

## Gold takes a breather in int'l market

REUTERS

Gold took a breather from a record run on Thursday, as investors booked profits a day after bullion breached the \$4,000 level for the first time ever on economic and geopolitical uncertainties and hopes of further US interest rate cuts this year.

Spot gold lost 0.2 percent to \$4,029.86 per ounce, as of 0642 GMT, after hitting a record high of \$4,059.05 on Wednesday.

US gold futures for December delivery fell 0.6 percent to \$4,047.80.

On Wednesday, Israel and Hamas agreed to the first phase of US President Donald Trump's plan for Gaza, a ceasefire and hostage deal that could open the way to ending Israel's bloody two-year-old war, which the UN says constituted a genocide.

"You can't look past the significance of the Phase-one deal between Israel and Hamas (given) one of the reasons why gold's been moving higher is geopolitical risks, but it's probably just a handy excuse to take profits after hitting another record," said Capital.com analyst Kyle Rodda.

Meanwhile, Federal Reserve officials agreed that risks to the US job market were high enough to warrant a rate cut, but remained wary amid stubborn inflation, per minutes of the September 16-17 meeting released on Wednesday.

Markets are pricing in a 25-basis-point cut each in October and December, with probabilities of 93 percent and 78 percent, respectively, per the CME FedWatch tool.

"We still see things as being rather constructive because all the fundamentals (for gold) remain pointed upwards," he added.

Non-yielding gold thrives in a low-interest-rate environment and during times of economic and geopolitical uncertainties.

Global markets struggled this week amid political turmoil in Japan and France, coupled with an ongoing US government shutdown, sparking a flight to safety in gold.

Gold has climbed 54 percent year-to-date on strong central bank buying, increased demand for gold-backed Exchange-Traded Fund (ETFs), a weaker dollar and safe-haven demand.

## Five reasons why gold keeps getting costlier



The Bangladesh Jewellers' Association raised gold prices to Tk 209,100 per bhoiri from yesterday — the highest on record.

PHOTO: ANISUR RAHMAN

### STAR BUSINESS REPORT

Gold prices in Bangladesh have surged to historic highs, echoing a global rally that has pushed bullion above \$4,000 an ounce (28.3495 grammes). The Bangladesh Jewellers' Association raised local rates to Tk 209,100 per bhoiri (11.664 grammes) from yesterday — the highest on record.

Here are five key drivers behind the surge:

#### GLOBAL BULLION RALLY

The global price hike of the precious metal is being fueled by expectations of US interest rate cuts, economic and geopolitical uncertainty, and strong central bank buying. Spot gold remained steady at \$4,037.95 (Tk 491,000) yesterday, underscoring the strength of the rally, Reuters reported.

#### SAFE HAVEN APPEAL AMID GLOBAL UNCERTAINTY

Gold is considered a safe haven for investment during times of economic downturn and inflation. It is expected that gold will retain or increase its value during periods of uncertainty.

From the Russia-Ukraine war to the Israel-Gaza conflict, investors worldwide are flocking to gold as a safe investment.

Gold saw a sharp increase in April this year when US President Donald Trump launched a trade war against much of the world, and it rallied again in August as the US president attacked the independence of the Federal Reserve, the US central bank, according to a report by AI

Jazeera.

#### CENTRAL BANKS BUYING GOLD

Central banks have collectively bought more than 1,000 tonnes of gold each year since 2022, up from an average of 481 tonnes a year between 2010 and 2021. Poland, Turkey, India, Azerbaijan, and China were among the leading buyers last year, according to a report by the BBC.

#### TAKA DEPRECIATION INFLATES LOCAL COSTS FURTHER

Although Bangladesh does not import large quantities of gold, domestic prices remain closely tied to global market trends. Alongside rising international prices, the depreciation of the taka has led to a sharp rise in the cost of the precious metal. Since FY21, the taka has lost 43 percent of its value against the US dollar, raising import costs.

Gold is mostly imported by international travellers under the baggage rules of the National Board of Revenue.

