



Mahbub Alam, head of sales, corporate and project business at Transcom Electronics, and Mostaque Hossain Shimul, the owner of Rupkotha Event Management and Amusement Park, exchange documents after signing a deal in Rangpur recently. The amusement park will avail central air conditioning solution for its premises with Samsung 360-degree DVM system from Transcom HVAC, a concern of Transcom Electronics and a partner of Samsung-branded air conditioner in Bangladesh.

Slowing Indian economy spells tough times ahead for rupee

REUTERS, Bengaluru

A slowing domestic economy will prevent India's rupee from recouping this year's losses against the dollar in 2020, with optimism around an easing in the US-China trade dispute not enough to give it a further boost, a Reuters poll showed.

After falling nearly 9 percent in 2018, the Indian currency has shed another 4 percent this year to touch a 2019 trough of 72.40 per dollar on Sept 3. It has since popped up over 2 percent, along with other emerging market currencies, on hopes of a possible trade deal between the world's two largest economies.

But nothing has been agreed yet, let alone a meeting scheduled. A barrage of rate cuts from the Reserve Bank of India this year - five reductions in succession for a total of 135 basis points off the repo rate, now at 5.15 percent - has done nothing concrete so far to revive a slowing Indian economy.

Neither have several government fiscal stimulus measures introduced this year, which have become a negative for the rupee's outlook given it will be difficult for Prime Minister Narendra Modi's government to meet its fiscal deficit targets.

"We expect the INR to weaken as risks of sluggish growth and fiscal slippage intensify," said Rini Sen, India economist at ANZ.

"Stable portfolio flows led by equities and global cues like trade negotiations, on top of rate cuts, have led to bouts of optimism. However,



REUTERS/FILE

A cashier checks Indian rupee notes inside a room at a fuel station in Ahmedabad, India.

we think the currency market is underpricing downside risks to domestic growth."

The Nov. 1-6 Reuters poll of over 40 strategists predicted the rupee INR= to weaken about 1.3 percent to 71.90 against the greenback in 12 months from around 71.00 on Wednesday.

The RBI, the most aggressive major central bank in the world this year for easing, is expected to cut the repo rate at its sixth meeting in a row in December, a Reuters poll showed last month, which could put further pressure on the currency.

"Unlike the previous cuts, additional cuts could erode the allure of the rupee as a higher yielder, while (the) growth prospect remains

a concern," said Saktiandi Supaat, head of foreign exchange research at Maybank based in Singapore.

Indian economic growth has steadily slowed to a six-year low of 5.0 percent in the April-June quarter from an 8.1 percent peak in the January-March quarter of 2018 and recent business surveys indicate it will slow further.

While the year-ahead consensus in the latest poll was slightly stronger than 72.50 per dollar predicted last month, it reflects the currency's gain over the past month.

However, nearly two-thirds of 24 common contributors in the October and November Reuters polls either downgraded or kept their year-ahead forecasts unchanged.

Currency speculators have cut short bets on the rupee to the lowest since mid-August, a separate Reuters poll showed.

The rupee's outlook was also driven by renewed interest among foreign portfolio investors for Indian assets. They bought 160.69 billion rupees of Indian securities in October, the highest in six months, according to Foreign Portfolio Investors' data.

"If whatever measures taken by the government so far do not result in improving the onshore growth scenario, then there is risk that whatever portfolio flows which have come so far might reverse...and could result in INR weakness," said Rohit Garg, emerging market FX strategist at BofAML based in Singapore.

Emirates profits nearly triple in half-year

AFP, Dubai

Emirates Airline, the largest carrier in the Middle East, on Thursday reported a 282-percent rise in half-year net profits, mainly thanks to a drop in operating costs and fuel prices.

The result was a change of fortunes for the Dubai carrier, which for the full-year to the end of March took a heavy hit from high oil prices and currency fluctuations.

The carrier said it posted a net profit of \$235 million in the first six months of the current financial year compared to just \$62 million in the same period last year.

The airline attributed the soaring profits to a sharp drop in the cost of fuel which accounts for almost a third of company spending. An eight-percent drop in operating costs and a rise in the number of passengers per flight also contributed to the healthy results.

"The lower fuel cost was a welcome respite as we saw our fuel bill drop by AED 2.0 billion (\$545 million) compared to the same period last year," Sheikh Ahmed bin Saeed Al-Maktoum, chairman and CEO of Emirates Airline and Group, said in a statement.

"However, unfavourable currency movements wiped off approximately AED 1.2 billion (\$327 million) from our profits," Sheikh Ahmed said.

On average, fuel costs were 13 percent lower compared to the same period last year, the airline said.

In the last full year, Emirates' net profit dived 69 percent to just \$237 million due to high oil prices and currency fluctuations.

"The global outlook is difficult to predict, but we expect the airline and travel industry to continue facing headwinds over the next six months with stiff competition adding downward pressure on margins,"



Sheikh Ahmed bin Saeed Al-Maktoum

Sheikh Ahmed said.

The airline said its revenue in the April to September period dropped three percent to \$12.9 billion compared to \$13.3 billion in the same period last year.

Emirates carried 29.6 million passengers in the six-month period, down two percent.

The airline serves a global network spanning over 158 destinations in 84 countries. Its fleet stands at 267 large aircraft, including over more than 100 Airbus 380 superjumbos.



