



Arshad Huq, managing director of Transcom Electronics; Yeamin Sharif, director for operations, and Quamrul Islam Chowdhury, managing director of Mercantile Bank, attend a deal signing ceremony in Dhaka recently to provide air conditioning solutions to the bank's head office. Transcom HVAC, a concern of Transcom Electronics and a sister concern of Transcom Digital, has been providing HVAC solution to commercial complex, hotel and resorts, hospitals, garments, textiles, pharmaceuticals and residential projects since 2009 along with after-sales service.

India's Dec factory activity hits seven-month high

REUTERS, Bengaluru

India's factory activity expanded at its fastest pace in seven months in December as a jump in new orders prompted companies to ramp up production, a private business survey showed on Thursday.

Business optimism fell to an almost three-year low, however, as companies worried about challenging market conditions.

The Nikkei Manufacturing Purchasing Managers' Index, compiled by IHS Markit, rose to 52.7 in the final month of 2019 from November's 51.2.

The reading was the highest since May. It also remained above the 50-mark that separates growth from contraction for a 29th month, the longest since July 2013.

The uptick in Indian manufacturing sector growth signaled by the latest PMI results will be welcomed by policymakers, particularly given the concerning results observed in October," noted Pollyanna De Lima, principal



A worker pours molten iron from a ladle to make automobile spare parts inside an iron casting factory in Ahmedabad, India.

economist at IHS Markit.

"Factories benefited from a rebound in demand, and responded by scaling up production to the

greatest extent since May."

A sub-index that tracks overall demand in the sector hit a five-month high in December, which

along with a strong growth in output led firms to hire at the quickest pace since early 2019.

Solid growth in demand was despite output prices rising at the fastest rate in nearly three years and input cost inflation hitting a 13-month high, which suggest a further quickening in overall inflation.

Rising price pressures forced the Reserve Bank of India to hold interest rates steady in December after five cuts earlier in 2019 and could leave it with less room to ease policy in coming months to support the sputtering economy.

The PMI survey also showed optimism about output over the coming 12 months declined to its lowest since February 2017.

"The degree of optimism signalled at the end of 2019 was the weakest in just under three years, reflecting concerns over market conditions, which could restrict job creation and investment in the early part of 2020," added De Lima.

Dollar snaps six-day losing streak, yuan shrugs off PBOC cash injection

REUTERS

The dollar snapped a six-day losing streak to add 0.2 percent on Thursday, the first trading day of 2020, pushing the euro off five-month highs while the offshore yuan shrugged off reserve ratio cuts that could add \$115 billion worth of liquidity.

Trading may remain thin until Tuesday, when most European countries open after Monday's Epiphany holiday but market players will be relieved the dollar navigated the thin-liquidity holiday period without experiencing the money market squeezes many had feared.

But wariness remains that there could be a repeat of last January's "flash crash" when massive stop-loss selling swept through holiday-thinned markets. Japanese retail investors are seen to have gone into the Tokyo holiday heavily short yen and long high-yielding currencies, including the Turkish lira.

Such yen moves tend to fuel wild swings in the dollar as well but traders may be better prepared than last year.

"There had been some talk of a possible dollar squeeze but US rates have been calm as the Fed has been on top of the game and providing enough liquidity. So now dollar-yen is mostly moving in line with the general risk sentiment," said Lauri Halilka, fixed income and FX strategist at SEB in Stockholm.

US President Donald Trump said on Tuesday that Phase 1 of trade deal with China would be signed on Jan. 15 at the White House, but uncertainty surrounds details of the agreement.

Having ended December almost 2 percent lower against a basket of currencies, the dollar inched up to 96.55 while against the euro it was flat around \$1.12095, just off its early-August peak of \$1.1249. It ended 2019 almost flat.

The yuan closed at 6.9631 to the dollar, its strongest close since Aug. 2, and its offshore version also firmed after an initial downward move after China's Wednesday move to cut the amount of cash that banks must hold, releasing \$115 billion worth of funds to support the economy.

But the move had been widely expected ahead of January's Lunar New Year holidays

and after Premier Li Keqiang's pledge last month to unleash more stimulus.

In terms of data, final purchasing managers indexes painted a slightly brighter than expected picture across much of Asia and Europe, with final French, German and euro zone readings a touch better than advance PMIs. However, they confirmed euro zone activity contracting for the 11th straight month.

