STOCKS			
DSEX	▲ 0.42%	4,452.93	
CSCX	▲ 0.13%	8,187.91	

COMMODITIES		
Gold ▲	$1,509.30	(per ounce)
Oil ▲	$68.16	(per barrel)

ASIAN MARKETS		
MUMBAI	▼ 0.04%	41,558.00
TOKYO	▼ 0.76%	23,656.62
SINGAPORE	▼ 0.13%	3,222.44
SHANGHAI	▲ 1.16%	3,040.02

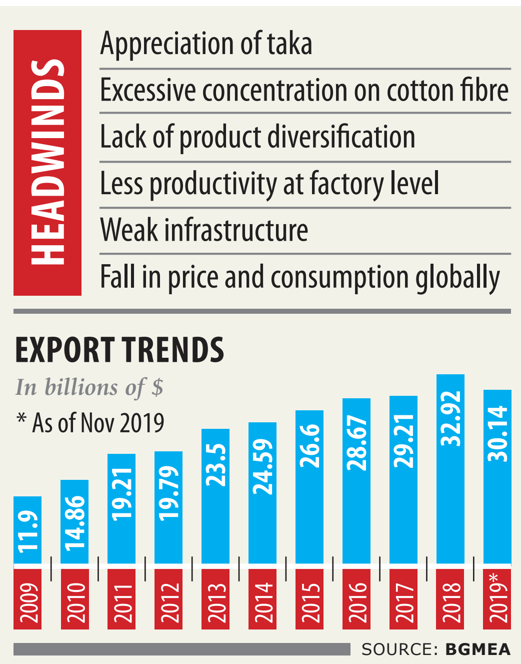
CURRENCIES — STANDARD CHARTERED BANK

	USD	EUR	GBP	JPY
BUY TK	83.95	93.19	109.46	0.75
SELL TK	84.95	96.99	113.26	0.79

Star BUSINESS

DHAKA TUESDAY DECEMBER 31, 2019, *POUSH 16, 1426 BS* starbusiness@thedailystar.net

Garment sector lashed by giant waves



REFAYET ULLAH MIRDHA

A tale of two halves sums up best how the garment sector, Bangladesh's main export earner, fared in 2019.

In the first six months of the year, apparel shipments fetched $17.05 billion. And the trend continued into fiscal 2019-20, which began on July 1.

But from August exports started dipping and the trend appears to be continuing. Yet, $13.09 billion was received between the months of July and November, down 7.74 percent year-on-year.

"I consider this is a correction," said David Hasanat, chairman and managing director of Viyellatex Group, a leading garment exporter.

Companies can take this opportunity to restructure their capital expenditure, operating expenditure and supply chain.

"Then they will have a very good future," he added.

But the general sentiment of experts and analysts is that the slowdown in apparel shipment is a reflection of the decaying competitiveness of Bangladesh's garment industry.

For instance, Bangladesh's garment exports dropped 6.67 percent between the months of July and October whereas its closest competitor Vietnam's grew 6.41 percent.

2019 IN REAR VIEW

Vietnam is honing in on Bangladesh's position as the world's second largest apparel supplier by focusing on product diversification.

Even after four decades, the country's garment sector is still stuck in basic items: still 73 percent of the shipments consist of T-shirts, trousers, sweaters, formal shirts and jackets.

There has been a slow graduation towards value-added and high-end garment items for upscale customers in the Western world.

READ MORE ON B3

DSE flags off large-cap index

Index developed with assistance of Shenzhen bourse

STAR BUSINESS REPORT

Dhaka Stock Exchange yesterday flagged off the first of its planned three new indices developed in partnership with Shenzhen Stock Exchange as part of the country's premier bourse's plan to attract foreign investors.

Called the CNI-DSE Large-Cap Index, its base value is 1,000 points and the base day is December 31 of 2015. Through the index, launched at the new office of the Dhaka bourse in Nikunja, foreign investors would get an idea of how the country's largest listed companies are faring.

At present, 40 of the largest and most liquid listed companies are on the index, but the list of companies would be reviewed in every six months.

Of the 40, 11 are banks: Brac, Eastern, National, Pubali, Al-Arafah Islami, United Commercial, Prime, Dutch-Bangla, Shahjalal Islami and City.

There are six companies from the pharmaceuticals sector, 11 from power, one from telecommunication, two from food & allied, two from cement, three from engineering, two from miscellaneous and two from the non-bank sector.

The weighted average of pharmaceuticals sector is 22.46 percent, power 18.14 percent, telecommunication 9.26 percent, food & allied 4.91 percent, cement 4.20 percent, engineering 3.20 percent, miscellaneous 3.02 percent and financial institutions 2.22 percent

The index was conceived and developed by the DSE and Shenzhen Securities Information, a subsidiary of Shenzhen Stock Exchange. Two other indices of the partnership -- CNI-DSE Mid-Cap Index and CNI-DSE Small-Cap -- will be rolled out soon.

When the strategic partnership was signed with the consortium of Shanghai and Shenzhen stock exchanges, a long-term cooperation in key areas such as technology, market cultivation and product development was planned with a view to developing Bangladesh's capital market, said Abul Hashem, chairman of the premier bourse.

Fundamentals and liquidity as well as total market capitalisation are considered for the constituents' screening, while free float capitalisation is used for index price calculation.

COLLECTED

Abul Hashem, chairman of Dhaka Stock Exchange, inaugurates a new index developed in partnership with Shenzhen Stock Exchange at the DSE's new office in the capital's Nikunja yesterday.

