's report said.

The number of collateralised loan obligations (CLOs), a form of securitisation which pools bank loans to companies, has ballooned in recent years as investors hunt for higher returns by buying into loans to lower-rated and riskier companies.

Japanese banks have also piled in. CLOs make up about 20 percent of their investment in overseas credit products, the BOJ said.

Their holdings account for approximately 15 percent of the total global CLO market, though most of the investment is in tranches with the highest credit rating, it said.

Stress tests show that Japanese banks' holdings of CLOs are resilient to credit risks, the BOJ said.

REUTERS/FILE

A man runs past the Bank of Japan building in Tokyo.

TRIUNE GROUP

AJM Nasir Uddin, mayor of Chattogram City Corporation, Mahbubul Alam, president of the Chittagong Chamber of Commerce and Industry, and Kazi Wahidul Alam, editor of The Bangladesh Monitor, inaugurate a three-day tourism fair, "Chittagong Travel Mart-2019", organised by the travel fortnightly at The Peninsula Chittagong yesterday.

Indonesia cuts rates to counter tepid global growth

AFP, *Jakarta*

Indonesia's central bank cut interest rates for the fourth month in a row on Thursday as Southeast Asia's biggest economy looks to counter slowing global growth.

Bank Indonesia (BI) lowered its key lending rate by 25 basis points to 5.0 percent, prompting speculation that more cuts could be in store as central banks around the world adopt softer monetary policies.

"This policy is consistent with low inflation expectations... and is a pre-emptive measure to boost momentum at home amid a global economic slowdown," bank governor Perry Warjiyo said.

On Thursday, Indonesia's main stock index headed for a tenth straight rise in what would be the longest run of gains since 1995, according to Bloomberg, on hopes for business-friendly reforms as President Joko Widodo kicked off a second term.

Widodo this week chose former World Bank managing director Sri Mulyani Indrawati to serve another term as finance minister, with Indonesia facing weaker prices for key commodities like coal and palm oil as the global economy falters and demand dries up.

Economic growth eased to 5.05 percent in April-June -- the slowest quarterly expansion in two years -- as exports and investment slipped.

That has thrown up a challenge for Widodo, who was re-elected this year largely on his promise to energise the economy with a roads-to-airports infrastructure blitz and a pledge to cut red tape.

"The slowing economy and subdued inflation mean BI would certainly like to cut rates again in the coming months," research house Capital Economics said after the rate cut.

"However, the timing of further rate cuts will be determined by the performance of the rupiah." Indonesia's currency was at risk of weakening against the US dollar as investors remain cautious because of a stumbling world economy and the US-China trade war, it added.

India's mobile operators face $13b in charges after court ruling

REUTERS, *New Delhi*

India's top court on Thursday upheld a demand by the country's telecoms department that wireless carriers pay 920 billion rupees ($12.97 billion) in overdue levies and interest, sending their shares tumbling.

Telecom providers in India pay the Department of Telecommunications (DoT) nearly 3-5 percent of their adjusted gross revenue (AGR) in usage charges for spectrum or airwaves and 8 percent of AGR as licence fees. The DoT and the mobile carriers have been at odds over the definition of AGR.

The companies argue that AGR should comprise just revenue accrued from core services, while the DoT says AGR should include all revenue.

After the court decision, shares in Bharti Airtel dropped as much as 9.7 percent, while Vodafone Idea fell as much as 23 percent. Bharti Airtel expressed its disappointment at the order.

"This decision has come at a time when the (telecoms) sector is facing severe financial stress and may further weaken the viability of the sector as a whole," Airtel said in a statement. The company also said New Delhi needed to find a way to reduce the burden on the industry.

Vodafone Idea did not immediately respond to requests for comment.

India's crowded telecoms sector once had more than a dozen mobile operators but operating costs and their own inefficiencies has led to consolidation.

Syed Waseque Md Ali, managing director of First Security Islami Bank, cuts a ribbon to inaugurate a corporate branch in the capital's Gulshan 1 yesterday.

FIRST SECURITY ISLAMI BANK