ROOTS INVESTMENT

Sadat Hossain Salim, CEO of Craftsman Footwear and Accessories, and Mohammad Sarwar Hossain, managing director of Roots Investment, attend the signing of an agreement at the latter's Dhaka office yesterday. Roots has been appointed as issue manager to raise fund for Craftsman.

Aston Martin launches first SUV, hopeful of a turnaround

REUTERS, *London*

Aston Martin, which has seen its share price plunge this year as sales failed to meet expectations after a stock market flotation, launched its first sport utility vehicle on Wednesday, hoping for a turnaround in fortunes.

The sports car maker, famed for being fictional agent James Bond's car of choice, has gone bankrupt seven times in its 106-year history and has had multiple owners over the last century including Ford.

Now largely owned by Kuwaiti and Italian private equity groups, Aston listed in October last year at 19 pounds per share but that has since plunged by around 75%, hit most recently by falling demand in Europe and for its Vantage model.

The firm, which reported a pre-tax loss of 92 million pounds ($118 million) in the first nine months of the year, has ploughed money into a new factory in Wales which will build the new DBX SUV model from next year.

"We're essentially holding the cost of a complete factory right now without the benefit of the revenues coming in ... so from that point of view of course it's a really important model," Chief Executive Andy Palmer told Reuters earlier this month.

Aston hopes to encourage more women buyers with its new offering and has received input from a female advisory body on the choice of certain features such as separate central arm rests and the design of the glovebox.

The first trial build of the DBX has been completed with production due in the second quarter of 2020 which the company hopes will contribute to a boost to its output, alongside sports cars made at its southern English Gaydon facility.

"If our volumes are slightly north of 6,000 this year, obviously you're adding another ultimately 4 or 5,000 so it's a big chunk of volume for us," said Palmer.

China says Zimbabwe is understating financial support

REUTERS, *Harare*

China accused Zimbabwe on Tuesday of understating its financial help to the southern African nation, after budget figures released last week showed that major ally Beijing ranked poorly on the list of Harare's foreign donors.

Zimbabwe faces its worst economic crisis in a decade, which has been exacerbated by a severe drought. Rolling power cuts and shortages of foreign exchange, fuel and medicines have made life unbearable for the population of 15 million.

In the absence of funding from lenders like the International Monetary Fund and World Bank, China has over the years become a major financier of projects in Zimbabwe, including water and power, through the China Export and Import Bank.

Finance Minister Mthuli Ncube said in a budget statement on Thursday that Zimbabwe received $194 million from bilateral donors between January and September, the bulk of the money from Western countries.

He said China provided $3.6 million, a figure that was criticised as paltry by opponents of President Emmerson Mnangagwa's government, which considers Beijing an "all-weather friend".

The Chinese Embassy in Harare disputed the figure, saying in a statement: "This is very different from the situation on the ground." The embassy said its records showed that bilateral financial support to Zimbabwe was far greater, at $136.8 million between January and September. The figure excluded donations to vulnerable groups, the embassy said.

"The embassy wishes that the relevant departments of the Zimbabwean government will make comprehensive assessments on the statistics of bilateral supports and accurately reflect its actual situation when formulating budget statement," the embassy said in a terse statement.

Finance Ministry spokesman Clive Maphambela could not immediately comment on the discrepancy.

In a country where authorities have a history of quietly racking up foreign debt without the approval of parliament, the funding discrepancy has led to questions from the government's critics as to whether it is hiding figures or it has just made an accounting error.

China trims benchmark lending rate again to shore up sputtering economy

REUTERS, *Shanghai*

China lowered its lending benchmark rate on Wednesday, as widely expected, to reduce company funding costs and shore up an economy hurt by slowing demand and U.S. trade tariffs.

The cut was the second to a key Chinese rate this week and came a day after central bank governor Yi Gang said Beijing would step up credit support and lower real lending rates, as pressure on the world's second-largest economy increases.