BIAC

Md Rafiqul Islam, centre, secretary of Bangladesh Bar Council and senior district and sessions judge, poses during his visit to the new premises of the Bangladesh International Arbitration Centre (BIAC), at Unique Heights on Kazi Nazrul Islam Avenue in Dhaka on Wednesday. Muhammad A (Rumee) Ali, second from left, BIAC's CEO, was present.



BASHUNDHARA GROUP

Sayem Sobhan Anvir, managing director of Bashundhara Group, and Zhang Zhong Wei, project manager of China Construction Seventh Engineering Division Corp, exchange documents after signing a deal at a hotel in Dhaka on Wednesday for supplying Bashundhara Cement to South Asia Subregional Economic Cooperation Road Connectivity project. The Chinese company is the contractor of the project's "Working Package-10".



IBCCI

Conrad K Sangma, chief minister of Meghalaya in India, speaks at a meeting between a Meghalaya business delegation and the members of the India-Bangladesh Chamber of Commerce and Industry, in Dhaka on Wednesday. Riva Ganguly Das, Indian high commissioner to Bangladesh, and Abdul Matlub Ahmad, president of the chamber, were present.

German industrial production tumbles

AFP, Frankfurt

German industrial production slumped in September, official data showed Thursday, dashing hopes of a quick rebound and adding to the gloom over Europe's powerhouse economy.

Industrial output dropped by 0.6 percent month-on-month, federal statistics authority Destatis said, wiping out August's gain of 0.4 percent.

Analysts surveyed by Factset had expected a smaller dip of 0.4 percent in September.

Manufacturing firms fared worst,

seeing a drop of 1.3 percent, in the latest sign of weakness among Germany's export-oriented companies.

The figures come a day after a surprise jump in German industrial orders offered a glimmer of hope in a country that is only narrowly expected to avoid tipping into recession this year.

"Today's industrial production data shows that any optimism on the outlook for German industry is premature," said ING Diba bank analyst Carsten Brzeski.

"Even in case of some easing of the current trade conflicts and an end to the Brexit uncertainty, it will probably take until the first quarter of next year

to see a significant rebound of German industry." The only bright spot in the data came from a strong rebound in the construction sector where output was up 1.8 percent.

"So far, we only know that industry is in recession but not necessarily the entire economy," Brzeski said.

"As so often, it will be the export sector, which decides on the fate of the German economy in the third quarter. Stay tuned." Germany's economy shrank by 0.1 percent in the second quarter, with third quarter figures due on November 14.

The government expects just 0.5 percent growth for 2019.

Toyota reports record first-half net profit, sales

AFP, Tokyo

Japanese car giant Toyota on Thursday reported record net profit and sales for the first half, with cost-cutting efforts helping to boost its balance sheet.

The maker of the Camry sedan and Prius hybrid reported net profit rose 2.6 percent to 1.27 trillion yen (\$11.7 billion) in April-September.

The company kept its full-year net profit forecast at 2.15 trillion yen and operating profit at 2.4 trillion yen on sales of 29.5 trillion yen, though it made a minor change to its forecast for pre-tax profit.

Factors including cost reductions and marketing helped outweigh negative impacts from foreign currency exchange rates, contributing to a 11.3 percent rise in operating profit, or 1.4 trillion yen for the six months to September, Toyota said in a statement.

"As a result of our work to improve ourselves, many of our customers chose Toyota vehicles. The latest results show that," Toyota's executive vice president Mitsuru Kawai said in a news conference. "We are grateful."

"We have acted swiftly to change our business model, create alliances, and to make investments for the future," added operating officer Kenta Kon.

He cited "healthy" sales of new models, including the Rav 4, and strong profits in Japan and North America, thanks to active sales efforts, cost-cutting and effective use of incentives for American buyers.

The firm assumed foreign exchange rates at 107 yen to the dollar for the

current year to March, compared with 106 yen to the dollar in the previous estimate. It also announced it would buy up to 34 million of its own stock, or 1.19 percent of its outstanding shares, for up to 200 billion yen by the end of the current business year.

Shares in the firm, which had been trading in negative territory in the morning, closed up 1.13 percent.

- Brexit, trade war concerns -

"Toyota is enjoying steady global sales although competition is intensifying in the global auto market," Satoru

Takada, auto analyst at research and consulting firm ITW, told AFP ahead of the report.

"Demand for hybrid cars -- Toyota's strength -- remains strong as electric cars are still in a transition period," he said.

However, Japan-US trade negotiations "remain a potential threat to Japanese carmakers," he warned, adding that "protectionism appears to likely remain unchanged in the US even if the Democrats win the presidency".

連結決算見通し要約				TOYOTA
(単位:億円)	今回見通し (19/4-20/3)	前回見通し (19/4-20/3)	増減	前期実績 (18/4-19/3)
売上高	295,000	295,000	±0	302,256
営業利益	24,000	24,000	±0	24,675
営業利益率	8.1%	8.1%		8.2%
税引前利益	26,300	25,600	+700	22,854
持分法投資損益	3,700	4,000	△300	3,600
当期純利益	21,500	21,500	±0	18,828
(に参考)特定要因への影響	20,363	20,844	△481	21,765
当期純利益率	7.3%	7.3%		6.2%
EPS	107円	106円	1円	111円
レート	118円	121円	3円	128円

AFP

Kenta Kon, left, Toyota's operating officer, and Mitsuru Kawai, executive vice president, attend a press conference to announce the company's first half financial results in Tokyo yesterday.



BAY LEASING AND INVESTMENT

Iftekhar Ali Khan, managing director of Bay Leasing and Investment Ltd, opens the company's relocated branch on Gulshan Avenue in Dhaka yesterday.