EBL

Ali Reza Iftekhar, managing director of Eastern Bank Ltd (EBL), receives the "ICMAB Best Corporate Award 2018" from MA Mannan, planning minister, at the InterContinental Dhaka on December 15. The bank secured the top position in the private commercial bank category. Rokia Afzal Rahman, vice president of the International Chambers of Commerce Bangladesh, was present.

Why didn't Qatar support Saudi Aramco's big deal?

George Hay *for* Reuters

Why did Qatar pass up the chance to invest in Saudi Aramco? It's the question on nobody's lips, at least publicly, at the Doha Forum, the emirate's annual bash for international politicians and investors taking place in its capital this weekend. That's a pity. Unpacking why Doha didn't buy into the Saudi kingdom's stock offering of its $1.7 trillion oil giant helps show why an ongoing spat between two Gulf petroleum-states still has a bit further to run.

In fairness to Doha Forum attendees, there are far more pressing questions to obsess about. While Abu Dhabi's Aramco investment was always on the cards given Saudi's status as a close ally, and Kuwait's was mildly surprising given its neutral position on regional beefs, a contribution from the Qatar Investment Authority would have had jaws dropping.

Relations between Doha and Riyadh have been icy ever since June 2017, when Saudi and allies including the UAE and Egypt blockaded routes representing 90 percent of domestic trade and stopped Qataris from visiting or even using their airspace. Yet Saudi officials still approached Qatar about investing, Bloomberg reported on Dec. 11.

It's easy to see why Riyadh would ask the question, given the lamentably low level of foreign investment into Aramco – only 15 percent of a pared-back 1.5 percent stake sale. It's also understandable why Qatar would demur: 13 conditions laid down by Saudi for lifting the blockade remain in place, including a requirement for the emirate to cease covert financing of Islamic terrorism. With Qatar continuing to deny such charges, any thawing of relations hasn't looked imminent.

But what was true a few months back is less so now. Forum attendees cite plenty of reasons why Saudi now wants the blockade over. September's missile attack, reported by Reuters to have been planned by Iran, knocked out half of the kingdom's domestic oil output and pushed Qatar down the worry list. The failure of the United States to retaliate in defence of its long-term Saudi ally has unsettled Riyadh. Washington, which has an air base in Qatar, is keen on ending what it euphemistically calls "the rift."

An investment of, say, $1 billion in Aramco by the QIA could, therefore, have been the icing on a cake that has already been rising in the oven. When Saudi King Salman invited Qatar's Sheikh Tamim bin Hamad al-Thani to the Gulf Cooperation Council meeting in Riyadh on Dec. 10, there was more than a whiff of compromise in the air. A soccer match between Qatar and Saudi in the semi-finals of the Arabian Gulf Cup on Dec. 5 passed without a hitch in Doha.

In the end, the Qatari emir didn't go to Riyadh, and the QIA didn't support Aramco. It's probably not because Saudi beat Qatar 1-0, although Qataris at their annual shindig were keen to point out that the Arabian Gulf Cup was not nearly as important as an Asian Cup clash earlier this year, when their team prevailed 2-0. But it probably is because Qatar has little reason to give in to overtures of peace without driving a hard bargain.

As Qatari Commerce Minister Ali bin Ahmed Al Kuwari told Breakingviews on the sidelines of the Doha Forum, the economic effects of the blockade have now receded. After a rapid self-sufficiency drive, the country, for example, now exports dairy products, compared to importing over 90 percent before. Forum attendances from the United States, like Treasury Secretary Steven Mnuchin, Senator Lindsey Graham and first-daughter Ivanka Trump underline that Washington has Qatar's back. With the emirate's prominence set to soar from hosting the 2022 World Cup, it has a strong hand.

Lacking the obligation of its neighbours to keep Riyadh sweet, Qatar could address Aramco's valuation, which rose to nearly $2 trillion following its recent IPO, on its merits.

REUTERS/FILE

A billboard displays an advert of the Aramaco IPO in along the side of a road in the Saudi capital Riyadh.

How China tariffs on US commodities, energy stand after 'phase one' trade deal

Reuters, *Beijing/Singapore*

China and the United States have agreed terms of a "phase one" trade deal under which Washington reduced some tariffs and Beijing canceled retaliatory duties that were previously scheduled to take effect on Dec. 15.

Before Sunday's deal, US corn, sorghum, wheat, undenatured ethanol, and refined copper cathodes had faced an additional tariff of 10 percent an imports into China. Propane, cotton, aluminum scrap, copper scrap and rare earth magnets were all set for an additional 5 percent duty.

