BANK ASIA

A Rouf Chowdhury, chairman of ERA-InfoTech, cuts a cake to celebrate its 17th anniversary in Dhaka last week. Mihir Kanti Majumdar, chairman of Palli Sanchay Bank; Syed Almas Kabir, president of the BASIS; Enam Chowdhury, a director of Bank Asia; Md Arfan Ali, president and managing director; Md Serajul Islam, CEO of ERA-InfoTech, and Nafees Khundker, a director, were also present.

Oil falls after Trump downplays optimistic China trade reports

Reuters, *London*

Oil prices dipped on Monday after US President Donald Trump appeared to downplay reports of an imminent lifting of tariffs in a protracted US-Chinese trade war.

Brent crude was down 87 cents at $61.64 by 1030 GMT. The contract gained 1.3 percent last week. US crude was 88 cents lower at $56.36 a barrel, having risen 1.9 percent last week.

Trump said on Saturday that trade talks with China were moving along "very nicely" but the United States would only make a deal with Beijing if it was the right one for America.

Trump also said there had been incorrect reporting about US willingness to lift tariffs as part of a "phase one" agreement, news of which had boosted markets.

The 16-month trade war between the world's two biggest economies has slowed economic growth around the world and prompted analysts to lower forecasts for oil demand, raising concerns that a supply glut could develop in 2020.

"We expect the sideward trading to continue for the time being, with the trade conflict headlines likely to dictate the direction," Commerzbank said in a note.

Oil futures often trade in tandem with shares. Equities across the globe fell on Monday on escalating violence in Hong Kong. Asian stocks had their worst day since August.

Underlining the impact of the trade war, data over the weekend showed that China's producer prices fell the most in more than three years in October.

Auto sales in China fell for a 16th consecutive month in October, data showed on Monday.

Investors are also concerned about excess supplies of crude, analysts said.

The oil market outlook for next year may have upside potential, Opec Secretary-General Mohammad Barkindo said last week, suggesting there is no need to cut output further.

The Organization of the Petroleum Exporting Countries and its allies led by Russia meet in early December. The so-called Opec+ alliance has since January cut output by 1.2 million barrels per day under a deal set to last until March 2020.

Lukoil, Russia's second biggest oil producer, expects the global oil production cut deal, known as Opec+, to be extended, its chief said on Monday.

Germany's Chinese growth engine stalls

Reuters, *Berlin*

For three decades, China's burgeoning demand for German cars, machines and engineering tools has been a steady engine of growth for Europe's largest economy, gratefully championed by successive governments in Berlin.

But the engine is starting to splutter. China's economy is slowing, Donald Trump's "America First" policies are hurting global trade and China's factories are becoming rivals to the German giants that once supplied them.

The slowdown is not helping at a challenging time for Germany. Its economy contracted 0.1 percent in the second quarter and some analysts expect third-quarter gross domestic product (GDP) data due on Nov. 14 to show a similar decline - which would leave the economy in recession for the first time since 2013.

While German trade with China is only a small part of the country's 3.4 trillion euro (3.8 trillion) economy, it has been one of the few components of GDP that Berlin could count on to grow year after year.

Now, with growth in Chinese demand for goods "Made In Germany" ebbing, and by some measures falling, the once lucrative export market is proving less supportive as the economy stagnates.

"China is our most important trading partner but the future trend is hard to predict," said Axel Mattern, a senior manager at the Port of Hamburg, where there are signs China's slowdown and Sino-US rifts are putting a brake on trade.

While it is too early to call the demise of the Sino-German trading relationship, the cooling of its red-hot growth has rekindled doubts about whether years of ever-closer economic ties have helped Germany.

Some industrialists say politicians who looked past human rights abuses in China in the hope trade would turn the Asian country into a Western-style state with an open economy and equal market access were deluded.

"That turned out to be wishful thinking," said the Federation of German Industry's (BDI) Stefan Mair, a leading advocate for a more pragmatic German policy towards China.