#### DEMAND OUTSTRIPS SUPPLY

Bangladesh's annual demand is estimated at 20-40 tonnes, of which 80 percent is met through informal channels. In the fiscal year 2023-24, about 45.6 tonnes entered the country, still falling short of consumer appetite, particularly during wedding seasons and festivals.

There are allegations that much of the imports are smuggled out to India. The imbalance keeps the domestic market tight.

## Signals of change: telecom policy 2025

MAHTAB UDDIN AHMED

When I asked different stakeholders across the telecom spectrum about the new policy, almost everyone leaned forward and asked, "So, what's in it for me?" The moment I mentioned a few positives, they interrupted, "Yes, but what about what we didn't get?" It reminded me of a story about a man who served a cup of tea. First, he complained it was too hot, then too cold, and finally that it was too little. When offered more, he frowned and said, "Now it's too much!" The poor host was left wondering if he wanted tea or therapy. We behave much the same way; even when the policy finally pours us an almost full cup, we keep stirring it until we find something missing.

Bangladesh's Telecommunication Network and Licensing Policy 2025 represent the most ambitious reform since the 2010 international long distance telecommunication services (ILDTS) framework. After years of regulatory clutter and institutional inertia, it finally attempts to reset the foundation for a more efficient, investor-friendly, and future-ready telecom ecosystem. It simplifies, streamlines, and most importantly recognises that in a digital economy, regulation should enable innovation rather than restrain it. Yet, as with all major reforms, its success will depend on how well the details are executed, and it's not all perfect!

The new framework replaces the outdated maze of overlapping licences such as those for International Gateway (IGW), International Internet Gateway (IIG), Interconnection Exchange (ICX) and National Internet Exchange (NIX) with a streamlined four-tier structure comprising Access Network Service Provider (ANSP), National Infrastructure and Connectivity Service Provider (NICSP), International Connectivity Service Provider (ICSP), and Non-Terrestrial Networks and Service Provider (NTNSP). A separate Telecom-Enabled Service Enlistment (TESP) category covers OTT and value-added services under light-touch regulation. This overhaul eliminates more than 3,000 existing licences, facilitating convergence among voice, data, and digital services. For the first time, policy and technology appear to be running in sync, rather than on parallel tracks.

Technology neutrality, which allows the rollout of 5G, 6G, IoT, and AI-based services without additional approvals, reflects a confident and forward-looking approach. The mandatory provision for both active and passive infrastructure sharing replaces years of duplication and inefficiency. The policy also sets clear ownership with mixed reactions. However, this is partly offset by lower spectrum pricing, which can attract investment in network expansion, provided that operators maintain high service quality and coverage standards.

Equally encouraging is the focus on sustainability and cyber resilience. Operators are now required to utilise renewable energy, manage electronic waste responsibly, and adhere to international data protection standards. Lawful interception, a long-debated area, now includes judicial oversight to strike a balance between national security and privacy rights. The three-stage migration roadmap ensures an orderly transition for existing licensees by 2027, preventing market disruption. Importantly, the transition period provides delisted licensees, such as ICX and NIX operators, with the opportunity to negotiate service partnerships with access operators who will continue to require these services. This creates room for collaboration rather than exclusion, as operators expanding their networks will still depend on the infrastructure and expertise of these entities.

Despite these advances, a few gaps remain. Several key implementation details, including those related to mobile virtual network operators (MVNOs), significant market power (SMP) regulation, pricing and peering frameworks, are deferred to future Bangladesh Telecommunication Regulatory Commission (BTRC) guidelines, leaving room for uncertainty. The regulator's independence, although frequently mentioned, remains more symbolic than real, as BTRC's autonomy still depends on ministerial approval. Small ISPs and local entrepreneurs, who have been the backbone of rural connectivity, may find compliance and migration costs too burdensome, despite the introduction of district-level licensing. These practical challenges could dilute the inclusivity that the policy aspires to achieve if not addressed with transitional support.

