



Arif Khan, CEO of IDLC Finance, and Mustafa AK Khan, managing director of FloSolar & FloWater, exchange the signed documents of a deal at the former's head office in Dhaka last week to explore and provide solar photovoltaic, water and wastewater solutions.

Dollar boosted by trade deal optimism

REUTERS, London

The dollar pushed higher on Wednesday and flirted with the \$1.10 level against the euro, boosted by yet more talk of a deal to resolve the US-China trade dispute.

The greenback, which this week has risen in line with the more positive tone in trade negotiations, also increased versus the yen towards three-week highs.

Wednesday sees little new data releases in the euro zone but a clutch of revisions in the United States ahead of Thursday's Thanksgiving holiday.

"Everything all told, the US data is more likely to support the dollar, so that EUR-USD might well drop below the \$1.10 mark again today," Commerzbank analysts said in a note.

Euro/dollar volatility remains at low levels and largely stuck in tight trading ranges in the absence of major catalysts such as monetary policy shifts.

Investors are growing more hopeful

of a trade deal between Washington and Beijing - US President Donald Trump said overnight that Washington was in the "final throes" of work on a deal to defuse the trade war.

Many analysts say investors have struggled to make up their minds on whether trade optimism and a buoyant risk-on mood is a positive for the safe-haven dollar, especially as the Federal Reserve has been cutting interest rates.

"We've been risk-on for a few days now and euro dollar is down at \$1.10. They've bought the dollar whereas at times in the past they've done the reverse," said Neil Mellor, an analyst at BNY Mellon.

The euro slipped 0.1 percent to \$1.1011, close to a two-week low of \$1.0989. Against a basket of currencies, the dollar index rose 0.1 percent to 98.

The yen, usually bought when investors turn nervous, has struggled in recent sessions as equity markets

soared. The dollar gained another 0.1 percent to 109.18 yen on Wednesday.

Elsewhere, the Australian dollar skidded 0.1 percent to \$0.6779 as investors bet on more Reserve Bank of Australia easing. Westpac Bank Chief Economist Bill Evans said he expected two central bank interest rate cuts and quantitative easing (QE) to be introduced next year.

Expectations for more policy easing have weighed on the Aussie, which is highly correlated to global investor sentiment and the outlook for China, despite growing optimism over a trade deal. On the other hand, the hard-hit Swedish crown has found space to rebound. The trade-exposed crown was last up 0.1 percent against the euro at 10.555 crowns per euro, close to a four-month high of 10.5505 hit on Monday.

Sterling slipped another 0.2 percent to \$1.2843 a day after polls showed a narrowing in the Conservative Party's lead ahead of a Dec. 12 general election.

US-China trade pact close, Trump says

REUTERS, Washington

The United States and China are close to agreement on the first phase of a trade deal, US President Donald Trump said on Tuesday, after top negotiators from the two countries spoke by telephone and agreed to keep working on remaining issues.

US Ambassador Terry Branstad on Monday to protest the passage in the US Congress of the Hong Kong Human Rights and Democracy Act, saying the bill amounted to interference in a Chinese internal matter.

"We're in the final throes of a very important deal, I guess you could say one of the most important deals

where pro-democracy parties won almost 90 percent of 452 district council seats in Sunday's elections.

"I think that President Xi can make that happen. I know him and I know he'd like to make it happen," Trump said, without elaborating on what exactly he expected Xi to do.

Trump's upbeat comments about the trade talks lifted markets, with Wall Street's three major indexes hitting all-time highs on Tuesday.

His remarks followed a telephone call on Tuesday by US Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin with Chinese Vice Premier Liu that was disclosed by China's Commerce Ministry.

It said the negotiators discussed core issues related to the phase one deal and reached "a common understanding on resolving relevant problems." Completion of a phase one deal had been expected in November, but trade experts and people close to the White House said last week it could slide into the new year, given China's pressure for more extensive tariff rollbacks.

White House adviser Kellyanne Conway told Fox News the United States and China were "getting really close" on a "phase one" trade deal. She said Trump wanted to "do this in phases, in interim pieces because it's such a large, historic trade deal." Senate Finance Committee Chairman Chuck Grassley, an Iowa Republican, told reporters on Tuesday that he believed the initial deal with China could be done before year end.