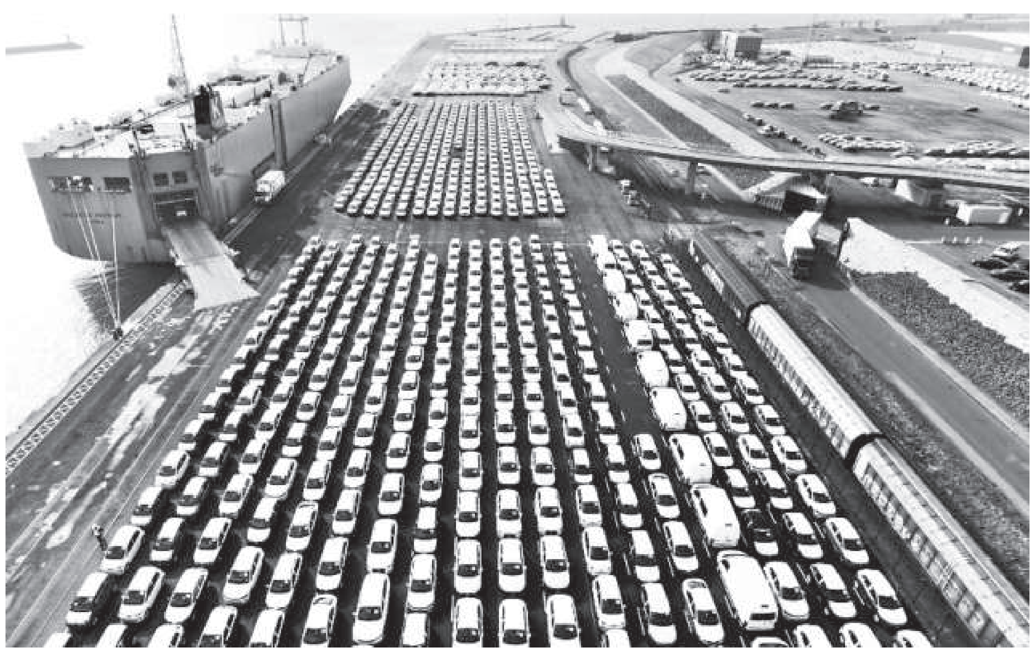
When the Berlin Wall fell in 1989, Sino-German trade was tiny. As Beijing embraced globalization, China's share of German exports soared from 0.6 percent in 1990 to 7.1 percent last year. In 2016, China overtook the United States to become Germany's biggest trading partner, and it still is.

Over the years, the relationship helped Germany shake off its 1990s reputation as "the sick man of Europe" and recover from the global financial crisis much faster than others.

Carmakers BMW and Volkswagen, industrial giants such as Siemens and Germany's "Mittelstand", the smaller companies that form the backbone of the economy, have all benefited.

Following the approach of her predecessor Gerhard Schroeder in the early 2000s, Chancellor Angela Merkel has set aside concerns over China's record on human rights and intellectual property to court its leadership for business. In September, she completed her 13th trip to China in 14 years.

Since the 2008-09 financial crisis, German exports to China have grown every year except 2015 - and last fell prior to that in 1997 - hitting a record 93 billion euros in 2018. But even before Trump's dispute with China, growth had started to recede, from 13.3 percent in 2017 to 8 percent in 2018 to 2.7 percent in the first nine months of 2019, according to official German data.



REUTERS/FILE

Volkswagen cars are seen in the port of Emden, Germany.

Greece 'natural ally' in boosting trade: Xi Jinping

AFP, *Athens*

Greece is a "natural ally" in China's global trade expansion plans, Chinese President Xi Jinping said Monday during a three-day state visit.

"Both China and Greece see each other as natural allies in developing the Belt and Road," Xi said at the start of a state visit aimed at deepening cooperation with Greece across the board, adding his desire to "keep the momentum going" and "reinforce" bilateral relations.

AFP

Chinese President Xi Jinping, *right*, is escorted by the Greek Prime Minister Kyriakos Mitsotakis as he leaves after their meeting at Maximos Mansion in Athens yesterday.

Greece is one of the backers of China's Belt and Road plan for a massive network of ports, railways, roads and industrial parks spanning Asia, Africa, the Middle East and Europe that will see trillions invested in new infrastructure across 126 countries.

Greek and Chinese delegations signed over a dozen agreements, including an extradition accord, agricultural export deals and an agreement to open the first Bank of China branch in Athens.

The Industrial and Commercial Bank of China will also open a representative office in Greece, officials said.

The agreements signed Monday will "unleash potential in energy, transport and financial cooperation," Xi said. "The road we open will soon become a highway," said Greek Prime Minister Kyriakos Mitsotakis.

The Chinese foreign ministry had earlier noted that Xi's visit to Athens will have "historical significance" for the development of China-Greece relations, and will also "inject new impetus" into the development of China-EU relations and Beijing's "Belt and Road" initiative.