The next phase must focus on converting intent into action. The BTRC should promptly issue clear operational guidelines on migration, infrastructure sharing, and SMP regulation to eliminate ambiguity. A new Telecommunication Act 2026 should be introduced, replacing outdated laws and ensuring the complete statutory independence of the BTRC, along with updated provisions for data protection, cybersecurity, and spectrum trading. The point of debate remains whether it should be done by the current interim government or left to the upcoming elected government!

The new telecommunication policy is a timely and courageous step forward. It corrects years of fragmentation and creates the foundation for a more integrated, innovation-driven sector. Its success, however, will depend not on how well it reads but on how sincerely it is implemented through clarity, transparency, and consistent follow-through. Bangladesh now has the blueprint for transformation. What it needs next is disciplined execution and the collective will to make its digital future truly inclusive and sustainable.

The writer is the president of the Institute of Cost and Management Accountants of Bangladesh and founder of BuildCon Consultancies Ltd

The writer is the president of the Institute of Cost and Management Accountants of Bangladesh and founder of BuildCon Consultancies Ltd

The writer is the president of the Institute of Cost and Management Accountants of Bangladesh and founder of BuildCon Consultancies Ltd

## World economy not doing as badly as feared: IMF chief

AFP, Washington

The global economy is doing better than expected, even as it faces prolonged uncertainty and underwhelming medium-term growth prospects, the head of the IMF said Wednesday.

The world economy is doing "better than feared, but worse than we need," International Monetary Fund Managing Director Kristalina Georgieva told reporters in Washington.

She added that the Fund now expects global growth to slow "only slightly this year and next," propped up by better than expected conditions in the United States, and among some other advanced, emerging market and developing countries.

Georgieva's remarks came ahead of next week's gathering of finance ministers and central bank governors at the World Bank and the IMF in Washington.

Trade is once again likely to dominate the agenda at the annual meetings, following US President Donald Trump's decision earlier this year to unleash sweeping tariffs against many trading partners.

"All signs point to a world economy that has generally withstood acute strains from multiple



Kristalina Georgieva

shocks," Georgieva said, pointing to "improved policy fundamentals," the adaptability of the private sector, lower-than-expected tariffs, and supportive financial conditions. "The world has avoided a tit-for-tat slide into trade war — so far," she added.

She noted that the average US tariff rate has fallen from 23 percent in April to 17.5 percent today, while

the US effective tariff rate of around 10 percent remains "far above" the rest of the world.

But, she warned, the full effect of those tariffs "is still to unfold," adding that the resilience of the world economy has yet to be "fully tested."

Against this backdrop, the Fund still expects global growth to remain at roughly three percent over the medium term, in line with previous forecasts — below the 3.7 percent, on average, seen before the Covid-19 pandemic. "Global growth patterns have been changing over the years, notably with China decelerating steadily while India develops into a key growth engine," Georgieva said.

To boost lackluster growth prospects elsewhere, she called on countries to act swiftly to "durably" lift output, rebuild fiscal buffers, and address "excessive" trade imbalances. The Fund's prescriptions for policymakers differed by region, with Asia urged to deepen its internal trade, and to strengthen the service sector and access to finance.

Carried out correctly, this could raise economic output by as much as 1.8 percent in the long run, Georgieva said.

READ MORE ON B2

## China's slim AI budgets are self-reinforcing

REUTERS, Hong Kong

Artificial intelligence will transform industries and economies. Yet while fears are growing in the United States that spending on advanced chips and data centres is inflating an investment bubble, China may end up with the opposite problem: not spending enough to make breakthroughs at the frontier.

Technology giants in the People's Republic are rapidly loosening their purse strings. Alibaba shares surged to their highest level in nearly four years last month when boss Eddie Wu said

Alibaba now looks set to be one of China's most aggressive AI investors: Wu wants to establish the \$430 billion company he leads as a "full-stack AI service provider" and one of the only "five or six" supercomputing platforms in the world. He's aiming for "artificial general intelligence", or a level of AI that matches or surpasses human cognitive abilities. That lofty goal is common among US tech giants but in China it is a rare ambition, shared by cross-town upstart Deepseek.

