



Samuel S Chowdhury, chairman of Square Pharmaceuticals Ltd, presides over the company's 53rd annual general meeting at Samson H Chowdhury Centre in Dhaka Club yesterday. The company approved 42 percent cash and 7 percent stock dividends for the year ending on June 30, 2019. Ratna Patra, vice chairman; Anjan Chowdhury and Kazi Iqbal Harun, directors, and SM Rezaur Rahman, independent director, were present.

Lagarde in the spotlight at first ECB meeting

Presiding over her first meeting of the European Central Bank on Thursday, Christine Lagarde is all but certain to keep money taps wide open and may provide fresh clues about a broader policy revamp that could become the cornerstone of her tenure.

The former International Monetary Fund chief, who took over Europe's most powerful financial institution on Nov. 1, has promised a rigorous assessment of how the ECB does business, weighing fundamental issues like changing the inflation target and how to fight climate change.

The review, due to start early next year and mirror a similar endeavour under way in the United States, comes as monetary policy is on auto pilot and financial markets are sanguine, allowing policymakers on both sides of the Atlantic to contemplate longer-term issues.

Financial analysts see the ECB on hold throughout next year, a view that can only have been strengthened by the Federal Reserve signalling on Wednesday that it was unlikely to touch interest rates in 2020.

With the threat of a recession averted but no euro zone recovery in sight, the ECB is expected to say that risks are still skewed towards more policy easing.

"We see no reason for the ECB to adjust its guidance, let alone policy, beyond tweaking its near-term forecasts," Florian Hense at Berenberg said. "We expect the ECB to keep its stance



Christine Lagarde

unchanged in 2020 while it reviews its strategy."

The euro was close to a two-month high against the US dollar at \$1.1140 early on Thursday.

Lagarde's predecessor could only have dreamt of such a placid start. Mario Draghi cut rates just three days into his term as ECB president, then spent the next half-decade fighting a debt crisis.

As a parting gift to Lagarde, Draghi devised a stimulus scheme that will require little intervention for some time as bond purchases, negative rates and ultra-cheap loans to banks will keep borrowing costs near record lows.

The ECB will announce its rate decision at 1245 GMT, followed by Lagarde's news conference at 1330 GMT.

As policy stays unchanged, focus is likely to shift to Lagarde herself and her style as investors search for clues about the future of stimulus and

the policy review.

The first issue is whether she is fully committed to the Draghi package. While she has briefly confirmed the ECB's policy stance, it remains to be seen whether she stands 100 percent behind the measures.

Markets will also scrutinise new economic projections, though all indicators suggest they are only going to change at the margins and that initial 2022 numbers will show a slow but steady improvement in growth and inflation.

Investors will also look at how Lagarde fields questions given her limited experience in monetary policy. She has asked for patience while she is on an accelerated "learning curve".

But the big issue will be the scope of the policy review.

The world economy has changed since the ECB last did such a deep dive in 2003, with the neutral interest rate now sharply lower and under sustained downward pressure from an ageing population. Inflation is meanwhile barely responding to rising employment and central bank money printing, throwing widely accepted principles of central banking into question.

"The scope of the strategy review may not be finalised before early 2020, but it should be centred on four main issues: the definition of price stability and the inflation measures; the side-effects of unconventional policy measures; the internal and external communication strategy; climate risks," said Frederik Ducrozet at Pictet Wealth Management.

EU seeks to arm itself against US, others in trade disputes

REUTERS, Brussels

The European Union could impose tariffs on the United States and other rivals if they refuse to settle trade disputes after the crippling of the World Trade Organization (WTO).

The European Commission, which coordinates trade policy for the 28-member bloc, proposed on Thursday changes to an existing law that it has already used to curb imports of steel after US tariffs effectively closed the US market in 2018.

The proposals are the European Union's latest response to a crisis at the WTO, which the bloc has relied upon for 25 years to intervene in trade conflicts.

The WTO's Appellate Body, which has acted as a supreme court for international disputes, became paralysed this week, after the Trump administration's blocking of new appointments for the past two years meant its membership fell below the quorum necessary to make new rulings when two members' terms expired.

With no functioning Appellate Body, any party to a dispute unhappy with the finding of a three-person WTO panel would now appeal into a void, leaving the case in limbo.

The European Commission has forged



Andrei Dapkiunas, deputy foreign minister of Belarus, presents the country's Jubilee Medal titled "100 Years of Diplomatic Service of Belarus" to Aniruddha Kumar Roy, honorary consul of Belarus to Bangladesh and managing director of RMM Group, at a ceremony in Dhaka on December 11.