Below is a list and timeline showing how China's tariffs on key US commodities and energy items stand after the "phase one" accord.

Beijing imposed a 5 percent tariff on US crude oil shipments from Sept. 1, the first time US oil had been targeted since the trade war between the world's top two economies started more than a year ago. The 5 percent tariff was not affected by Sunday's deal.

China, the world's biggest crude importer, has sharply lowered US shipments from a record high hit last year. Chinese customs data showed imports in the first 10 months were halved year-on-year to 146,275 barrels per day.

China removed an additional 5 percent tariff on US propane shipments which was set to take effect from Dec. 1. A 25 percent duty that Beijing imposed on US propane on Aug. 23, 2018 remains in place.

Chinese firms process US propane into petrochemicals such as propylene. Imports last year were worth an estimated $2 billion.

China imposed a 10 percent punitive tariff on US LNG shipments in September 2018, raising it to 25 percent in June. LNG duties were not affected by Sunday's deal.

Imports of the super-chilled fuel in the first 10 months of 2019 shrank 87.2 percent on the year to 258,955 tonnes, according to Chinese customs.

China imposed tariffs of 25 percent on US methanol and MEG in June this year. These were not affected by Sunday's deal.

No additional duty had been scheduled to come into effect on Dec. 15.

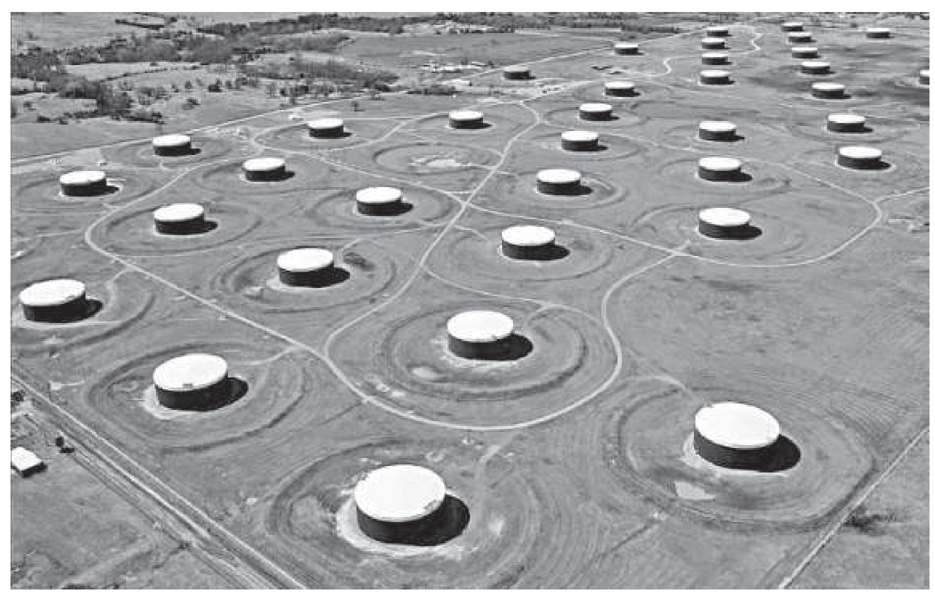
A 25 percent tariff on soybeans in July 2018 had halted all buying by commercial buyers, but Chinese crushers went back to the US market following a trade truce leaders in the two countries agreed in December last year. An additional 5 percent duty came into effect in September. The Chinese government has given tariff exemptions to some US soybean imports.

China bought 11.3 million tonnes of soybeans from the United States in January-October, down 31.8 percent from last year. US has sold at least another 1.5 million tonnes of beans to Chinese crushers since early November

American pork faces total import duties of 72 percent after including the 12 percent 'most-favoured nation' tariff. These duties were not changed in Sunday's deal, but Beijing is expected to boost US meat imports into China, where a severe African swine fever disease has decimated the world's largest pig herd and sent domestic pork prices soaring to record levels.

An additional duty of 5 percent on US aluminum scrap, which was to go into effect on Dec. 15, has been canceled. The material was already affected by an initial 25 percent tariff in April 2018, following by another 25 percent hike in August 2018.

Shipments to China were down only 17.3 percent year-on-year in the first 10 months of 2019, but those of US scrap copper, subject to a 25 percent tariff since August 2018, crashed by 76.6 percent over the same period.



REUTERS/FILE

Crude oil storage tanks are seen from above at the Cushing oil hub, in Cushing, Oklahoma, US.

RBI governor reiterates there is more scope to cut rates

Reuters, *Mumbai*

There is scope in India for cutting interest rates further and the central bank will use it when required after studying growth and inflation data, the Reserve Bank of India's (RBI) governor, Shaktikanta Das, said on Monday.