BTRC for 65pc cuts in int'l call rate

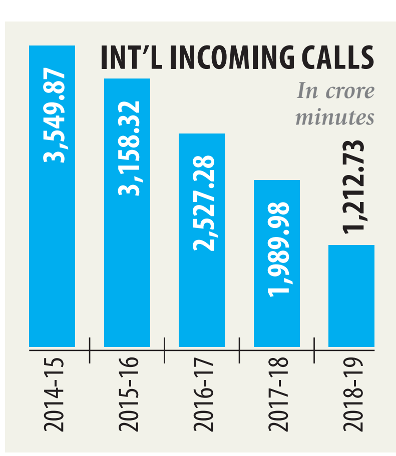
MUHAMMAD ZAHIDUL ISLAM

The telecom regulator is set to recommend slash in international incoming voice call rate by 65.71 percent to $0.006 a minute in the face of fast shrinking earnings from the segment in recent years.

Industry insiders said a significant portion of international calls were now being made through internet-based communication platforms such as WhatsApp, Viber, Messenger, Imo, Skype and WeChat, which cost nothing other than the price of data.

Mobile operators also run promotional campaigns of these applications, for which relatives of expatriates have gradually grown the habit of using the apps.

Bangladesh Telecommunication Regulatory Commission took the decision in a recent meeting following a proposal of IGW Operators Forum (IOF), said Md Jahurul Haque, chairman of the commission.



International Gateway (IGW) operators are responsible for the termination of international voice calls in Bangladesh from other countries.

Legal voice calls have currently gone down to about two crore minutes a day, which was some 10 crore minutes a few years back.

Termination of international calls was one of the main sources of earnings for the government even five years back. But it has shrunk substantially in recent years.

In fiscal 2014-15, the government's earning from such calls was Tk 2,075.62 crore, which declined to Tk 1,387.37 crore, Tk 967.63 crore, Tk 900.35 crore and lastly to a few hundred crore taka in the successive years respectively, according to BTRC officials.

A top placed source also said the IGW operators had formed a cartel to increase incoming call rates without taking approval from neither the regulator nor the government.

That made calls to Bangladesh pricey.

Voice calling through free applications would rise further in Bangladesh with the rise in penetration of smartphones and mobile broadband coverage, said Mushfiq Manzur, chief operating officer of the IOF.

READ MORE ON B3

Asset managers crying out for funds

17 hit hardest

AHSAN HABIB

As many as 39 percent of the asset management companies (AMCs) are failing to attract funds from investors thanks to thinning confidence on fund managers and the stock market.

The AMCs form mutual funds by attracting money from individuals and corporate investors to put them in stocks, bonds and other assets.

Individuals are drawn to the AMCs because, worldwide, they are the experts at making well-timed investment decisions on behalf of their clients and at providing healthy dividends.

But investors' experience is not that sweet in Bangladesh as most of the AMCs here have displayed below-par performance, which analysts say took a toll on investor confidence.

There are 44 AMCs in Bangladesh, of which 17 could not form or sustain mutual funds. Some of them have been showcasing this lacklustre performance since their inception five to nine years back.

REASONS FOR AMCs' FUND CRISIS

- Liquidity crisis in banks
- Lacklustre stock market
- Poor performance of most AMCs
- Trust deficit for breach of rules
- Sudden changes in policies on dividend
- Tenure extension of closed-end funds

One of the reasons being the AMCs' sub-par performance when compared with their peers around the world, said Abu Ahmed, former chairman of the economics department at the University of Dhaka.

The bad performance of some asset managers made it hard for newcomers to get funds.

Another reason why investors do not want to pour their money is because some of the AMCs gave returns on units (stock dividend) and deprived unitholders of cash dividend.

As most of the mutual fund units are trading at prices well below their face value, the returns on each unit was low, which ultimately brought down profits for unitholders, Ahmed added.

Only four listed mutual funds out of a total of 37 are trading at prices exceeding their face value, according to data from the Dhaka Stock Exchange.

Investors' experience was not that good as some of the AMCs invested people's money in places not permitted by the law, said Mizanur Rahman, professor at the University of Dhaka's department of accounting & information systems.

READ MORE ON B3

BANK ASIA

Md Arfan Ali, president and managing director of Bank Asia, and Md Safiqul Islam, managing director of SME Foundation, exchange the signed documents of a deal at Bank Asia Tower in Dhaka recently. Bank Asia will channel a fund of Tk 50 crore from Bangladesh Bank to the foundation for expanding the latter's 'Credit Wholesaling Program'.

Vodafone Hutchison Australia partners with Nokia to kick off 5G rollout

REUTERS

Vodafone's broadband services joint venture with Hutchison Telecommunications (Australia) Ltd has partnered with Nokia to roll out 5G services in Australia, the companies said on Monday.

The 5G drive comes as the joint venture is caught in a legal appeal process against an antitrust regulator's move to block its proposed A$15 billion mega-merger with TPG Telecom Ltd .

REUTERS/FILE

A logo of the upcoming mobile standard 5G is pictured in Hanover, Germany.

In a joint statement, the companies said Vodafone Hutchison Australia, the 50-50 joint venture, would kick off its 5G rollout in the first half of 2020 with Nokia as the network vendor.

"They (Nokia) presented a compelling roadmap that aligned with our 5G objectives and will help us to continue improving our 4G network for our customers," Vodafone Chief Executive Officer Iñaki Berroeta said in the statement.