He said China had invited Lighthizer and Mnuchin to visit Beijing for in-person talks and they were willing to go if they saw "a real chance of getting a final agreement." The US trade representative and the Treasury did not respond to requests for comment. A source familiar with the trade talks said the US officials could go to Beijing after Thursday's Thanksgiving holiday.

In October, Trump said he expected to quickly dive into a second phase of talks once "phase one" had been completed, focusing on harder issues such as Chinese demands that US companies transfer their technology to Chinese rivals.

US and Chinese officials, lawmakers and trade experts warn such follow-on negotiations may prove difficult given the November 2020 US presidential election, the difficulties in getting the first stage done, and the White House's reluctance to work with other countries to pressure Beijing.

"We continue to negotiate," Conway said. "But those forced tech transfers, the theft of intellectual property, the trade imbalance of a half a trillion a year with the world's second largest economy, China - this makes no sense to people."

"But the president wants a deal. But President Trump always waits for the best deal," she said.

Commerce Minister Zhong Shan, central bank governor Yi Gang and vice head of state planner Ning Jizhe also participated in the phone call with the top trade negotiators, Beijing said.

Abu Dhabi, Kuwait funds plan investment in Aramco IPO



The logo of Aramco is seen as security personnel walk before the start of a press conference in Dhahran, Saudi Arabia.

REUTERS, Dubai/Abu Dhabi

The sovereign wealth funds of Abu Dhabi and Kuwait plan to invest in the initial public offering (IPO) of Saudi Aramco, which is relying mainly on Saudi and Gulf investors to raise up to \$25.6 billion, sources familiar with the matter said.

Abu Dhabi Investment Authority (ADIA) is weighing an investment of at least \$1 billion, five sources familiar with the matter told Reuters. A final decision on the amount requires board approval, one of the sources said.

Kuwait Investment Authority (KIA) also plans to invest in the IPO, two of the sources said. The size of the potential deal was not immediately known.

An ADIA spokesman and Aramco declined to comment. KIA did not immediately respond to a request for comment.

State oil giant Aramco has struggled to attract a major cornerstone or anchor investor for its IPO, which could be potentially the world's biggest if it exceeds \$25 billion.

Aramco officials have visited Kuwait and Abu Dhabi, which have strong political ties with Riyadh, to discuss participating in the offering.

Aramco had cancelled marketing roadshows for its listing outside the Gulf region due to a lack of interest from foreign institutional investors, many of whom see Aramco's valuation as expensive given concern over political, governance and environment issues.

ADIA and KIA manage a combined total of about \$1.3 trillion in assets, according to the Sovereign Wealth Fund Institute, making them among the biggest sovereign funds in the world.

Two of the sources said ADIA was considering an investment of at least \$1 billion, while two other sources gave a range of between \$1.5 billion and \$2 billion.

ADIA, estimated to have assets of nearly \$700 billion, is chaired by the president of the United Arab Emirates. Its deputy chairman is Abu Dhabi Crown Prince Sheikh Mohammed bin Zayed al-Nahyan, a close ally of Saudi Arabia's crown prince.



US President Donald Trump throws Keep America Great hats to the audience as he holds a campaign rally in Sunrise, Florida.

Trump said Washington was in the "final throes" of work on a deal that would defuse a 16-month trade war with Beijing, but also underscored Washington's support for protesters in Hong Kong, a potential huge sore point with China.

China said it had summoned

in trade ever. It's going very well but at the same time we want to see it go well in Hong Kong," Trump told reporters at the White House.

He said had a very good relationship with Chinese President Xi Jinping, and expected him to ensure a positive outcome in the China-ruled city of Hong Kong,

White House adviser Kellyanne Conway told Fox News the United States and China were "getting really close" on a "phase one" trade deal. She said Trump wanted to "do this in phases, in interim pieces because it's such a large, historic trade deal." Senate Finance Committee Chairman Chuck Grassley, an Iowa Republican, told reporters on Tuesday that he believed the initial deal with China could be done before year end.

China's industrial profits post steepest fall in eight months

REUTERS, Beijing

Profits at China's industrial firms shrank at their fastest pace in eight months in October, tracking sustained drops in producer prices and exports and underscoring slowing momentum in the world's second-largest economy.

