



IFAD GROUP

Ehsan Elahi, chairman of Bangladesh Road Transport Corporation (BRTC), and Tasfeen Ahmed, a director of Ifad Group, attend a deal signing ceremony at the former's office in Dhaka recently. The BRTC will avail Ifad Information and Technology Ltd's vehicle tracking service, iTracker.

Saudi Aramco shares rocket on debut after record IPO

AFP, Riyadh

Saudi Aramco's shares soared on their debut on the domestic stock exchange Wednesday, becoming the world's biggest listed company worth \$1.88 trillion after a record-breaking IPO.

Aramco had priced the initial public offering at 32 riyals (\$8.53) per share, raising \$25.6 billion and eclipsing Alibaba's \$25 billion IPO of 2014 to become the world's largest.

Aramco shares rose 10 percent to 35.2 riyals just seconds after the debut on Riyadh's Tadawul exchange, the maximum limit allowed on any trading day, further boosting the energy giant's valuation.

"Today the kingdom of Saudi Arabia is no longer the only shareholder of the company," Aramco chairman Yasir al-Rumayyan said at a glitzy launch ceremony.

"More than five million shareholders have joined, including citizens and residents, in addition to (Gulf) countries and international investment institutions. This is a day when everyone in Aramco and in the kingdom can be immensely proud." The sale of Aramco shares is the bedrock of de facto ruler Crown Prince Mohammed bin Salman's ambitious strategy to



AFP/FILE

Saudi brokers monitor the stock market at the Arab National Bank in the Saudi capital Riyadh yesterday.

overhaul the oil-reliant economy.

The IPO process had put the energy giant's value at \$1.7 trillion, far ahead of other firms in the trillion-dollar club, including Apple and Microsoft.

The listing of Aramco, with its huge capital value, boosts the Saudi bourse -- known as Tadawul -- to the ranks of the world's top ten.

But the scaled-down listing is still a far cry from the blockbuster originally planned by Prince

Mohammed who had eyed a \$2.0 trillion valuation.

The much-delayed stock sale, first announced in 2016, was initially expected to raise as much as \$100 billion from the sale of up to five percent of the company.

The government's plans to raise additional funds by listing on a major international market are on hold.

Now however the government is trying to persuade wealthy families

and institutions to buy Aramco shares after trading begins, in a last-ditch effort to reach the \$2 trillion mark, the Financial Times reported on Tuesday.

The Saudi government itself has pumped in huge funds to boost the IPO, which was originally intended to raise external funding for the kingdom's diversification plan.

Two-thirds of the shares were offered to institutional investors. Saudi government bodies accounted for 13.2 percent of the institutional tranche, investing around \$2.3 billion, according to lead IPO manager Samba Capital.

The IPO is a crucial part of Prince Mohammed's plan to wean the economy away from oil by pumping funds into megaprojects and non-energy industries such as tourism and entertainment.

But sceptics say the proceeds will barely cover the kingdom's budget deficit for a year.

The IPO was heavily focused on Saudi and other Gulf traders. International investors have remained sceptical about the secretive company's targeted valuation.

The IPO also comes with oil prices under pressure due to a sluggish global economy hit by the US-China trade war and record output by non-Opec crude exporters.

Pound slips on UK poll projections

REUTERS

The British pound slipped early on Wednesday after a poll showed a narrowing lead for Prime Minister Boris Johnson's Conservative Party in an election scheduled for later in the week, while US dollar movement looked to the Federal Reserve's policy meeting.

Investors were also focusing on whether US President Donald Trump will impose tariffs on nearly \$160 billion worth of Chinese consumer goods from Dec. 15.

Investors have generally believed the US tariffs would be at least postponed to salvage a trade deal with China.

"It is calmness before storm. Markets have long believed the additional tariffs will be avoided," said Ayako Sera, market economist at Sumitomo Mitsui Trust Bank. Sterling fell to as low as \$1.3107 and last stood down 0.1 percent at \$1.3140, giving back about a cent after hitting an 8 1/2-month high of \$1.3215 on Tuesday.

It also slipped to 0.8449 pound per euro, off its 2 1/2-year high of 0.8394 touched earlier this week. On the yen, it changed hands at 142.79 yen, down from Tuesday's seven-month high around 143.39.

A closely watched model from pollsters YouGov showed Britain's prime minister is on course to win a majority of 28 in parliament at Thursday's election, down sharply from a forecast of 68 last month.

The pound had rallied for the past couple of months on rising expectations that Johnson will secure an outright majority in parliament after a Dec. 12 election to end Britain's political paralysis over Brexit since 2016.

The dollar was traded at 108.74 yen, flat

in early Asia after a gain of 0.15 percent the previous day.

It drew firmness from a Wall Street Journal report of officials from both the United States and China saying the groundwork was being laid to push back the tariff deadline.

The White House's top economic and trade advisers are expected to meet in coming days with Trump over that decision, one person briefed on the situation said.

"With regards to both the U.K. election and US-China talks, markets have been leaning towards optimism recently. Therefore we need to be careful about market reactions if those expectations do not materialise," said Kyosuke Suzuki, director of foreign exchange at Societe Generale.

Economic uncertainty stemming from the US-China trade war has prompted the US Federal Reserve to cut interest rates three times this year. It is almost unanimously expected to leave interest rates unchanged on Wednesday.