The Finnish telecom network equipment maker has already built a test network to demonstrate its 5G technology, and those sites will become the first area of commercial coverage for Vodafone's 5G network.

The partnership was the final step in a long process, Vodafone's Berroeta said, following the security guidance given by the country's federal government in August 2018.

Australia expanded its national security rules to exclude telecommunication equipment suppliers that it believes have ties to foreign governments, a move that disallowed Huawei Technologies Co Ltd from the country's 5G rollout.

Nokia has been a beneficiary of restrictions in Western nations on market access to Huawei over allegations that China could use its equipment for espionage, a charge that Huawei has repeatedly denied.

Most recently, Spark New Zealand Ltd abandoned plans to rely on Huawei exclusively for the rollout of 5G services, choosing the 5G rollout with Nokia instead.

The decade of debt: big deals, bigger risk

REUTERS, *New York*

Whatever nickname ultimately gets attached to the now-ending Twenty-tens, on Wall Street and across Corporate America it arguably should be tagged as the "Decade of Debt."

With interest rates locked in at rock-bottom levels courtesy of the Federal Reserve's easy-money policy after the financial crisis, companies found it cheaper than ever to tap the corporate bond market to load up on cash.

Bond issuance by American companies topped $1 trillion in each year of the decade that began on Jan. 1, 2010, and ends on Tuesday at midnight, an unmatched run, according to SIFMA, the securities industry trade group.

In all, corporate bond debt outstanding rocketed more than 50 percent and will soon top $10 trillion, versus about $6 trillion at the end of the previous decade. The largest US companies - those in the S&P 500 Index - account for roughly 70 percent of that, nearly $7 trillion.

It's a truism in corporate finance that cash needs to be either "earning or returning" - that is, being put to use growing the business or getting sent back to shareholders.

As it happens, American companies did a lot more returning than earning with their cash during the 'Tens.

In the first year of the decade, companies spent roughly $60 billion more on dividends and buying back their own shares than on new facilities, equipment and technology. By last year that gap had mushroomed to more than $600 billion, and the gap in 2019 could be just as large, especially given the constraint on capital spending from the trade war.

The buy-back boom is credited with helping to fuel a decade-long bull market in US equities.

Meanwhile, capital expenditure growth has been choppy at best over 10 years. This is despite a massive fiscal stimulus package by the Trump administration, marked by the reduction in the corporate tax rate to 21 percent from 35 percent, that it had predicted would boost business spending.

One byproduct of stock buy-backs is they make companies look more profitable by Wall Street's favorite performance metric - earnings per share - than they would otherwise appear to be.

With companies purchasing more and more of their own stock, S&P 500 EPS has roughly doubled in 10 years. Meanwhile net profit has risen by half that, and far more erratically.

The corporate bond market has not only gotten bigger, it has gotten riskier.

With investors clamoring for yield in a low-rate world, debt rated only a notch or two above high-yield - or junk - bond levels now accounts for more than half of the investment-grade market, versus around a third at the dawn of the decade.

North Korea's Kim warns of 'grave' economic challenge

AFP, *Seoul*

North Korean leader Kim Jong Un has warned top ruling party officials of the "grave situation" facing the nuclear-armed state's economy and called for urgent corrective measures.

His comments, reported Monday by state media, came on the second day of a key party meeting held ahead of a year-end deadline for Washington to shift its stance on stalled nuclear talks with Pyongyang.

Kim, who chaired the meeting, said the time had come to bring about a "decisive turn" in the North's economic development.

He presented the assembled officials with "tasks for urgently correcting the grave situation of the major industrial sectors of the national economy," the official KCNA news agency reported.

The North does not publish economic statistics of its own, leaving outside estimates as the only available figures for its financial performance.

In July, the South Korean central bank estimated that the North's sanctions-hit economy had shrunkby 4.1 percent in 2018 -- the largest contractions since the devastating famine of the 1990s.

Talks on denuclearising the Korean peninsula have been largely deadlocked since a second summit between Kim and US President Donald Trump collapsed in Hanoi at the start of this year over what the North was willing to give in return for sanctions relief.

China and Russia-- the North's biggest economic partners -- have proposed the easing of UN sanctions imposed over the North's nuclear weapons programme, and Pyongyang has given Washington until the end of the year to offer fresh concessions.

The KCNA report indicated the plenary session of the party leadership was headed into a third day Monday -- marking the first time since 1990 that it has lasted more than two days.

IMCB

M Zakir Hossain, chairman of the Institute of Management Consultants Bangladesh, speaks at the institute's 18th annual general meeting in Dhaka on December 28.

MTB-Mastercard rolls out QR code payment

MASTERCARD

Ahmed Jamal, a deputy governor of Bangladesh Bank; Syed Mohammad Kamal, country manager for Mastercard; and Syed Mahbubur Rahman, managing director of Mutual Trust Bank, at a Dhaka hotel on Sunday announce the launch of Bangla QR, a QR code-based payment acceptance solution.

STAR BUSINESS DESK

Mutual Trust Bank in a collaboration with Mastercard is set to a launch interoperable Quick Response (QR) code-based payment acceptance solution -- Bangla QR -- aiming to boost cashless transaction.

The Bangla QR will allow cardholders using Mastercard-branded credit, debit and prepaid cards issued by MTB to carry out payments using a QR code generated by the bank's mobile banking application.