The euro strengthened 1.8 percent to the dollar last month but the PMIs failed to lift it further even though bond yields extended their rise and inflation expectations rose to the highest since July.



A woman counts US dollars withdrawn from a branch of a bank in Beirut, Lebanon on December 28.

REUTERS

But Societe Generale analysts wrote: "Higher bond yields are likely to keep the euro's micro-rally going, wildfires will keep a lid on Aussie dollar, and PMIs and oil are supporting Norwegian, Swedish and Canadian currencies."

The Swedish crown firmed 0.3 percent against the euro after PMIs rose in December after three months of declines though they still languished in contraction territory.

Norway's PMI index rose to 55.5 points from November's revised 53.8 points, allowing the Norwegian crown to scale new 3-1/2-month highs to the euro.

The Australian dollar slipped 0.2 percent while the Canadian dollar was close to 2-1/2-month highs. The British pound slipped 0.2 percent however after December's 2.5 percent gain.



Nasir A Choudhury, adviser of Green Delta Insurance Company, and Farzana Chowdhury, CEO, cut a cake to celebrate the company's 34th founding anniversary at its head office in Dhaka on Wednesday.



Akkas Uddin Mollah, chairman of Shahjalal Islami Bank, opens the lender's agent banking operation at its head office in Dhaka yesterday. M Shahidul Islam, CEO, was present.

SHAHJALAL ISLAMI BANK

Xiaomi to invest \$7b in 5G, AI and IoT over next five years

REUTERS, Beijing

Chinese smartphone maker Xiaomi Corp will invest more than 50 billion yuan (\$7.18 billion) in artificial intelligence and fifth generation internet technologies over the next five years, as competition in the sector grows.

Xiaomi Chief Executive Lei Jun made the announcement in a letter posted on the company's social media account on Thursday, but did not

provide specific investment details.

"We need to turn our continuous advantage we have in AIoT and intelligent life into absolute victory in intelligent full scene, and completely cement our king status in the smart era," Lei said, using the acronym for artificial intelligence of things, a reference to a combination of AI and internet technologies. The announced investment increases Xiaomi's pledge made last year to invest 10 billion yuan over five years in an "All

in AIoT" strategy.

The Beijing-based company started as an affordable cellphone maker but its internet-enabled products now include smart TVs and rice-cookers.

However, Xiaomi also faces intense competition in its home market from rival Huawei Technologies, which captured a record 42 percent of China's smartphone market in the third quarter at the expense of other local manufacturers and Apple.

Singapore economy grew just 0.7pc in 2019

AFP, Singapore

Singapore's economy, a closely watched barometer for the rest of Asia's export-driven countries, grew just 0.7 percent last year as the US-China trade war hammered global markets.

The city-state has traditionally been the first among Asia's economies to be affected during a downturn, and the country narrowly escaped tipping into recession in the third quarter.

The trade ministry said in a statement Thursday that based on advance estimates, the economy expanded by 0.8 percent year-on-year in the fourth quarter to December.

This puts the overall growth for 2019 at just 0.7 percent, down from 3.2 percent expansion in 2018.

"This marks the worst growth performance for Singapore since the global financial crisis," DBS Bank economist Irvin Seah said in a note, referring to the downturn that began in late 2008 and lasted well into 2009.

He added, however, that "despite the lacklustre growth performance, the economy is slowly getting out of the woods" as there are "emerging signs of bottoming in the external environment".

"Barring any unforeseen negative shocks, growth momentum is



A man takes a photo near the financial business district in Singapore yesterday.

expected to pick up gradually in the coming quarters," he said.

Last year's growth was weighed down by manufacturing, a key economic pillar, which contracted 1.5 percent last year due to output declines in main exports such as electronics.

President Donald Trump's announcement Tuesday that the US and China will sign a partial new trade agreement in the middle of next month has stoked optimism about improved global trade this year.

Singapore is due to unveil its national budget for this year in February, with observers closely watching for signs of general elections widely expected to be held within months.

Prime Minister Lee Hsien Loong said in a New Year's Day message that the budget will contain support for businesses and workers, as well as measures to help households cope with living costs.



Mohammad Shazzadul Karim, deputy managing director of Guardian Life Insurance, and Kamrul Hasan Ronnie, director for marketing and sales at Bio-Xin Cosmeceuticals, exchange documents after signing a deal in Dhaka recently. Customers will get 20 percent discount on all products of the skin care solutions provider while using the app of EasyLife, a product of the insurer.

GUARDIAN LIFE INSURANCE