Nagina Afzalur Sinha, chairman of ACME Laboratories, presides over the company's 43rd annual general meeting at PSC Convention Hall at Mirpur in Dhaka yesterday. The company approved 35 percent cash dividend for 2018-19. Mizanur Rahman Sinha, managing director, was present.

Oil prices rise on Opec deficit forecast

Oil prices rose on Thursday, recouping some of the previous session's losses after OPEC forecast a supply deficit next year and the US Federal Reserve said the economic outlook was favourable.

Prices had fallen on Wednesday after a report showed an unexpected increase in US crude inventories. The market picked up on Thursday, although the International Energy Agency (IEA) and The Organization of the Petroleum Exporting Countries (Opec) offered different prospects for the oil market in 2020.

Brent rose 41 cents, or 0.6 percent, to \$64.13 a barrel by 1005 GMT. West Texas Intermediate crude was up 22 cents, or 0.4 percent, at \$58.98 a barrel.

IEA said on Thursday that global oil inventories could rise sharply despite an agreement by Opec and its allies to deepen output cuts and expectations for lower production by the United States and other non-Opec countries.

The market, however, focused more on Opec which said it now expected a small deficit in the oil market in the next year, suggesting the market is tighter than previously thought.

Opec and other producers including Russia agreed last week to rein in output by an extra 500,000 bpd in the first quarter of 2020.

Oil prices were also supported by the US Federal Reserve keeping interest rates unchanged at a meeting on Wednesday.

"Our economic outlook remains a favourable one, despite global developments and ongoing risks," Fed Chair Jerome Powell told a news conference.

"While oil prices are trending higher benefiting from a dovish Fed, a weaker USD, the IEA reiterates that despite the deeper oil production cuts, the oil market is likely to be oversupplied in 1H20," said UBS oil analyst Giovanni Staunovo.

China in close communication with US on trade

REUTERS, Beijing

China and the United States are in close communication on trade, its commerce ministry said on Thursday, declining to comment on possible retaliatory steps if Washington imposes more tariffs on Chinese goods this weekend.

The United States is due to impose tariffs on almost \$160 billion of Chinese imports such as video game consoles, computer monitors and toys on Sunday.

US President Donald Trump is expected to meet top trade advisers on Thursday to discuss the move, sources told Reuters previously.

A decision to proceed with the levies could roil financial markets and scuttle US-China talks to end the 17-month-long trade war between the world's two largest economies.

"The two sides' economic and trade teams are maintaining close communication," Gao Feng, spokesman at the Chinese commerce ministry, told reporters at a regular briefing.

The countries agreed in October to conclude a preliminary trade agreement, but talks have failed to produce deals on agricultural purchases by China and rollbacks of existing tariffs imposed by the United States. Many analysts had expected a deal ahead of Dec. 15.

Beijing has said it would retaliate



US President Donald Trump and China's President Xi Jinping meet business leaders at the Great Hall of the People in Beijing.

if the United States escalates the trade dispute.

In August, China said it would impose 5 percent and 10 percent additional tariffs on \$75 billion of US goods in two batches. Tariffs on the first batch kicked in on Sept. 1, hitting US goods including soybeans, pork, beef, chemicals and crude oil.

The tariffs on the second batch of products are due to be activated on Dec. 15, affecting goods ranging from corn and wheat to small aircraft and rare earth magnets.

China also said at the time that it will reinstate on Dec. 15 an additional 25 percent tariff on US-made vehicles and 5 percent tariffs on auto parts that had been suspended at the beginning of 2019.



Earl R Miller, US ambassador to Bangladesh; Neil Menzies, president of Chevron Bangladesh; Ismail Chowdhury, corporate affairs director; Mollah Jalal Uddin; additional secretary to labour and employment ministry, and Manish Pandey, director for South Asia at Swisscontact, attend the launch of the second phase of an "Uttoron- skills for better life" project at the Pan Pacific Sonargaon hotel in Dhaka on Wednesday. Funded by Chevron and implemented by Swisscontact, the project aims to enhance the skills and employability of youths.



Nahim Razzaq, a lawmaker, opens Mercantile Bank's 141st branch at Bhedarganj in Shariatpur yesterday. Mohd Selim, vice chairman of the bank, and Md Quamrul Islam Chowdhury, CEO, were present.