Alibaba sets eyes on $15b Hong Kong listing

AFP, *Hong Kong*

Chinese online retail titan Alibaba is hoping to raise up to $15 billion in a Hong Kong IPO, a report said Friday, which would be the city's biggest listing for nine years.

The share sale by Asia's biggest company would also come as Hong Kong authorities battle months of sometimes violent protests that have dented the financial hub's economy and reputation.

Alibaba is looking to scoop up between $10 billion and $15 billion in the initial public offering, Bloomberg News cited unnamed sources as saying, and is looking to hold a hearing into the move -- as mandated by the Hong Kong exchange rules -- next week.

The firm declined to comment on the report when contacted by AFP.

Alibaba, which is already listed on New York's Nasdaq, had planned to list in the summer but called it off owing to the city's long-running pro-democracy demonstrations and the China-US trade war.

If realised, the $15 billion IPO would be the biggest since insurance giant AIA garnered $20.5 billion in 2010. However, it is lower than the $20 billion it had aimed to raise initially.

A second listing in Hong Kong would also curry favour with Beijing, which has sought to encourage its current and future big tech firms to list nearer to home after the loss of companies such as Alibaba and Baidu to Wall Street.

Mainland authorities have stepped up moves to attract such firms including launching a new technology board in Shanghai in July.

The Sci-Tech Innovation Board was launched as a battle with the United States for technological supremacy heated up, with Chinese President Xi Jinping calling on tech leaders to become global champions, while the US has fought back in part by taking steps to clip the wings of Chinese telecom giant Huawei.

Alibaba has capitalised on the Chinese consumer's love of e-commerce to dominate the sector in China and become one of the world's most valuable companies.

REUTERS/ FILE

A logo of Alibaba Group is seen at the World Internet Conference in Wuzhen, China.

Gold hits three-month low, faces biggest weekly drop in three years

REUTERS

Gold extended losses to hit a three-month low on Friday as positive developments around the US-China trade deal tarnished the metal's safe-haven appeal, putting the metal on track for its biggest weekly decline in three years.

Spot gold was down 0.2 percent at $1,464.84 per ounce as of 10:46 a.m. EST (1546 GMT), poised for its biggest weekly drop - about 3.2 percent - since November 2016. It fell to its lowest level since Aug. 5 at $1,455.80 earlier.

US gold futures was steady at $1,465.90.

"We are seeing a rally in risk markets, dollar surge and equities reaching all time high. There had been a portion of long positions built up in the last few months and we are starting to see those liquidating," said Ryan McKay, a commodity strategist at TD Securities.

"(Also,) we have had a lot of optimism on the trade front, a lot of news on potential rollback on tariffs and the China deal, which had been the major headwind for growth throughout the last year."

Tariffs could be lifted amid the US-China trade deal if an agreement is reached, a White House spokeswoman said, giving no further details.

The dollar hit a three-week high against key rivals, while the world stock markets were cautious, a day after they surged to a 21-month high.

Uncertainty about the trade talks, however, prevailed as US President Donald Trump on Friday told reporters that he has not agreed to roll back tariffs on China.

"We are trading on a lot of speculation right now and there's no solid evidence or anything specific," said Craig Erlam, OANDA senior market analyst, adding gold could move back to $1,440 if a "phase 1" trade deal were signed next month.

The Sino-US trade war was one of the key reasons for bullion, which is considered as a safer asset during economic and political uncertainties, to have risen about 14 percent so far this year.

Gold also benefited from dovish monetary policies by global central banks along with the Federal Reserve, which had slashed its benchmark interest rate for the third time this year.

REUTERS/FILE

An employee arranges gold jewellery in the counter as her arm is reflected in the mirror at a gold shop in Wuhan, China.

Defying trade woes, German exports jump in September

AFP, *Frankfurt*

German exports jumped higher than expected in September, outpacing imports to widen the country's trade surplus in defiance of ongoing trade tensions and Brexit woes.

The trade surplus in Europe's biggest economy grew to 19.2 billion euros ($21.2 billion) in September, up from 18.1 billion in August, the federal statistics office Destatis said in data adjusted for seasonal swings.

The "unexpected rebound in exports" at a time of slowing global growth and weak manufacturing data leaves observers "scratching their heads", said ING Diba bank analyst Carsten Brzeski.

Some 114.2 billion euros of German goods were sold abroad in September, up 1.5 percent on the month before and a whopping 4.6 percent year-on-year, Destatis said.

Imports meanwhile climbed at a slightly slower pace to hit 93 billion euros, 1.3 percent higher month-on-month and an increase of 2.3 percent on the year.

