ACI

Dilip Rajan, managing director of Dutch company East-West Seed, and FH Ansarey, CEO of ACI Agribusiness, exchange documents after signing a deal at ACI Centre in Dhaka yesterday on making the latter the former's exclusive distributor.

New Zealand holds off further cuts to record low rates

AFP, *Wellington*

New Zealand's central bank held interest rates at a record low on Wednesday but said it was ready to step in with stimulus to support the struggling economy.

The Reserve Bank of New Zealand kept borrowing costs at 1.0 percent, confounding forecasts for a cut to 0.75 percent.

Officials said that since its last reduction in August economic developments "do not warrant a change to the already stimulatory monetary setting at this time", although the immediate future did not look promising.

"Economic growth continued to slow in mid-2019 reflecting weak business investment and soft household spending. We expect economic growth to remain subdued over the remainder of the calendar year," the bank said in a statement.

"Interest rates will need to remain at low levels for a prolonged period to ensure inflation reaches the mid-point of our target range and employment remains around its maximum sustainable level." It said it would "add further monetary stimulus if economic developments warranted".

Policymakers expected domestic economic activity to increase next year "supported by low interest rates, higher wage growth, and increased government spending and investment".

However, Kiwibank chief economist Jarrod Kerr, who had expected a cut to 0.75 percent with a further reduction in February, said lending rates would likely rise by holding the official cash rate firm.

"We can expect to see higher lending rates by the end of the week," he said.

"The Kiwi currency would also lift with the relative rise in Kiwi interest rates, impacting the export sector." The central bank announcement saw the New Zealand dollar jump around 1.6 percent to 64.2 US cents.

Toshiba reports best profit in two years

Reuters, *Tokyo*

Japan's Toshiba Corp posted its highest quarterly profit in two years on Wednesday and said it will buy out three of its listed subsidiaries as the industrial conglomerate moves on from accounting scandals and a management crisis.

Toshiba reported a much stronger-than-expected operating profit of 44.23 billion yen ($405.41 million) for the second quarter ended September, up from 6.25 billion yen a year prior, as it cut costs and reined in low-margin infrastructure projects.

That compared with a 25.97 billion yen average of 4 analyst estimates compiled by Refinitiv.

Toshiba maintained its profit forecast for the year ending March at 140 billion yen, versus 35.4 billion yen a year earlier, in line with the target the company set in its five-year plan.

The company also said it would launch tender offers for plant engineering firm Toshiba Plant Systems & Services, marine electrical systems maker Nishishiba Electric, chip-making equipment maker NuFlare Technology to convert them into wholly owned units.

The move comes as some activist shareholders have pushed for more action to overhaul its sprawling asset portfolio.

The Japanese government has also pointed out potential conflicts of interest between publicly traded parent companies and their listed subsidiaries and set corporate governance guidelines for those companies.

Toshiba has shifted its focus to profits from scale since massive accounting scandals that eventually led to the bankruptcy of US nuclear power unit Westinghouse and the sale of its prized memory chip unit.

It has also overhauled its board to hike the number of external directors and include non-Japanese directors for the first time in 80 years, bowing to pressure from activist investors.

Its five-year plan aims for 8-10 percent operating profit margin for the year ending in March 2024 by focusing on energy, social infrastructure and service businesses.

Trump hails economic boom, says China trade deal is 'close'

AFP, *Washington*

President Donald Trump on Tuesday took credit for an American economic renaissance but was greeted by another salvo from US industries that blame his trade wars for jeopardizing employment, wounding business and burdening consumers with higher costs.

While he said the partial trade deal he announced last month with China was "close" he warned he would jack up tariffs even further should the pact fail to materialize.

"A deal could happen soon," Trump said following an address to the Economic Club of New York. "We'll only accept a deal acceptable for Americans." But a report released simultaneously by the Port of Los Angeles flatly contradicted the White House message that the United States is easily weathering Trump's multi-front trade conflict.

It warned that the trade wars threaten almost 1.5 million jobs across the United States which depend on the movement of goods through ports in southern California that are heavily reliant on trade with China.

"Some regions and industries are already feeling the pain and the damage to jobs, income and tax revenue could be crippling down the road," Gene Seroka, executive director of the Port of Los Angeles, said in a statement.

Higher import costs and lost markets also pose a risk to $186 billion in annual merchandise trade through the ports and will burden consumers with billions of dollars in price increases, it said. As of last month, cargo volume at the ports is down more than 19 percent compared to October of last year, the report said.

Complaints from US business have become louder this year as the trade war has dragged on while farms and factories fall on hard times.

