MTB

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, cuts a ribbon to open the bank's sub-branch at Mongolergaon area of Sonargaon upazila in Narayanganj recently.

Germany to issue first 'green bond' in second half of 2020

REUTERS, *Berlin*

Germany will launch its first "green bond" with a multi-billion euro issue in the second half of next year, to tap into the booming market for sustainable finance, the government's finance agency said on Thursday.

"The German Federal Government intends to support the development of sustainable financial markets and in particular the green market segment by issuing Green German Government securities," the finance agency said.

Tammo Diemer, the agency's managing director, said it would be a multi-billion euro issue, and put the amount, in billions, somewhere between a high-single digit to low double-digit.

More details will be published in the quarterly updates of the agency's issuance plans, Diemer added.

The "green bond", which is part of the government's efforts to roll over maturing debt, will be designed in the form of so-called green twin bonds.

This means that the government will issue "green bonds" with the same maturity and coupon as conventional securities, the agency said. The green twin bonds will replace part of the conventional twin bond's auction volume, the agency said.

"In accordance with the established Green Bond Principles, the proceeds from Green German Government securities will completely be allocated to already existing expenditures with a positive ecological-sustainable effect," it added.

The move follows an agreement that was reached by European Union member states earlier this month on a new set of rules governing which financial products can be called "green" and "sustainable".

Under the agreement, all financial products that claim to be green or sustainable will have to disclose exactly what proportion of their investments are environmentally friendly.

Overall, the German government plans to borrow more money in 2020 than it did this year.

Heard of bitcoin's 'halving'? It's set to shake crypto markets in 2020

REUTERS, *London*

If you're not a bitcoin enthusiast, you probably haven't heard what's happening next year: It's called the "halving", and it will cut production of the cryptocurrency by 50 percent.

No one's in control of this process. It's a rule written into bitcoin's underlying code by its pseudonymous creator Satoshi Nakamoto more than a decade ago.

The event, expected in May 2020, slashes by half the number of new coins awarded to bitcoin miners who provide global supply of the cryptocurrency by solving complex maths puzzles.

That's a big change in a market worth about $120 billion where bitcoin worth several billions dollars are created every year.

Players in the know are preparing for the sharp price gains and volatility that have accompanied previous halvings, which happen roughly every four years and act to both ensure the scarcity of bitcoin and keep a cap on price inflation.

There are likely to be winners and losers. So market participants, from bitcoin miners and traders, are trying to fathom how the next halving might play out to gain an edge.

"This is the biggest question right now for most of the industry," said Eyal Avramovich, chief executive of MineBest, a Warsaw-based company that mines bitcoin.

The fracture to the production of bitcoin provides a reminder of one reason why the decentralized digital currency has confounded regulation and acceptance by mainstream finance: Its fate remains tied to arcane technological factors.

In theory, if supply is cut and demand stays constant, prices rise. This time around, seven crypto traders and miners interviewed by Reuters said the May halving would probably lead to greater volatility and trading volumes. However the cut to supply is liked to be more priced in than previously, they said, with many traders already geared up for the upcoming event.

Bitcoin miners use high-spec computers to compete against other machines in the crypto network, racing to add new "blocks" to the blockchain ledger that underpins the cryptocurrency.

They are rewarded with a set number of bitcoin, currently 12.5. At current rates of block creation, the next halving will take place in May, when the number will drop to 6.25.

In the one-year periods after the two previous halvings, in November 2012 and July 2016, bitcoin rose around by 80 times and four times respectively. It is not clear how much of these price gains was down to the halving, versus with other factors.

This time around, bitcoin derivatives markets - still nascent - point to higher volatility around the time of the halving, said Jeff Dorman of Arca, a US crypto investment firm.