Demand for "made in Germany" goods was driven by non-eurozone EU countries, with exports to the region rising seven percent.

The foreign trade data provided some relief for a country teetering on the brink of a recession after the German economy shrank by 0.1 percent in the second quarter.

Third-quarter figures are due on November 14.

"With today's data, a technical recession is not yet a done deal," Brzeski said, referring to two consecutive quarters of contraction.

But analyst Jens-Oliver Niklasch of LBBW cautioned against reading too much into the figures, saying September's trade data could be an anomaly.

Looking at the first nine months of the year, he noted that exports to non-eurozone countries had actually fallen by 0.4 percent.

$300m ADB loan to expand power lines

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The Dhaka and Western Zone Transmission Grid Expansion Project builds on the ADB's previous work in Bangladesh's power sector, including the Southwest Transmission Grid Expansion project approved in 2018 to address continuing deficiencies in the transmission system by providing more efficient, reliable power to consumers in the greater Dhaka and western zones.

The new project will continue to fund high-level advanced conductors, which were used in the 2018 project, to allow more power transfer at lower energy losses. With assistance from the PRC Fund, the project will introduce drone technology to Bangladesh as an innovative new technology to improve operational efficiency and safety.

The project will construct 40 kilometres of transmission lines and 4,450 megavolt-ampere (MVA) of substations in greater Dhaka, as well as 368km of transmission lines, 3,070 MVA of substations, and 20 bay extensions in the western zone, the statement said.

It will also establish an enterprise resource planning system, and a drone inspection centre to improve operation efficiency and enhance workspace safety in the executing agency, the Power Grid Company of Bangladesh.

The government and the executing agency will contribute $249.25 million for the $750 million-project, which is due for completion at the end of June 2024.

India's cotton output set to rise, exports to remain steady: trade body

REUTERS, *Mumbai*

India's cotton production in 2019/20 is likely to jump 13.6 percent due to a bigger cultivated area and a boost to yields from above-average monsoon rains, a leading trade body forecast on Friday.

Exports from the world's biggest cotton producer, however, are likely to remain steady at last year's level of 4.2 million bales, the lowest in a decade, as prices in the local market are trading above the global benchmark, the Cotton Association of India (CAI) said.

If India's exports stay at a decade low that could support global prices and help rivals such as the United States and Brazil increase cargoes to key Asian buyers such as Vietnam, Bangladesh and Pakistan.

"We are expecting production growth based on higher acreage and better yields due to good rainfall this year," Atul Ganatra, president of the CAI told Reuters.

The production estimate of 35.5 million bales for the 2019/20 season starting from Oct. 1 could be revised next month as the cotton growing western states of Gujarat and Maharashtra have been seeing rainfall, he said.

India saw its highest monsoon rainfall in 25 years during the June-September season and rains even continued in October and November.

The recent spell of rainfall could damage cotton bolls that are ready for the plucking, said Pradeep Jain, a cotton ginner based at Jalgaon in Maharashtra state.

India's cotton consumption in 2019/20 could edge higher to 31.5 million bales from 31.2 million bales a year ago, the CAI said.

Cotton supplies from the new season have started, but traders have been struggling to sign export contracts as local prices stay above global prices, said Arun Sekhsaria, managing director of exporter D.D. Cotton.

"Indian cotton is nearly 4 cents (per lb) more expensive compared to supplies from other countries," Sekhsaria said.

Law Minister Anisul Huq hands over Tk 10 lakh and a Pulsar NS160 to the winner of "Pulsar Stunt Mania", a reality show on motorcycle stunts presented by Uttara Motors and Bajaj, at Bangabandhu International Conference Center in Dhaka on Friday.

UTTARA MOTORS

REUTERS/FILE

An employee works at a cotton processing unit in Kadi town, in the western Indian state of Gujarat.

Efficient solutions, conservation to cut energy use by 30pc: experts

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"Energy efficiency and conservation is not just a matter of cost-saving. We have to do it from the view point of social responsibility."

Zobair said in order to ensure energy efficiency and conservation, the Sreda is working on the industrial and residential sectors as the two consume about 80 percent of all the energies in Bangladesh.

The industrial sector accounts for 47.8 percent of the energy consumption and the residential sector 30 percent.

"If we can raise awareness among them, we will be able to reduce the energy consumption by 30 percent," Zobair said.

Some $8 billion in investment would require to cut the energy consumption by 30 percent in the industrial sector alone, he said.

He said reducing energy consumption is also important for Bangladesh.

The reserves of local gas are already depleting fast while the country's reliance on imported gas in the form of liquefied natural gas is increasing.