Trump launched his trade battle with China last year, accusing Beijing of trying to dominate industries across the globe through subsidies, theft of intellectual property and other practices.

AFP

US President Donald Trump and First Lady Melania Trump make their way across the South Lawn upon return to the White House in Washington on November 12.

Companies were relieved when Trump last month announced a substantial "phase one" deal with Beijing but details have been scarce and there is no word on when the agreement will be signed.

And Washington has sent conflicting signals that have confused investors.

"If we don't make a deal, we're going to substantially raise those tariffs," Trump said Tuesday.

But economists warn the trade war has begun to rattle the global economy, which is suffering a general slowdown, and also hit the United States, eroding exports and business investment, sending manufacturing into decline and helping put the brakes on hiring.

The International Monetary Fund said last month the trade wars are likely to shave 0.8 percent off global growth next year and was eating into business investment in the United States.

Trump appeared to acknowledge some industries might have suffered due to "a little bit perhaps the uncertainty of trade wars." But he hastened to add, "but there is no uncertainty," and said "The real cost... would be if we did nothing." The economic powers have so far slapped tariffs on almost a half-trillion dollars in US-China trade.

Trump last month held off on a round of tariff increases and White House officials have suggested in recent days that as part of the current deal he could delay new tariffs planned for mid-December.

Those duties would raise costs for highly popular consumer electronics including Apple's iPhones.

The nation's largest container port complex, which includes the ports of Los Angeles and Long Beach, handles $380 billion in two-way cargo, with China accounting for 54 percent of imports and 29 percent of exports, according to the study.

The most vulnerable agricultural states which ship through the port include Republican strongholds such as Kansas, Texas and Louisiana as well as electoral battlegrounds such as Ohio and Arizona, according to the report.

Markets were largely unmoved by Trump's remarks, with the Dow Jones Industrial Average closing flat.

UK inflation falls faster than expected in October

AFP, *London*

British annual inflation dropped faster than expected in October to a near three-year low at 1.5 percent as lower energy prices offset rising prices for clothes, official data showed Wednesday.

The Consumer Prices Index 12-month rate, the lowest since November 2016, compared with 1.7 percent in September, the Office for National Statistics (ONS) said in a statement published ahead of next month's UK general election.

Analysts' consensus forecast had been for a drop to 1.6 percent.

"Admittedly, the drop mainly reflected a slump in energy inflation and so was not a reflection of a weakening in underlying inflationary pressures," noted Ruth Gregory, senior UK economist at Capital Economics research group.

"Overall, the figures do little to change our view that inflation will spend more time below (the Bank of England's target of) 2.0 percent than above it in 2020 and that if Brexit is delayed further, interest rates will be cut, in May," she added.

The pound meanwhile showed little reaction to the latest inflation data.

"For the third day running we've had some news that could have caused some selling in the pound, but the currency has remained largely unperturbed with economic data still playing second fiddle to political developments in terms of moving the markets," said David Cheetham, chief market analyst at XTB trading group.

Official data Tuesday showed British unemployment hitting 3.8 percent, a fresh 45-year low. And on Monday, the ONS said that Britain's economy avoided recession in the third quarter, with growth of 0.3 percent.

REUTERS/FILE

A man looks out onto the Canary Wharf financial district in London.

'Made in Germany': Tesla sets up shop in Berlin

Reuters, *Berlin*

US electric vehicle pioneer Tesla will build its first European factory and design center near Berlin to produce cars "Made in Germany" as it seeks to burnish its reputation for reliability and sporting prowess.

Tesla Chief Executive Elon Musk made the announcement at a prestigious German car awards ceremony late on Tuesday and said its new plant would make batteries, powertrains and vehicles - starting with its Model Y sports utility vehicle.

"Everyone knows German engineering is outstanding for sure. You know that is part of the reason why we are locating Gigafactory Europe in Germany," Musk said at the Golden Steering Wheel awards in Berlin.

Tesla's move into Europe comes at a challenging time for the Silicon Valley trailblazer which is investing heavily in new factories and new products, such as a pickup truck, but has yet to prove it can be consistently profitable.

Its plan to start production in another continent also comes as the auto industry struggles with export restrictions in the form of trade tariffs. Besides Europe, Tesla is opening a factory in Shanghai, built with Chinese state support.

While Tesla will be taking on BMW, Mercedes and Volkswagen on their home turf as they start rolling out zero-emission vehicles, the move fits with the German government's plan to transform the country into a center of excellence for electric mobility.