This method of payment will be the first-of-its-kind in Bangladesh, marking an important milestone in the country's adoption of contactless payments, said Syed Mohammad Kamal, country manager for Mastercard.

Cardholders would be able to experience convenience unlike any time before, said Syed Mahbubur Rahman, managing director of the bank, at the launch.

"We are confident that Bangla QR, a result of the joint efforts of MTB and Mastercard, will bring a new era of digital payment to Bangladesh," he added.

The interoperable solution will be accessed by other banks and payment networks and approved by the Bangladesh Bank.

QR code is a machine-readable code consisting of an array of black and white squares, typically used for storing URLs or other information for reading by the camera on a smartphone.

Electronic or digital payments have been growing steadily in Bangladesh for the last several years.

The sector has grown 120 percent per year since 2011, said a report jointly produced by Better Than Cash Alliance and a2i project of the Bangladesh government.

Mastercard is planning to introduce more technology-based solutions for its customers to aid in the creation of a simple, safe and efficient digital payment environment and to build a digital Bangladesh, Kamal said.

Ahmed Jamal, a deputy governor of the BB, attended the event as chief guest.

Oil price rise muted in 2019 despite sanctions, supply cuts

REUTERS, *New York/Singapore*

Oil prices rose more than 20 percent this year but there were no sharp spikes and crude futures barely sniffed $70 a barrel despite attacks on the world's biggest oil producer, sanctions that crippled crude exports of two OPEC members and gigantic supply cuts from big oil producing countries.

The price gains in crude oil benchmarks were all in the first quarter of 2019, even as the next several months featured supply shocks that in the past would probably have propelled crude past the $100 mark. Prices are likely to remain rangebound in 2020 as swelling supplies, particularly from the United States, offset cuts from the Organization of the Petroleum Exporting Countries and weakening worldwide demand, brokers and analysts said.

US crude oil CLc1 is on track to end 2019 roughly 35 percent higher. Since the end of March, it is up just 3 percent, after rallying early in the year after the United States introduced sanctions on Venezuela. Brent has gained 26 percent, but is off by 1 percent since the first quarter.

Investors and analysts say US production and weak demand kept prices under control. The United States is on track to be a net petroleum exporter on an annual basis for the first time in 2020. Output is expected to average 13.2 million bpd, an increase of nearly a million bpd from 2019.

"Demand growth cratered while US production continued to barrel along at high rates and geopolitical risk eased," Bob McNally, president of Rapidan Energy Group.

"And now, at the end of the year, weary investors are looking to next year and seeing a tsunami of oil."

Investor concern over peak oil demand is expected to weigh on prices next year, particularly as the urgency around action against climate change has increased. Also, a long-term resolution of the US-China trade war seems elusive, keeping market watchers wary of predicting energy demand growth in the world's two largest economies.

"There is growing concern around the long-term sustainability of US oil and gas companies for investors in an ESG (environmental, social and governance) driven world," said Greg Sharenow, portfolio manager at PIMCO, who co-manages more than $15 billion in commodity assets.

The US Energy Information Administration expects average crude oil prices will be lower in 2020 than in 2019 because of rising inventories. Outside the United States, production is expected to continue to grow in Brazil, Norway, and Guyana.

Prices did spike, but only briefly after drone attacks on Saudi Arabia's biggest oil facility and US sanctions on Venezuela and Iran. September attacks on Aramco facilities briefly pushed Brent above $72 a barrel, but within 10 days, oil prices sank back as Aramco brought production back online.

Huawei gets India nod to participate in 5G trials

REUTERS

The Indian government has allowed Chinese telecom company Huawei Technologies Co to participate in trials for 5G networks, a company spokesman said on Monday.

India's nod to Huawei comes at a time when the global rollout of 5G technology has been complicated by U.S. sanctions against the company. The United States has been lobbying allies not to use Huawei's network equipment in their 5G networks.

Indian television channel CNBC-TV18 reported the news first, citing a senior official. The trials will be held in January, according to the official, the channel reported.

India's telecom department was not immediately available for comment outside regular business hours.

The telecom department will meet operators on Dec. 31 to confirm the timing for 5G trials, CNBC-TV18 reported, saying all wireless operators in India had received in-principle approvals to conduct the trials.

Govt to form new firm for data centre business

FROM PAGE B4

The specialised company was formed as the government plans to follow the private sector's model to run the data storage business. Data centres have huge potential in Bangladesh with the annual service charge amounting to about Tk 1,000 crore.

The ICT division in 2016 took the initiative to set up the Tier 4 centre on a two lakh square feet facility, that too on seven acres of land .

It was established with Chinese financial and technical assistance with certification from the USA's Uptime Institute, an organisation best known for its "Tier standard" and associated certification of data centre compliance standards.

It cost Tk 1,599.55 crore to establish the centre at Kaliakoir in Gazipur and recouping it will take only a few years, Palak said.

"We have a huge space of storing up to 200 terabytes of data in this centre." The company will be run by a board in which the secretary to the ICT division will be the chairman and six other secretaries and additional secretaries from other ministries members.

The cabinet yesterday also gave the go-ahead to changes in a memorandum of articles of Startup Bangladesh Company Ltd.

"We have already provided funds of Tk 11 crore to 120 start-ups and another 115 are in the pipeline to get fund from us," said Palak. In the current budget, the finance minister has allocated Tk 100 crore for start-ups. Palak said they were planning to seek Tk 50 crore from that allocation and work to develop a mindset of becoming entrepreneurs instead of employees in the country.