"So, if we can cut the energy consumption, we will be less reliant on imports. Today, energy efficiency is being treated as first fuel, meaning if we can consume two units less energy, we will not need to produce that two units."

He said the National Board of Revenue has a role in popularising energy-saving appliances by way of cutting duties in order to make them acceptable.

According to the government's Energy Efficiency and Conservation Master Plan up to 2030, Bangladesh's target is to achieve 20 percent reduction of primary energy consumption per GDP by 2030, compared to that of 2013 level.

A robust policy, appropriate strategies, awareness, capacity of stakeholders and well-designed institutional framework are preconditions for achieving energy efficiency goals, according to a statement of the Sreda.

Shafiqul Alam, senior adviser for sustainable energy at GIZ Bangladesh, said Bangladesh's energy efficiency level is now at a low level.

He said developed countries had tried to achieve energy efficiency goals riding on only policies, but they have found that only policies cannot achieve all the targets.

The same is also true for Bangladesh, so raising awareness is crucial, Alam said.

Toufiq Rahman, assistant director for standard and labelling at the Sreda, also spoke at the media briefing.

Bangla Bond debuts on London Stock Exchange

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Proceeds from longer tenure bonds could be utilised in infrastructure projects within Bangladesh, it said.

By establishing the programme, the IFC can provide a successful benchmark for other issuers from Bangladesh, who could then access the offshore investor base.

Potential exists for such issuers to be able to source funding for longer tenures and larger sizes (given the more diversified investor base) than would be possible in the domestic capital markets, the IFC said. The primary objective of the bond issuance is to mobilise capital to fund IFC investments in projects in the country.

This will be done by converting the dollar proceeds of the bonds into taka and then using the resulting taka funds to provide financing for projects in Bangladesh.

Economy not gloomy

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The business leader said a separate mechanism can be developed by the central bank to identify willful and unintentional defaulters which will help banks take necessary measures against NPLs. Shams Mahmud, a director of the DCCI, said Bangladesh's garment export has been declining mainly because of slowdown in major economies, which are among the country's prime export destinations.

He said international retailers are placing reduced work orders because of the slowdown in the economies.

Previously, retailers and brands used to place orders for 1 lakh to 2 lakh pieces of garment items at a time, but it has gone now down to 10,000 pieces to 20,000 pieces.

"The work orders have declined substantially although factory owners have invested billions of dollars to improve workplace safety," he said. As Bangladesh is not a member of the Association of Southeast Asian Nations, it can hardly grab the garment export market in the 10-country bloc, he added.

Tuna fishing faces uncertainty

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And despite the limitation, firms have applied and got the licences expecting that this would be a profitable sector and they would get foreign partners in their venture, said stakeholders.

"No one is interested to come here only for tuna fishing as it requires high investment," said AK Sarkar, executive director of Karnaphuli, which received licence for longline fishing.

He said Karnaphuli approached a Chinese firm offering it to become a partner in the venture but the firm was not interested in tuna fishing only as it is seasonally available.

"They informed us that they would come, provided they are allowed to catch other fishes in off-season, not only tuna fish. Otherwise, they are not interested."

Sarkar said his office has already informed the ministry about the development. "We are looking for another partner," he added.

Sarkar says large investments are required and joint ventures have to be formed to do the job.

"It is not possible for us to make such a high investment. If the licence is cancelled, let it be. We are not interested."

Stakeholders say roughly Tk 100 crore in investment is required to bring a trawler, and none dares to make such an investment without a clear idea about returns.

Insiders say foreign investors want to know about fish stocks before joining hands in the venture. Banks are not interested to finance without knowing about stocks.

Mahbubur Rahman, chief executive of Al Rafi Travel Trade, which has got a licence for purse seine fishing, said they were not clear about the prospect.

"We hoped that the government would help us," he said, adding that none was daring to invest a large amount of money in the sector without knowing about the prospect.

He says government support in the form of low-cost bank loans or bank guarantees is required to buy trawlers for deep-sea fishing.

Rahman, however, said they formed an association on deep-sea fishing and bought an old trawler. Repairs are on, he said.

Arif says firms that got the licences are trying to form joint ventures or get loans from the Bangladesh Bank.

"We may also pursue the matter so that they get loans," he said.

Asked whether the ministry would revoke the licences, he said the firms have been given until December. "We will review the actual situation before taking any decision."

A study in the journal Fisheries Research estimated that about 6 million tonnes of tuna are now caught annually, reported the Guardian recently.

Researchers found that 67 percent of the world's tuna catches are made in the Pacific Ocean by Japanese and American fleets, 12 percent in the Indian Ocean, and 12 percent in the Atlantic.