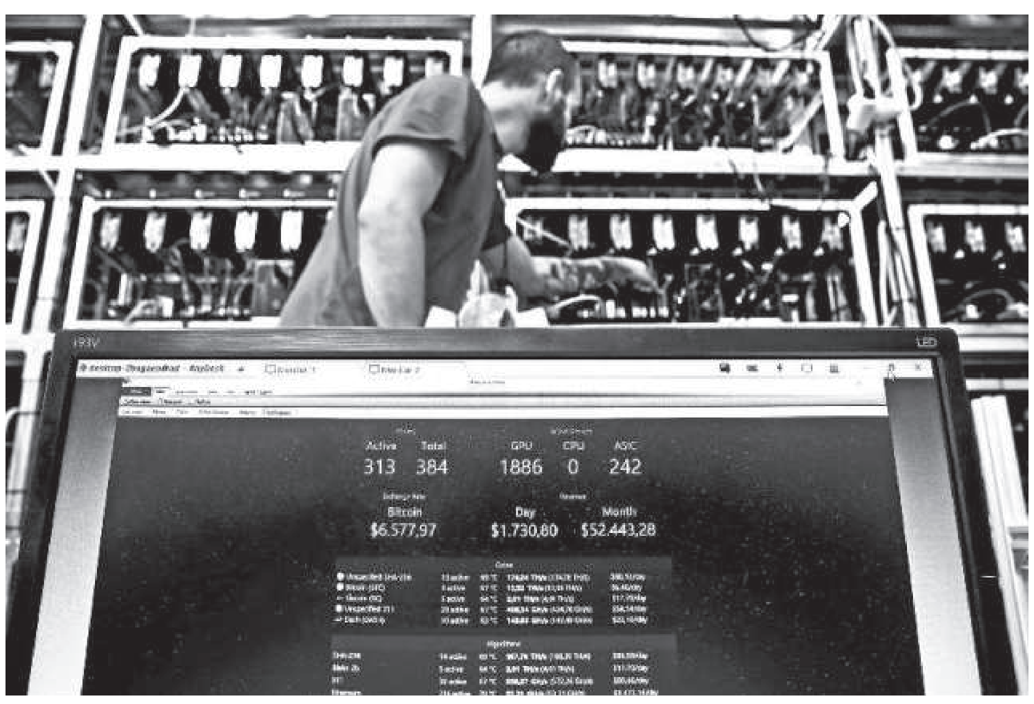
Such volatility in bitcoin markets tends to benefit quantitative hedge funds and high-frequency traders that seek to make money from swinging crypto prices.

"For us, the event will be positive because it cause activity in the market," said Ha Duong of Cambrial, an cryptocurrency investor in Berlin.

But for miners that hold large inventories of bitcoin, volatility can also be a hindrance. For them, stability of price gives greater predictability for investment in new gear.

While bitcoin futures contracts allow miners to hedge the risk of their inventories, there are currently few tools for them to properly hedge against volatility, said Ricky Li, co-founder of crypto trader Altonomy.

"If you want to long volatility, the options contracts available for the market right now really do not have the tenor (length)," he said.



REUTERS/FILE

An employee works on a Bitcoin mining computer as a PC screen shows the fluctuations in Bitcoin exchange rates at the Bitminer Factory in Florence, Italy.

QATAR AIRWAYS

Jayaprakash Nair, country manager of Qatar Airways, and KM Mozibul Hoque, president of the Consular Corps in Bangladesh, pose at a deal signing ceremony at Six Seasons Hotel in Dhaka recently on collaborating in areas of travel, tourism, cargo and business promotion.

Airbnb wins fight to remain exempt from European property rules

REUTERS, *Luxembourg*

US homesharing site Airbnb on Thursday won its battle to remain exempt from onerous European property regulations, as the EU's top court ruled it was an online platform and not a property agent.

The case came before the Court of Justice of the European Union (CJEU) following a complaint by French tourism association AHTOP. The issue underlines the quandary regulators face in dealing with new online services venturing into traditional businesses, but not subjected to the same rules.

For Airbnb, the French case is significant as the International Olympic Committee has agreed to promote the company for accommodation during the 2024 Olympics in Paris. Judges in essence accepted the company's arguments that it is an online platform and not a property agent.

"The nature of the links between the intermediation service and the provision of accommodation did not justify departing from the classification of that intermediation service as an 'information society service'," the CJEU said.

The court also faulted France for not notifying the European Commission, the EU executive, of the requirement for Airbnb to hold an estate agent's professional licence.

Airbnb welcomed the judgment.