DBBL

M Sahabuddin Ahmed, chairman of Dutch-Bangla Bank Foundation, opens the bank's corporate branch in the capital's Motijheel yesterday. Sayem Ahmed, chairman, Mohd Khorshed Alam, a director, and Abul Kashem Md Shirin, CEO, were present.

Thai economy ends gloomy year with slim prospects for cheer in 2020

REUTERS, *Bangkok*

Thailand is set to end 2019 at the weakest pace of growth in five years and little to cheer about next year, as Southeast Asia's second-largest economy faces headwinds from global trade tensions, a surging baht and rising political risks.

The export-reliant country has been sharply hit by the Sino-US trade conflict. Exports may fall 3.3 percent in 2019 before rising just 0.5 percent in 2020, according to the Bank of Thailand (BOT).

A strong Thai Baht, which has gained 8.3 percent against the dollar in 2019 and is Asia's top-performing currency, has added to the pressure on exports. Analysts say it could also hit tourism.

REUTERS/FILE

A worker walks in a construction site for buildings in Bangkok.

Thailand's growth has lagged peers for years, and the central bank, after several downgrades, predicts it will be just 2.5 percent this year, the weakest pace since 2014 when the army seized power in a coup, and forecasts it would be 2.8 percent in 2020.

Some analysts are even more pessimistic.

"We see growth of just 2.4 percent this year and 2.5 percent next year," said Somprawin Manprasert, chief economist of Bank of Ayudhya. "The economy is still in a slowdown," he said, adding that poor exports are now hurting domestic activity.

Charnon Boonnuch, an economist at Nomura in Singapore, said he only expected a sluggish economic recovery in 2020.

Thailand is a regional production and export base for global carmakers, but car shipments fell 6 percent in the first 11 months of 2019, prompting some factories to cut work hours, said Surapong Paisitpattanapong, spokesman of the Federation of Thai Industries' auto division.

"A profit from making one car is no more than 5 percent, but our baht has gained 7 percent-8 percent. So the more they export, the more they suffer losses," he said.

In a bid to fight currency strength, the BOT imposed various steps and cut its key rate twice in 2019 to a record low of 1.25 percent, but the baht remains firm, driven by the large current account surplus.

The central bank has said that more measures are possible, adding that market intervention may be difficult as Thailand risks being added to a US watchlist of currency manipulators.

The government has been trying to lift growth by infusing more funds, including a $10 billion stimulus package, but with little impact.

There was also a four-month delay in the 2020 budget to February due to a delay in cabinet formation, after an election in March voted former junta leader Prayuth Chan-ocha back to office as prime minister with a slim majority in parliament.

Political uncertainty is rising after thousands of people recently joined the biggest protest since Prayuth's 2014 coup, following a move by authorities to ban a party that has rallied opposition to the government.

In January, a court will rule on the dissolution of the Future Forward Party, which could again spark protests.

"The economy should be better next year, albeit not much, if there is no fresh political chaos," said Sanan Angubolkul, vice chairman of the Board of Trade of Thailand.

Visit Limluecha, vice chairman of the Thai National Shippers' Council, said there are no positive signs for the economy yet. "I see no light at the end of the tunnel."

Asset managers crying out for funds

FROM PAGE B1

In March 2015, a regulatory probe of the Bangladesh Securities and Exchange Commission (BSEC) unearthed a number of gross violations of securities rules and misappropriation of cash by six mutual funds managed by LR Global Bangladesh. "This is how a deficit of trust has been created," Rahman said.

Despite such a situation plaguing the AMCs, the regulator gave out 11 more licences since 2018.

Of the 17 AMCs that failed to get funds, Invest Asia Capital Asset Management and Alif Asset Management Company got their licences in 2009.

The former failed to form any mutual fund in the past 10 years, while the latter did manage to form one but later saw unitholders withdraw their investments citing substandard performance. Some of the AMCs were not finding funds due to liquidity problems in the banking sector, said Sk Shibly Sadik, coordinator of the Association of Asset Management Companies and Mutual Funds.

A top official of Alif Asset Management Company upon condition of anonymity acknowledged their failure with mutual funds. "The event precipitated a change in management."

The current management is trying to attract investment and planning to launch an open-ended fund very soon.

On not getting funds, the official blamed a lack of knowledge among investors about mutual funds and low confidence on the stock market.

No web address was found of Invest Asia Capital Asset Management. The telephone number it provided to the BSEC was found switched off for long. Ahmed suggested three steps for the regulator to win back investor confidence.

The first is repealing the tenure extension of closed-end mutual funds. The second is stopping returns on unit and allowing cash dividends only.

The third is allowing asset managers to get commissions based on their performance and not on the fund amount.

Currently, the managers can get a maximum of 2.5 percent of the fund as their yearly commission fee, irrespective of their performance.

Garment sector lashed by giant waves

FROM PAGE B1

Bangladesh is still lagging behind in production of technical and smart clothing items, due to which it could not tap into the global market for hospital clothing, school uniforms and armed forces, worth billions of dollars.

Garment exporters and sector analysts though blamed the strength of the local currency against the US dollar as the main reason for declining shipments from Bangladesh.

Currently, one US dollar is exchanging for Tk 85.

Another reason for diminishing shipments is over-reliance on traditional markets, which can be construed as laziness or complacency.

Shipments to the traditional markets of the US, the EU and Canada are on the wane due to economic slowdown there.