"Relations with Greece are a priority for China," Greek Foreign Minister Nikos Dendias told Thema radio on Thursday.

"They came and invested in Greece when others stayed away" during the economic crisis, Dendias said.

Xi's visit comes on the heels of a four-day trip to Shanghai by Greece's new conservative Prime Minister Mitsotakis last week at the head of a delegation of more than 60 businessmen.

Elected in July, Mitsotakis has made foreign investment and privatisation a linchpin of his administration's policy to restore Greece's sluggish economy to growth after a gruelling 10-year crisis.

"I want the first words by Greek authorities to those who come to invest to be 'how can I help you?'" said Mitsotakis, who plans to visit China again in April.

India's electricity demand falls at fastest pace in at least 12 years

Reuters, *New Delhi*

India's power demand fell 13.2 percent in October from a year ago, posting its steepest monthly decline in over 12 years, government data showed, reflecting a deepening growth slowdown in Asia's third-largest economy.

The South Asian country needs electricity to fuel its expanding economy but a third decline in power consumption in as many months points to tapering industrial activity in the nation that aims to become a $5 trillion economy by 2024.

India's June quarter GDP grew at its weakest pace in six years as consumer demand and government spending slowed, and economists see the falling electricity demand as a reflection of a further slowdown.

"The slowdown seems to be deep rooted, especially in the industrial sector. That would certainly increase the anxiety with regard to growth prospects in the current year," said N.R. Bhanumurthy, a professor at the National Institute of Public Finance and Policy in New Delhi.

Consumption in heavily industrialized states such as Maharashtra and Gujarat led the decline. Last month, power demand in Maharashtra declined by 22.4 percent and in Gujarat by 18.8 percent, the data from the Central Electricity Authority (CEA) showed. Barring four small states in the country's north and the east, demand fell across regions, the data showed.

India's infrastructure output in September contracted 5.2 percent, the worst in 14 years, adding to the worries of the government that has been unable to revive demand in the economy despite several steps in the last few months.

Its fuel demand growth - also seen by economists as an indicator of economic activity - is on track for the slowest pace in six years.

Economists said India's growth could fall as low as 5.8 percent, dragged down by a slump in consumer demand and investment. India's central bank last month cut its growth forecast by 80 basis points for the year ending March 2020 to 6.1 percent.

PEAKWARD BANGLADESH

Syed Naimul Abedin, CEO of Peakward Bangladesh, poses during a three-day Intercem Dhaka 2019, a conference on the cement industry organised by UK-based Intercem and sponsored by Peakward, at Le Meridien recently.

WALTON

Actor Mamnun Hasan Emon hands over a cheque worth Tk 10 lakh to a winner of Walton's "Digital Campaign Season-4" who had purchased a refrigerator, at a programme at Tongi Bazar in Gazipur recently.

Saudi Aramco prospectus flags risks, gives few details on IPO size

Reuters, *Dubai*

Saudi state oil giant Aramco will sell up to 0.5 percent of its shares to individual retail investors and will be restricted from issuing additional shares for a year after the initial public offering (IPO), its prospectus said on Saturday.

Crown Prince Mohammed bin Salman is seeking to sell the shares to raise billions of dollars to diversify the Saudi economy away from oil by investing in non-energy industries.

Bankers think the long-awaited IPO will value Aramco around $1.5 trillion.

The more than 600-page prospectus published on Saturday did not include details of how much of the company would be floated in total or of any commitments from cornerstone investors.

Sources have said the company could sell 1 percent-2 percent on the Saudi stock market. If the government sells 2 percent of Aramco shares, the retail offering could account for 25 percent or $10 billion of the deal size at the top valuation of $2 trillion.

The prospectus, which revealed few details, did not say how the government will use the proceeds from the sale.

The prospectus said that among the risks for investors were the potential for terrorist attacks and the potential for encountering antitrust legislation, as well as the right of the Saudi government to decide maximum crude output and direct Aramco to undertake projects outside its core business.

Aramco may also change its dividend policy without prior notice to its minority shareholders, it said.

"Apart from the oil price, of course, the main risks are the degree to which Aramco needs to shoulder the burden of OPEC Plus output restraint, allocation of capital into projects which maximise value for Saudi overall as opposed to Aramco minority shareholders, physical security risks and the dividend payout ratio in the long-term," said Hasnain Malik, head of equity strategy at Tellimer.