The monetary policy committee (MPC) surprised markets and analysts this month by holding rates steady after trimming the key interest rate by 135 basis points since the beginning of the current rate reduction cycle in February.

"While taking a pause we very carefully and very definitely said there is space for further monetary policy action but the timing will have to be decided in a manner that its impact is optimum and its impact is maximised," Das told a conference, the India Economic Conclave, organised by the Times Network.

Das said markets were surprised when the committee started cutting rates in February but subsequently accepted that it was right in doing so.

"And this time, the pause we have taken, I do hope that events will unfold in a manner which will prove that the MPC decision is right," Das said. He said both the government and the central bank had taken steps to help the economy recover but the outcome of events in the global economy would play a role.

Das said he hoped a recent trade deal between the United States and China would hold and not be reversed. The "Phase one" agreement reduces some US tariffs in exchange for a big jump in Chinese purchases.

"What is important in the current context is co-ordinated and timely action by all the advanced and emerging economies to revive growth," he said.

"Growth is an issue of discussion in India and global growth is also an issue of discussion because that does impact. For a moment, I am not implying that slowdown that we have seen in India is entirely due to global factors, but it does impact growth prospects for India".

India's annual economic growth slowed to 4.5 percent in the July-September quarter, its weakest pace since 2013, putting pressure on Prime Minister Narendra Modi to speed up reforms as five rate cuts by the central bank have failed to boost investment.

Finance Minister Nirmala Sitharaman, while addressing the same conference, said the government was committed to reforms and was working on reviving growth. But she declined to say when she expected an improvement to come.

"I am not going to spend time saying when it is going to reverse ... As long as anybody wants the government to intervene, we shall intervene," she said.

"We shall keep doing that until every sector feels that 'OK, all right, we are on track now, we are moving forward'."

Das also stressed the importance of communication for the markets and said the RBI had tried to be as clear and transparent as possible.

BKASH

Md Asafuddowla, secretary to the Bangladesh Rural Electrification Board, and Mizanur Rashid, chief commercial officer of bKash, attend a deal signing ceremony at the former's head office in Dhaka recently. Palli Bidyut prepaid metre bills now can be paid through bKash.

NOVOAIR

Feroz Alam, deputy managing director of Novoair, poses at an event organised to receive a 68-seater ATR 72-500 aircraft at the Hazrat Shahjalal International Airport in Dhaka on Sunday. The new addition has increased the number of aircraft in the airline's fleet to seven.

Gold steadies as dollar dips, traders await trade deal fineprint

Reuters

Gold steadied on Monday as the dollar weakened and investors sought more clarity on the "phase one" trade deal between the United States and China.

Spot gold was little changed at $1,475.50 per ounce by 0821 GMT after prices came under some early pressure in the Asian session on initial optimism over the trade deal. US gold futures fell 0.1 percent to $1,480.10.

Despite some signs of caution, equities remained in positive territory, limiting bullion's advance, after the world's top two economies announced the "phase one" agreement and suspended some tariffs on each other's goods that were due to go into effect on Sunday.

"We still don't know what is in the deal ... most of the traders had already discounted this news in the last couple of weeks, as it has been in the market that the phase 1 deal will happen," said Hareesh V, head of commodity research at Geojit Financial Services.

"Also, the dollar is slightly negative, so these are the reasons we haven't seen a drastic sell-off in gold."

The dollar fell 0.2 percent against a basket of rivals, making gold cheaper for holders of other currencies.

US Trade Representative Robert Lighthizer on Sunday said US exports to China will nearly double over the next two years, although officials are yet to decide a date to sign the agreement.

"The phase one deal fell short of market expectations and is probably not enough to fully restore business confidence or generate a meaningful recovery in exports or investment," AxiTrader market strategist Stephen Innes said in a note.

"Traders have now turned focus to the long and arduous road to a phase two deal. So gold could do well on escalating trade tensions."

Gold has risen 15 percent this year on the backdrop of the months-long tariff war and its impact on the global economy.

"Gold prices are not going to slide as global growth is not super positive, there are still some risks," said Phillip Futures analyst Benjamin Lu, adding prices will range between $1,400-$1,450 an ounce in the short term.

Data from the US on Friday showed retail sales increased less than expected in November.

Speculators slashed their bullish positions in COMEX gold contracts in the week to Dec. 10. Elsewhere, palladium rose 1 percent to $1,949.49 an ounce. The autocatalyst metal climbed to a record high of $1,979.95 on Friday driven by supply concerns.

Silver gained 0.4 percent to $17 per ounce, while platinum rose 0.4 percent to $931.47.