But the emerging markets are providing a ray of hope: garment exports to non-traditional markets grew to nearly $7 billion from somewhere between $400 million and $500 million in 2008.

India, China and Japan are showing big potential, with shipments to the Fareast Asian nation crossing $1 billion.

The government's 4 percent incentive for shipments to new export destinations accelerated the process.

The US-China trade war can be a boon for Bangladesh as China has been losing its export orders. However, in this case, Bangladesh will have to improve the business climate and productivity at the factory level.

In the near future, duty concessions in international trade will vanish as the country is set to graduate from the least-developed bracket to the developing bracket.

So, Bangladesh needs to sign the free trade agreements or join to different regional trading blocs for continuation of the duty benefit in international trade.

"It was a happening year for the garment industry," said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association, adding that the year saw a number of positive developments.

The end to the deadlock to the Accord's phase out from Bangladesh and formation of the national safety monitoring regime the 'RMG Sustainability Council (RSC)' were major breakthroughs.

"Our journey to sustainability continued with pride," she said, adding that the number of green factories crossed 100, 25 of which were platinum LEED-certified. Some 500 more are waiting for certification.

But despite all investments made in workplace safety, compliance, implementation of new wage structure and green industrialisation the unit price did not see much improvement.

The unit price to the EU and the US increased 2.22 percent and 5.57 percent respectively in the first 10 months of the year and yet the price level remains significantly lower on a five-year comparison, she said.

The price of apparel imported by the US from Bangladesh between January and October was down 2.20 percent from five years earlier, according to the Office of Textiles and Apparel. The same happened for EU: 1.94 percent, according to Eurostat.

But looking ahead, garment manufacturers are expecting a better year in 2020.

"It's difficult to project the trend since the global market looks volatile due to the emergence of a number of factors," Huq said.

The EU-Vietnam free trade agreement, the strategic move by China to offset the impact of punitive tariff by lowering prices and the emergence of new sourcing destinations are becoming sources of concern for Bangladesh.

"If we do not take proper steps now to get ourselves at par with our competitors, it will be difficult to get the rhythm back in our exports," she added.

Gold hits two-month peak

REUTERS

Gold prices rose to their highest in more than two months on Monday in thin year-end trading as the dollar dipped and US military strikes in the Middle East supported safe-haven buying.

Spot gold was up 0.2 percent to $1,513.30 per ounce at 0757 GMT after hitting its highest level since Oct. 25 at $1,515.80. US gold futures were down 0.1 percent at$1,516.90.

"We are looking at pre-positioning for next year and a rebalancing of portfolios ahead of year-end, overlaid with very low liquidity levels, that are essentially exacerbating the volatility," said Ilya Spivak, a senior currency strategist at DailyFx. Gold is receiving modest support from the US air strikes in the Middle East, Spivak said.

The US military on Sunday carried out air strikes in Iraq and Syria against an Iran-backed militia group.

Gold is considered a safe investment in times of geopolitical and economic uncertainty. The dollar also slipped against a basket of rivals, making gold cheaper for holders of other currencies. Gold prices have risen nearly 18 percent this year and are on track for their best year since 2010, mainly due to a 17-month-long Sino-US tariff war and its impact on global economic growth.

BTRC for 65pc cuts in int'l call rate

FROM PAGE B1

This will contribute to the decline of paid incoming international calls, he said.

However, as it has been noticed in other mature markets, OTT [over-the-top] calls will not wipe out the entire (volume of) paid international calls but a sizeable portion.

Businesses will continue to use paid service for better quality as long as the prices remain competitive, Manzur added. Currently, there are 24 IGW operators in Bangladesh. Licences of six were cancelled for unpaid dues.

Govt to form new firm for data centre business

STAR BUSINESS REPORT

The government has decided to form a specialised firm -- Bangladesh Data Center Company Limited (BDCCL) -- to run business centring data storage in the country.

The company's paid-up capital will be Tk 50 crore and authorised capital will be Tk 2,000 crore.

It will get Tk 100 crore as equity to run the business, Cabinet Secretary Khandker Anwarul Islam told journalists after a cabinet meeting yesterday.

The cabinet okayed the draft of the company's memorandum of articles, which will now be sent for registration to the Office of the Registrar of Joint Stock Companies and Firms.

"Bangladesh is generating a huge amount of data and also has achieved tremendous improvement on data storing capacity as we have already set up the world's seventh largest Tier 4 data centre," said Zunaid Ahmed Palak, state minister for ICT, told The Daily Star.

The government also has a Tier 3 data centre that contains a huge amount of data.

On November 28, Prime Minister Sheikh Hasina opened the Tier 4 facility called National Data Centre .

All government data has been saved in the centre free of cost and the government is now trying to get the private sector to store theirs too, Palak said.

"Hosting the government data saves at least Tk 353 crore annually. We also have the opportunity to earn from the private sector as well."

READ MORE ON B3

Crack down on illegal rod makers

Minister asks BSTI

STAR BUSINESS REPORT

Industries Minister Nurul Majid Mahmud Humayun yesterday directed the Bangladesh Standards and Testing Institution (BSTI) to soon start a drive against factories manufacturing illegal and substandard steel rods.

"The drive will be run for the sake of public interest," he said while addressing a meeting with representatives of Bangladesh Steel Manufacturers Association at the ministry.

He further said legal action would be taken against paint manufacturers who illegally use the BSTI logo.

The steel manufacturers placed some demands which Humayun assured of giving due consideration in the interest of quality steel production.