"We want to be good partners to everyone and already we have worked with more than 500 governments to help hosts share their homes, follow the rules and pay tax," it said in a statement.

Airbnb has in recent years dueled with hoteliers and authorities in cities from New York to Amsterdam, Berlin and Paris, accused of worsening housing shortages and pushing out lower income residents.

Bank of England launches eavesdropping probe

AFP, *London*

The Bank of England launched a probe Thursday after discovering some investors eavesdropped on press briefings moments before they were broadcast, reportedly to hand a split-second advantage to high-speed traders.

The Times newspaper reported that one of the BoE's suppliers had been sending a market-sensitive audio feed of the bank's press conferences to hedge funds moments before the rest of the world.

The BoE, which will announce its latest interest rate decision at 1200 GMT, responded in a brief statement that it has identified the feed that had been misused by a third-party supplier -- and whose access had now been revoked.

"Following concerns raised with the bank, we have recently identified that an audio feed of certain of the bank press conferences -- installed only to act as a back-up in case the video feed failed -- has been misused by a third party supplier to the bank since earlier this year to supply services to other external clients," the bank said overnight.

The video feed of the bank's press conferences has a slight delay, while the audio feed was live.

At press conferences following monetary policy decisions the BoE's governor makes comments on policy, some of which can produce considerable swings in the value of the pound. Even several seconds advantage could give traders the possibility to earn considerable returns.

"This wholly unacceptable use of the audio feed was without the bank's knowledge or consent, and is being investigated further," added the BoE.

"On identifying this, the bank immediately disabled the third party supplier's access.

"As a result, the third party supplier did not have any access to the most recent press conference and will no longer play any part in any of the bank's future press conferences." A spokesman for Britain's Financial Conduct Authority regulator meanwhile told AFP that it was "looking at the issue" but declined to make further comment.

The BoE will meanwhile reveal Thursday its first interest rate call since Prime Minister Boris Johnson's landslide election victory one week ago, and ahead of Brexit next month.

The bank is expected to keep its key lending rate at 0.75 percent, as speculation also swirls over an imminent appointment of the successor to departing Governor Mark Carney.

NCC BANK

Md Nurun Newaz Salim, chairman of NCC Bank, opens the bank's 120th branch at Chawkbazar in Chattogram yesterday. Mosleh Uddin Ahmed, CEO, was present.

UTTARA BANK

Azharul Islam, chairman of Uttara Bank, opens the bank's 239th branch in Charpara in Mymensingh yesterday. Mohammed Rabiul Hossain, CEO, was present.

ECB rates can still go much lower, staff research shows

REUTERS, *Frankfurt*

European Central Bank interest rates, already deep in negative territory, could go much lower before any further cuts become counterproductive, new research by the bank's staff showed on Thursday.

A paper, which does not necessarily represent the ECB's opinion, showed that even at minus 1 percent, the ECB would still not hit the so-called reversal rate, where bank lending starts to contract and rate cuts become counterproductive.

"On the face of it, these results seem reassuring: the 'reversal rate' might not be in sight in the euro area for still quite a while, at least over the range of levels for the overnight interest rate that we have considered in our simulations," the paper on the history of the euro's first two decades said.

"In fact, lower overnight (and longer-term) interest rates are associated with stronger loan growth," the paper said after modeling several deposit rate cuts, including to minus 1 percent.

But the paper also warned that any scenario requiring such a cut would also imply that the economy was undergoing a severe shock and that in itself could raise the reversal rate as risk averse banks stopped lending.

Although the 335-page paper was written by staff, the effort was led by Massimo Rostagno, the head of the ECB's monetary policy decision, a key player in preparing Governing Council decisions and one of the architects of past stimulus measures.

The ECB cut its deposit rate to minus 0.5 percent in September and a growing number of policymakers are warning about taking it any lower for fear that it would thwart lending.

The paper also concluded that actual growth following the ECB's stimulus measures was at the top end of initial estimates while inflation was at the lower end of what the ECB initially estimated.

"Over the period 2015-2018 the median across the Eurosystem-staff range of estimates was 2.2 percentage points for real GDP growth and 1.9 percentage points for inflation over the same period," the paper concluded.