Fed Policymakers' updated projections for the US economy and interest rates will be the main focus to assess whether they think the rate cuts so far are enough to keep the economy rolling for another year.

The euro stood at \$1.1094, having risen 0.23 percent on Tuesday after the ZEW research institute's monthly gauge on economic morale among German investors showed improvement far beyond that of December.

The index rose to near a two-year high of 10.7 from -2.1 a month earlier, exceeding even the highest forecast in a Reuters poll of economists, aided by an unexpected rise in October exports boosting hope for an upturn in Europe's biggest economy.



OPSONIN PHARMA

Abdus Sabur Khan, chairman of Opsonin Pharma, and Abdur Rouf Khan, managing director, attend the company's "Annual Sales Conference 2020" at International Convention City Bashundhara in Dhaka yesterday.



ISLAMI BANK BANGLADESH

Muhammad Qaisar Ali, additional managing director of Islami Bank Bangladesh, opens the bank's 352nd branch at Boro Bazar in Khulna yesterday.

Indonesia hit with \$5.2b in forest-fire losses: WB

AFP, Jakarta

Forest fires that raged across Indonesia dented Southeast Asia's biggest economy to the tune of some \$5.2 billion, the World Bank said Wednesday, not including the health impacts from toxic haze that sent air quality plummeting.

The fires are an annual problem but this year was the worst since 2015 due to dry weather, with 942,000 hectares (2.3 million acres) of land, mostly on Sumatra and Borneo islands, razed by the out-of-control blazes.

Authorities deployed tens of thousands of personnel and water-

bombing aircraft to tackle the slash-and-burn blazes set to clear agricultural land, including on palm oil and pulp plantations.

On Wednesday, the World Bank said the economy took a hit of some \$5.2 billion, equal to about 0.5 percent of gross domestic product.

That included \$157 million in direct damage and another \$5 billion from losses in the agriculture, industry, trade, tourism, transportation and environmental sectors, according to the Washington-based bank.

A dozen airports and hundreds of schools in Indonesia -- as well as neighbouring Malaysia and Singapore

-- closed temporarily, while more than 900,000 people reported respiratory illnesses, it said.

"The agriculture and environmental sectors make up over half of the estimated loss, because fires damaged valuable estate crops and released significant greenhouse gas emissions to the atmosphere," the bank said in its Indonesia Economic Quarterly report.

Many fires were on swampy, carbon-rich peatlands which become highly flammable when they are drained of water to grow crops. Indonesia's 2019 fires were estimated to have produced almost double the emissions caused by blazes in the Brazilian Amazon this year.

Chevron expects \$10b-\$11b charge in fourth quarter; plans asset sales

REUTERS

US oil major Chevron Corp on Tuesday said it expects to write down the value of its assets \$10 billion (£7.79 billion) to \$11 billion this quarter and is considering selling some natural gas projects to prepare for long term low prices.

The second-largest US oil company, which plans to hold its 2020 spending program flat at \$20 billion, said it may sell shale gas properties and its stake in a Canadian liquefied natural gas project. San Ramon, California-based Chevron and other energy companies have pledged to restrain spending after the collapse in oil prices earlier this decade forced many to borrow to cover the costs of long-term projects.

Chevron said it expected writedowns this quarter related to a deepwater Gulf of Mexico project, which needs higher oil prices to churn a profit, and shale gas in Appalachia, which has suffered from low natural gas prices. It is considering selling its stake in Appalachian shale and the proposed Kitmat LNG project in Canada.

"With capital discipline and a conservative outlook comes the responsibility to make the tough choices necessary to deliver higher cash returns to our shareholders over the long term", Chief Executive Michael Wirth said.

Wirth is preparing sweeping changes that would cut costs



REUTERS/FILE

The logo of Chevron is seen at the company's office in Caracas, Venezuela.

and streamline operations with expectations of lower-for-longer commodity prices.

Chevron's writedown of oil assets was unexpected, said Jennifer Rowland, an analyst with Edward Jones.

Production for 2020 is expected to grow 1 percent, "much slower than the 7 percent in 2018 and 4 percent in 2019," said Pavel Molchanov, analyst with Raymond James.

Chevron recently warned of massive cost overruns at a giant Tengiz oil project in Kazakhstan. It plans to spend about \$3.75 billion there next

year.

Chevron has been among the strongest performers among the big oil majors but reported a 36 percent drop in third-quarter profit, hit by lower oil and gas prices and refining margins.

It plans to spend \$4 billion next year in the Permian Basin, the top US oil field in Texas and New Mexico, and another \$1 billion on international shale projects. It had planned to spend around \$5.2 billion this year.

It will spend \$2.8 billion on its business that refines, transports and markets fuels and petrochemicals, up about \$300 million from this year's budget.

Chevron shares closed at \$117.89 on Tuesday, up a fraction before it released its 2020 plans. Its shares are up about 8.4 percent this year.



IBCCI

M Shueb Chowdhury, vice president of the India-Bangladesh Chamber of Commerce and Industry, speaks at the 12th annual general meeting of the chamber at Nitol Centre in Dhaka on Tuesday.



DHAKA BANK

Emranul Huq, managing director (current charge) of Dhaka Bank, and Milan Pagon, vice chancellor (acting) of Independent University, Bangladesh, exchange the signed documents of a deal on the campus in Dhaka on Monday. The university's students now can pay their tuition fees through the bank's branches.