He also directed the ministry officials to take effective measures in "rationally" fixing the certification fee of mild steel rods.

The association leaders said their products were of world class and they would be able to go for exports on meeting domestic demand if necessary government support was provided.

Stocks end 2019 on a positive note

STAR BUSINESS REPORT

Dhaka stocks have been ending in the green for the past three consecutive days as some investors started to purchase lucrative stocks on their prices plummeting in the last couple of months.

The DSEX, the premier bourse's benchmark index, rose 18.98 points, or 0.42 percent, to close at 4,452.93.

Market insiders said most of the blue-chip stocks plunged to three to four-year lows recently with the market slide.

So some investors bought stocks of those companies at low prices which ultimately had a positive impact on the index, they added.

A broker said stock prices of some high-performing companies became very low for which smart investors were going for those.

He said some blue chip companies' price-earnings ratio was now under 10 and the rule of thumb was that lower the ratio, that is below 15, lower the risk.

So investments in these stocks are a safe bet, despite the risk of further fall, as they provide high dividends every year, the stock broker added.

A merchant banker said the stock market's fall created the scope for investors to make a fresh start with these stocks.

However, most of the investors do not have enough money while others are fearful of a further fall.

Meanwhile, Dhaka Stock Exchange (DSE) informed stock investors that trading would be closed today for it being a bank holiday.

Turnover, another important indicator of the DSE, surged 6.1 percent to Tk 318.99 crore yesterday. Of the traded issues, 154 advanced, 142 declined and 59 closed unchanged on the premier bourse.

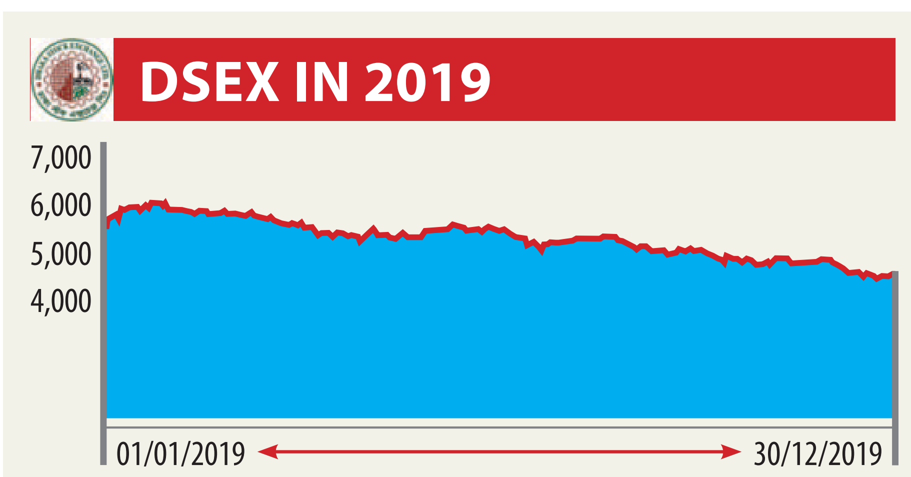
Khulna Power Company dominated the chart with a turnover of Tk 13.56 crore followed by Brac Bank, National Life Insurance, Beacon Pharmaceuticals and Square Pharmaceuticals.

Pragati Insurance was the day's best performer with a 9.85 percent gain whereas Al-Haj Textile was the worst loser shedding 9.88 percent.

Among the major sectors, textiles increased 0.75 percent in market capitalisation followed by banks (0.70 percent) and non-bank financial institutions (0.36 percent).

The benchmark index of the Chittagong Stock Exchange -- the CSCX -- also rose. It went up 11.19 points, or 0.13 percent, to finish the day at 8,187.91.

Losers beat gainers as 107 issues declined, 84 advanced and 39 finished unchanged on the port city bourse, which traded shares and mutual fund units worth Tk 18.77 crore.



US LNG exports soar, but supply glut awaits

REUTERS

US exporters of liquefied natural gas (LNG) head into 2020 after a record year that saw exports soar by more than 60 percent, but growing concerns about weakened demand and heavy competition could act as headwinds in the coming year.

Four new liquefaction trains - the common term for a shipping facility - entered service this year in the United States. The US is on track to become the biggest global LNG exporter by 2024.

LNG is seen as an alternative for Asian countries that have relied on coal-fired power plants. LNG exports have surged in recent years out of Qatar, Australia, and the United States, the three biggest exporters of the super-cooled fuel.

The fickle nature of the market was apparent early this year, when a warm winter in Asia cut heating demand and prompted Asian importers to divert cargoes to Europe.

"It's likely that LNG prices will stay somewhat depressed in 2020, unless we get a cold winter across the pond and in the Far East," said James Mick, managing director and energy portfolio manager at energy investment manager Tortoise.

Tesla delivers first China-made Model 3 sedans in just under a year

REUTERS

A staff member explains the China-made Tesla Model 3 vehicle at the Shanghai Gigafactory of the US electric car maker in Shanghai, China on December 30.

REUTERS, *Shanghai*

TESLA has started delivering Model 3 electric cars built at its Shanghai factory in just under a year since it began work on the $2 billion plant, a record for global automakers in China, and said it would ramp up deliveries from next month.

The US electric vehicle maker marked the start with an event on Monday where 15 Tesla employees received cars they had purchased, one of whom took the opportunity to propose marriage to his girlfriend after getting his new set of wheels.