"Tesla's decision to build an ultramodern factory for electric cars in Germany is further proof of the appeal of Germany as an automotive hub," Economy Minister Peter Altmaier said in a statement on Wednesday.

The government in Berlin has already earmarked financial support for manufacturing electric car battery cells in a bid to counter the dominance of Asian firms though it was unclear whether Tesla would receive similar German support.

Germany's biggest labor union, the influential IG Metall, welcomed Tesla's plan. "This strengthens Berlin as an industrial location and creates jobs. We hope this sets an example," Birgit Dietze IG Metall's regional head said on Wednesday.

While Germany's renowned car industry is mainly based in the south of Europe's biggest economy, the capital has become a hub for start-ups and has attracted many creative and technology firms since the fall of the Berlin Wall three decades ago.

Musk, who said in June last year that Germany was the frontrunner for Tesla's first plant in Europe, told the awards ceremony on Tuesday that the factory would be near the city's new Brandenburg international airport.

Tesla announced last month that it expected to start production in Europe in 2021.

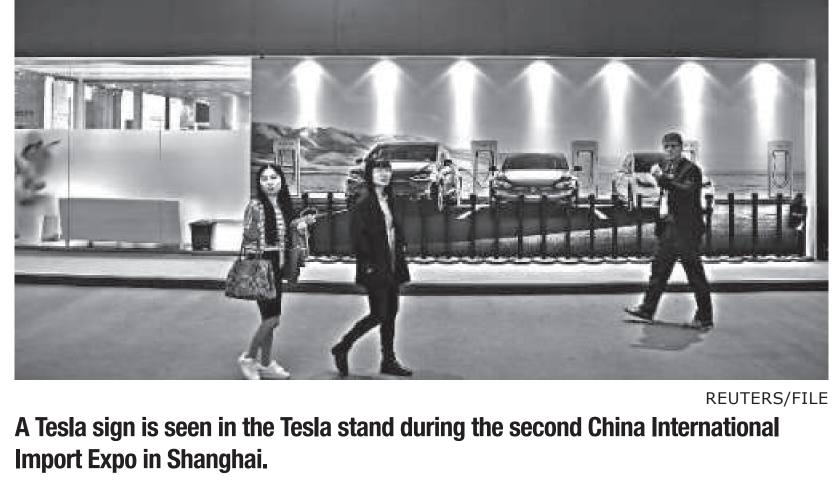
"Tesla is coming to Brandenburg with a big investment," Dietmar Woidke, premier of Brandenburg state, which surrounds Berlin, said in a statement. "We lobbied for this for a long time in intensive talks and with good arguments."

Tesla has started hiring for the German project, according to job postings on its website which showed the automaker was looking to fill four roles from engineering to construction.

Berlin's minister in charge of economic affairs, Ramona Pop, told public broadcaster RBB there had been talks about creating 6,000 to 7,000 jobs in production alone, with hundreds or even thousands more in areas such as design, software or research.

Musk's appearance at the awards ceremony is another example of Tesla's efforts to give its cars the German stamp of quality.

It already has an engineering firm in Pruem that specializes in automated manufacturing systems for battery factories and has tested its cars on the Nordschleife, the notorious northern loop of the Nuerburgring racing track.



REUTERS/FILE

A Tesla sign is seen in the Tesla stand during the second China International Import Expo in Shanghai.

Growth in global oil demand to slow from 2025: IEA

Reuters, *London*

Growth in global oil demand is expected to slow from 2025 as fuel efficiency improves and the use of electric vehicles increases, but consumption is unlikely to peak in the next two decades, the International Energy Agency said on Wednesday.

The Paris-based IEA, which advises Western governments on energy policy, said in its annual World Energy Outlook for the period to 2040 that demand growth would continue to increase even though there would be a marked slowdown in the 2030s.The agency's central scenario - which incorporates existing energy policies and announced targets - is for demand for oil to rise by around 1 million barrels per day (bpd) on average every year to 2025, from 97 million bpd in 2018.

Demand is then seen increasing by 0.1 million bpd a year on average during the 2030s to reach 106 million bpd in 2040.

"There is a material slowdown after 2025, but this does not lead to a definitive peak in oil use," the IEA said, citing increased demand from trucks and the shipping, aviation and petrochemical sectors.

This year, the IEA renamed its main scenario "Stated Policies", instead of "New Policies", to clarify that it reflects current policies. It is one of three scenarios used to show how energy demand could evolve over the next two decades.

The IEA has been criticised by groups concerned about climate change who say the outlook underplays the speed at which the world could switch to renewable energy and undermines efforts to keep increases in global temperatures within 1.5-2 degrees Celsius.