Analysts at Morningstar reckon Alibaba's capital expenditure will average roughly 15 percent of revenue over the next three years, implying

a total of around \$71 billion. That is less than the absolute and relative amounts Alphabet, Amazon.com and Microsoft will each spend this year alone, per Visible Alpha. The trio will splash out an average of \$94 billion, or 21 percent of sales.

Other major Chinese firms including TikTok owner ByteDance and Meituan are upping their investments too. The \$800 billion social media and gaming group Tencent flagged capital expenditure to be in a "low teens" percentage of revenue this year — up from less than 5 percent it devoted just two years earlier.

Overall, AI capital expenditure in the People's Republic may hit 700 billion yuan, or \$98 billion in 2025, Bank of America analysts estimated in August. But that's just one-fifth of annual spending consultancy Bain & Company expects to see in the United States each year over the rest of the decade.

There are several good reasons why the Chinese are spending less.

In the People's Republic, enterprises have been slow to adopt IT solutions. In cloud, for example, where most AI models exist, the world's second-largest economy accounts for just a tenth of global sales, Jefferies research notes. For the

current fiscal year, Microsoft's Azure and Amazon's AWS units are forecast to each bring in over \$100 billion of sales, easily outstripping the \$21 billion at Alibaba's Cloud Intelligence Group, Visible Alpha estimates show.

By 2030, the US duo will generate more cloud computing sales combined than the estimated

\$440 billion for the entire Chinese market, according to Visible Alpha and Bank of America figures. It helps that Microsoft and Amazon have a strong presence in Europe and the Middle East but Alibaba has global ambitions too. It plans to open its first data centres in Brazil, France and the Netherlands, with additional



People watch a robot performing tasks at an exhibition during the World Artificial Intelligence (AI) Conference in Shanghai, China. AI capital expenditure in the People's Republic may hit 700 billion yuan, or \$98 billion, in 2025.

PHOTO: AFP/FILE

facilities planned for Mexico, Japan, South Korea, Malaysia and Dubai over the coming year.

In China, unlike in the United States, there also is a race to the bottom on prices that will cap returns on AI investments even as productive use cases emerge. It's not just in cloud computing, where market leader Alibaba is battling it out with a dozen or so rivals ranging from telecoms-to-chips champion Huawei to state-owned mobile carriers. Low-cost and free chatbots and agents are available to companies and individual users, proliferating in what one Tencent executive called "a war of a hundred models".

Take Alibaba's popular open-source Qwen model. In May, the company slashed the Qwen-Long model price for developers by 97 percent to 0.0005 yuan per a thousand tokens. A month later, ByteDance cut its Doubao model prices by 63 percent to as low as 2.6 yuan, roughly \$0.35, per one million tokens, Reuters reported. And more recently, DeepSeek said it was halving prices on its software tools. To compare, OpenAI's GPT-5 charges an average, or "blended", \$5.63 per one million tokens, assuming a ratio of one input token to one output token. US export controls on chips also

mean Chinese companies are relying more on less-powerful domestic alternatives for computing power. That means businesses have to buy more semiconductors to achieve the same outcomes as Western peers, or invest in finding creative workarounds and shortcuts. Some, like Alibaba and Huawei, are pouring resources into developing their own processors.

These hardware constraints, plus the price wars and slow AI adoption, all amount to profit killers. Alibaba's cloud operating profit margin, using the company's preferred metric of earnings before interest, tax and amortisation, is expected to reach 9.2 percent in 2027, an increase of less than one percentage point from this year. That's less than half the operating profit margin at Alphabet's cloud solutions unit, and less than a quarter of Amazon AWS', according to Visible Alpha.

Little wonder shareholders are less enthusiastic about the earnings potential of China's AI companies than their US peers. Even after more than doubling this year, Alibaba's stock fetches less than 20 times forward earnings, per ISEG, well below the average 27 times for the Big Four US hyperscalers.

READ MORE ON B2