With growth sliding to near 30-year lows and a partial trade deal with the United States proving elusive, China has slowly picked up its tempo of policy easing in recent weeks, with authorities pushing banks to keep supporting cash-strapped small- and medium-sized businesses.

Wednesday's pruning of the loan prime rate (LPR) followed China's first cut in a short-term market rate in four years on Monday, suggesting the start of "a new easing cycle", said Ji Tianhe, China head of foreign exchange and local markets strategy at BNP Paribas in Beijing, who says there is room for rates to go lower.

The one-year LPR, a rate set by the People's Bank of China (PBOC) based on quotes from a panel of banks, fell five basis points to 4.15% from 4.20% in October. The five-year LPR was lowered by the same margin to 4.80% from 4.85%.

The one-year LPR has now been reduced three times since it became the official lending benchmark in August, and this week's twin cuts suggest the PBOC is keen to push ahead with lowering financing costs across the curve despite pressures on inflation from rising pork prices from an outbreak of African Swine Fever.

REUTERS/FILE

A worker pulls a cart at a construction site in the Shekou area of Shenzhen, China.

All 64 respondents in a Reuters snap survey this week had predicted a reduction in the one-year LPR, which is set on the 20th of each month. Thirty-seven respondents also expected the five-year rate to be cut for the first time.

The lowering of the five-year rate, which is used to price housing mortgages, could suggest policymakers may be softening their cautious regulatory stance toward the property market, a major growth driver in the past, Capital Economics said in a research note.

"With the prop from recent monetary easing likely to be underwhelming and headwinds to economic growth mounting, we think the PBOC will start to cut rates more aggressively in the coming months," Martin Lynge Rasmussen, China economist at Capital Economics, said in a research note.

Top policymakers had vowed in July they would not use the property market as a form of short-term stimulus, which would risk an even sharper build-up in debt and property bubbles.

The global debt load has surged $78 trillion since 2008, and China alone has accounted for 40% of the increase, according to a recent report by the Institute of International Finance (IIF).

China's government has pledged not to open the floodgates to massive stimulus as it did in the past, and has largely leaned on a prescription of higher infrastructure spending, tax cuts and frequent liquidity injections to cushion the current slowdown.

The PBOC has cut banks' reserve requirement ratios (RRR) seven times since early 2018 to free up more funds for lending. Analysts at ING estimate various liquidity injections totalled 955 billion yuan ($135.76 billion) in just over the last three months.

The cut in the LPR was the third to a major policy rate this month, though the moves have been much more modest than easing by the U.S. Federal Reserve and some other central banks.

On Monday, the PBOC unexpectedly trimmed the seven-day reverse repurchase rate to 2.50% from 2.55%, which followed a cut in its medium-term lending facility (MLF) just two weeks ago.

Analysts and traders believe policymakers are signalling to nervous markets that they remain ready to act to prop up slowing growth, despite a recent spike in consumer inflation which some fear may limit the central bank's room to manoeuvre.

Tommy Xie, head of Greater China research at OCBC Bank in Singapore, said the latest cut would "buy more time for the manufacturing sector to stabilise and the infrastructure sector to catch up." But he added policymakers would remain cautious, mindful of the balancing act between spurring economic growth and creating additional financial risks.

The PBOC's third-quarter policy statement released on Saturday had stirred speculation authorities may ease restrictions on the sector to boost economic activity.

INSTITUTE OF WATER MODELING

Zaheed Farooque, state minister for water resources, attends a conference on "Challenges of Bangladesh Delta Plan 2100: Role of IWM" organised by the Institute of Water Modeling (IWM) at Bangabandhu International Conference Centre in Dhaka yesterday.

Alibaba eyes $12.9b Hong Kong IPO after setting price

AFP, *Hong Kong*

Chinese online retail titan Alibaba said Wednesday it could raise almost $13 billion in Hong Kong's biggest IPO for nearly a decade after announcing the pricing of its shares for the mega sale.