Industrial profits fell 9.9 percent in October year-on-year to 427.56 billion yuan (\$60.74 billion), data released by the National Bureau of Statistics showed on Wednesday, marking the biggest drop since January-February period and compared with a 5.3 percent decline in September.

China's industrial sector has been under pressure in recent months as slowing demand at home and the fallout from the Sino-US trade dispute undercut earnings.

"The big drop in October profits suggests the real economy is still facing plenty of difficulties," said Nie Wen, economist at Shanghai-based Hwabao Trust, adding that the country's industrial firms now face a double whammy of falling prices and higher funding costs.

"Profit growth is expected to stay negative for a period of time in the future, likely prompting authorities to unveil more growth-boosting measures in a gradual and restrained way."

Profit declines for the manufacturing sector deepened in October, as margins contracted by 4.9 percent in the January-October period, compared with a 3.9 percent drop in the first nine months of the year. Meanwhile, mining sector profit growth also moderated.

firms' profits fell 2.9 percent from a year earlier to 5.02 trillion yuan, compared with a 2.1 percent decline in January-September.

China's producer price index, seen as key indicator of corporate profitability, posted its sharpest fall in more than three years in October as prices for raw materials weakened.

The country's official manufacturing PM also showed a contraction in activity for the sixth straight month in September with new export orders falling for their 17th straight month.

China's exports fell in annual terms for the third straight in October, albeit at a slower-than-expected rate.

Despite recent signs of progress in trade negotiations, there is growing uncertainty about whether Beijing and Washington can reach an agreement that would put off another US tariff

hike on Chinese goods scheduled to take effect on Dec 15.

"We expect industrial profit growth to remain sluggish, given the deteriorating growth outlook and elevated uncertainty amid the US-China trade conflict," said Nomura analysts in a note to clients after the data release.

With growth at near 30-year lows, China's central bank has recently lowered some of its key lending rates while its governor has pledged to step up credit support and lower funding costs to help those parts of the economy that have struggled with financing.

China's central bank warned on Monday of increasing downside risks for the economy as growth continues to falter despite various fiscal and monetary stimulus introduced this year.



Mohammed Mahtabur Rahman, chairman of NRB Bank, attends an awareness programme on anti-money laundering and countering the financing of terrorism for the bank's directors at its head office in Dhaka on Sunday. Md Sawkatul Alam, deputy general manager of Bangladesh Financial Intelligence Unit; Mohammad Ismail Prodhan, deputy director, and Md Mehmood Husain, the bank's CEO, were present.

French consumer confidence hits highest level since Macron took office

REUTERS, Paris

French consumer sentiment rose unexpectedly in November to its highest level since the start of Emmanuel Macron's presidency as unemployment concerns receded, official data showed on Wednesday.

The INSEE official statistics survey said its household confidence index rose to 106 from 104 in October, smashing economists' expectations for a pull-back to 103 in a Reuters poll.

That brought the index to its highest level since surging to a 10-year high of 108 in June 2017 following Macron's election the previous month on promises to modernise the economy with a pro-business reform agenda.

INSEE said that households' concerns about unemployment fell in November to the lowest point since August 2017 and their general economic outlook was the best since January 2018. The improvement is all the more surprising as public sector unions are set for a major strike from Dec. 5 against Macron's planned pension reform.

The most hardline unions want to shut down the economy until the former investment banker scraps the reform.

A year ago, consumer confidence collapsed amid weekly "yellow vest" protests, many of them violent, against Macron's perceived elitism and fuel tax hikes that demonstrators said were destroying their purchasing power.

Macron responded with a package of

concessions offering tax relief to poor workers and pensioners worth more than 10 billion euros (\$11 billion).

"What a difference a year makes," HSBC economist Olivier Vigna said in a research note.

The measures have turned out to be particularly well timed, giving the euro zone's second-biggest economy a boost at a time when other countries such as more export-dependent Germany are struggling in the absence of equivalent economic stimulus.

France's relative resilience has allowed the economy to keep creating new jobs despite the slower global outlook, although the unemployment rose marginally to 8.6 percent in the third quarter.



A container ship departs from a port in Taicang, China.