The China-made Model 3 sedans are priced at 355,800 yuan ($50,000) before subsidies. Imported Model 3 vehicles start at 439,000 yuan for the longer-range version, while the standard range plus model costs under $40,000 in the United States.

The Shanghai plant, up and running in just 357 days, is part of Tesla's plans to bolster its presence in the world's biggest car market and minimize the impact of the US-China trade war.

The automaker, which previously imported all the cars it sold in China, had said it wanted to start deliveries from the Shanghai plant before the Lunar New Year beginning on Jan. 25.

"From now onwards China-made Model 3 vehicles will start running on China's large streets and small lanes," Tesla Vice President Tao Lin said at the delivery ceremony which was attended by employees and Shanghai government officials.

China General Manager for the Silicon Valley carmaker Wang Hao said Tesla plans to ramp up Model 3 deliveries in January.

The Chinese government has been supportive of the factory, the first wholly foreign-owned car plant and a reflection of Beijing's broader shift to open up its auto market.

Tesla has taken a different approach to the Chinese market, the world's biggest for electric vehicles with 1.3 million new-energy vehicles sold last year, as is evident from its marketing blitz in the country that is quite unlike anywhere else.

The company and its flamboyant billionaire CEO Elon Musk openly disdain marketing, but in China Tesla has offered racing events and showroom parties.

It is also building service centers and charging stations across China to assure customers of standardized after-sales service, Tesla's senior executives said, confirming a Reuters report on the plans published last month.

The car maker will double the number of service centers and fast charging stations in China next year, and plans to more than double its after-sales workforce to 1,500 from about 600 currently, the executives added.

Singtel, Grab join forces for Singapore digital bank licence

REUTERS, *Singapore*

SINGAPORE Telecommunications Ltd (Singtel) is teaming up with Southeast Asian ride hailing firm Grab to bid for an online banking license in Singapore, the first such partnership that could spur a shake-up of the city state's financial sector.

The companies said in a joint statement that they will form a partnership, with Grab owning 60 percent and Singtel holding the remainder to apply for a digital banking license to serve retail and small and medium enterprises.

The move comes as Singapore's biggest liberalization of its banking sector in two decades seeks to enable digital banks that can operate at lower costs and therefore offer different services than traditional lenders such as DBS Group Holdings Ltd.

But stiff criteria for digital licenses, including requiring S$1.5 billion ($1.1 billion) in paid-up capital for retail banks and local control, is making it necessary for potential bidders to team up.

Singtel, the region's largest telecommunications firm, and Grab are among the best-known consumer names in Southeast Asia and both have been expanding outside their traditional businesses.

Singtel has been pushing into areas such as mobile payments and online gaming, while Grab has grown beyond its ride-hailing roots into food delivery and financial services.

"The natural next step is to build a truly customer-centric digital bank that will deliver a variety of banking and financial services that are accessible, transparent and affordable," Reuben Lai, senior managing director at Grab Financial Group, said in a statement.

Sources have told Reuters they expect bidders to team up to combine banking know-how and consumer facing technology expertise and invest jointly.

Singapore's central bank is set to issue up to two "digital full bank" licenses and three wholesale bank licenses. Digital full banks can accept deposits from and offer services to both retail and non-retail customers but must be led by a Singapore-based company.

Wholesale banks will mostly serve small and mid-sized enterprises.

Saudi Arabia may cut light crude prices to Asia in February

REUTERS, *Singapore*

SAUDI Arabia, the world's biggest oil exporter, may cut the prices of its light crude grades sold to Asia in February on signs of slowing demand ahead of the region's peak refinery maintenance season, six trade sources said on Monday.

The official selling price (OSP) of flagship Arab Light crude in February could fall by 20-30 cents a barrel, four of six respondents in a Reuters survey said. State oil company Saudi Aramco raised the Arab Light OSP to the highest in six years in January, the fourth month of increases.

Aramco may cut the OSP as the price structure for Middle East crude benchmark Dubai indicated falling crude demand in February as cargoes loading that month are likely to arrive when Asian refineries begin shutting for maintenance in March, the sources said.

The average backwardation between the first and third month cash Dubai price so far this month narrowed by 15 cents from the previous month, Reuters data showed. In a backwardated market prompt prices are higher than those in future months.

The OSPs are also likely to drop as the gross product worth, which measures the value of a crude in terms of the fuels it yields after refining, for Saudi oil grades are lower than last month because of falling refining margins, one of the respondents said.

"Refining margins are under pressure," he said.

Arab Extra Light may see a bigger price cut in February after naphtha cracks weakened this month, the sources said.

REUTERS/FILE

General view of Saudi Aramco's Ras Tanura oil refinery and oil terminal in Saudi Arabia.

However, firm demand for January-loading cargoes and rebounding fuel oil margins will support the OSPs for heavier Saudi oil, they said.

Most of the survey respondents expect the February OSP for Arab Medium to remain unchanged or drop slightly while the view was split between an expected price hike and price cut for Arab Heavy.

Supplies of these grades could remain tight as demand from new Chinese refineries will continue to rise in 2020 even as Saudi Arabia and Kuwait are working on resuming output from their joint production in the Neutral Zone between them.Saudi crude OSPs are usually released around the fifth of each month, and set the trend for Iranian, Kuwaiti and Iraqi prices, affecting more than 12 million barrels per day (bpd) of crude bound for Asia.

Saudi Aramco sets its crude prices based on recommendations from customers and after calculating the change in the value of its oil over the past month, based on yields and product prices.