Asia's biggest company has called the listing a multi-billion-dollar vote of confidence in the city's markets as it is wracked by months of violent protests and the China-US trade war, which have sent its economy into recession.

Alibaba said in a statement it will sell 500 million shares to investors at HK$176, which is below the HK$188 indicative ceiling announced last week. The number eight is considered auspicious in China.

That could rake in $11 billion but if it chooses to use its over-allotment option to sell a further 75 million shares, the firm could make HK$101.2 billion ($12.9 billion).

Even at the low end, the listing would still be Hong Kong's largest initial public offering since insurance giant AIA raised $20.5 billion in 2010.

The company had planned to list in the summer but called it off owing to the city's long-running pro-democracy protests and the China-US trade war.

The firm's shares are already traded in New York. A second listing in Hong Kong is expected to 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 Baidu to Wall Street.

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

The listing comes after the city's exchange tweaked the rules to allow double listings, while Chief Executive Carrie Lam had also been pushing Alibaba's billionaire founder Jack Ma to sell shares in the city.

The company said in the statement that it "plans to use the proceeds from the Global Offering for the implementation of its strategies to drive user growth and engagement, empower businesses to facilitate digital transformation, and continue to innovate and invest for the long term".

China International Capital Corporation Hong Kong Securities Limited and Credit Suisse (Hong Kong) Limited are the joint sponsors of the offering.

Citigroup Global Markets Asia Limited, JP Morgan Securities (Asia Pacific) Limited and Morgan Stanley Asia Limited are also acting as joint global coordinators, Alibaba said.

REUTERS

Employees of Alibaba work at the company's headquarters in Hangzhou, China.

EU warns Italy, France over budget overspending

AFP, *Brussels*

The EU warned Italy, France and six other countries Wednesday that they risk breaching the bloc's tough public spending rule next year, putting particular pressure on Rome to deliver reforms.

Spain, Portugal and Belgium were also in the EU's cross-hairs for bloated budgets, with their governments still working on spending plans for 2020 after holding closely-run elections.

Slovakia, Slovenia and Finland closed out the sin bin list. Often flouted, the EU rules on public debt and deficits are the cornerstone of eurozone membership: Countries using the single currency are asked to limit deficit spending to three percent of GDP and overall debt to 60 percent.

Of particular concern for Brussels was Italy's mountain of debt that is expected to balloon to a huge 136.8 percent of GDP, the highest in the eurozone except for bailed out Greece.

France's debt is expected to hit 98.9 percent of GDP at the end of 2020.

France, Italy, Belgium and Spain "have not sufficiently used favourable economic times to put their public finances in order," said commission vice president Valdis Dombrovskis.

"In 2020, they plan either no meaningful fiscal adjustment or even a fiscal expansion," he added.

In order to fight ballooning debt, national governments are under orders from the commission to reduce long-term costs such as public pensions or to make it easier to legally hire and fire workers.

Rome and Paris are in disagreement with the EU on the ambition of pledged reforms, and will have to negotiate with Brussels over the coming months in order to avoid potential penalties next year.

A year ago, for the first time, the European Commission rejected a national budget when it turned down Italy's 2019 spending plans that were submitted by the populist far-right coalition.

After loudly refusing to cave to Europe's demand, Rome later acquiesced and accepted the tighter spending and debt reduction demanded by Brussels.

That government, dominated by far-right leader Matteo Salvini, later collapsed under the pressure of preparing the latest budget and was replaced by a coalition of the anti-establishment Five Star Movement and centre-left Democratic Party.

"We cannot compare the budget debate we are having this year...a serious one... with the confrontation we had a year ago," EU economics affairs commissioner Pierre Moscovici said earlier this month.

The commissioner on Wednesday lauded surplus-running Germany and the Netherlands for taking the "first steps towards a more expansive fiscal policy".

Both countries have been under pressure to boost spending to stimulate growth across Europe, which has been underperforming, especially in manufacturing.

"This is excellent news for the growth of these countries, of course, but also for the eurozone as a whole," Moscovici said.