US Fed official says bank should be ready to cut rates

AFP, *Washington*

A key US Federal Reserve official said Friday that central bank policymakers should be ready to lower interest rates further, citing "fragility" in the jobs market.

"Absent a clear and sustained improvement in labor market conditions, we should remain ready to adjust policy to bring it closer to neutral," said Michelle Bowman, the Fed's vice chair for supervision.

In prepared remarks to a forum in Massachusetts, Bowman said inflation was initially a concern for her last year.

But her views changed as she began observing "clearer signs of slowing economic growth and increasing fragility in the labor market."

She added that she grew more confident that the inflationary effects from President Donald Trump's sweeping tariffs would also "largely be one-off."

Looking ahead, Bowman believes that inflation is on a "sustained trajectory" towards the Fed's longer-term two percent target.

"My view is that we should continue to focus on risks to our employment mandate and preemptively stabilize and support labor market conditions," she said.

Financial inclusion in rural areas improves: BB

STAR BUSINESS REPORT

NUMBER OF ACCOUNTS BY AREAS

(In lakh) data: As on Dec 2024

	RURAL	URBAN	TOTAL
Bank	768	1032	1800
Finance Company	1.20	4.84	6.05
Mobile Financial Service Providers	1236	1052	2288
Microfinance Institutions			426
Beneficiary Owners' accounts			12

source: BB

A recently published Bangladesh Bank (BB) report shows a significant rise in financial inclusion of the rural population, especially women, in several sectors, including agent banking, deposit, CMSME, and cooperatives.

The strong rural footprint of banking infrastructure reflects a strategic push to reach beyond urban centers, BB said in its Financial Inclusion Report Bangladesh 2024.

The report offers a comprehensive update on the country's financial inclusion landscape as of December 2024. It states that the extensive network of financial players, emphasis on rural connectivity, and integration of mobile financial services (MFS) showcase a deep commitment to inclusivity.

Data from the report reveals that internet banking and point-of-sale services recorded strong growth during the year, reflecting Bangladesh's strategic push towards a cash-light, digital-first economy.

Agent banking continued its rapid expansion, with total outlets rising to 21,248, of which 85.6 percent were located in rural areas. The segment now serves more than 2.4 crore accounts, holding deposits of Tk 41,900 crore.

Notably, female ownership in agent banking reached 50 percent, indicating progress in gender inclusion.

Financial access among underserved groups also improved through no-frill accounts, which stood at 3.10 crore by the end of 2024. Nearly 70 percent of these accounts were based in rural regions, highlighting ongoing efforts to bring low-income populations into the formal financial system.

Credit flow to small businesses remained robust, with CMSME (cottage, micro, small and medium enterprises) loan disbursement amounting to Tk 62,600 crore. A growing share of this lending went to cottage and micro enterprises, supporting grassroots economic activity.

The microfinance sector remains crucial for inclusive growth, with over 42 million accounts, daily loans and savings, primarily benefiting rural and low-income populations.

Microfinance has remained pertinent in enabling small-scale entrepreneurs, farmers, and women-led enterprises to access funds that support livelihood activities and contribute to local economies, the BB report adds.

Cooperatives remain vital for accelerating financial inclusion across rural and urban communities and have been serving over 1.25 crore members (32 lakh women).

Despite its progress, the cooperative sector still faces some challenges, including the presence of inactive cooperatives, limited manpower, and the need for stronger transparency in management, the report mentions.

Gender and youth inclusion showed steady gains. Female-owned deposit accounts increased from 5.07 crore to 5.5 crore, an 8.48 percent rise.

School banking programmes covered 43.8 lakh accounts, with rural areas accounting for 53.28 percent of the total, while female participation reached 49.02 percent.

As per the report, key achievements include substantial growth in digital financial services, with MFS transactions of Tk 164,000 crore in 2024, a 32.02 percent increase from the previous year and total MFS accounts rising by 8.3 percent to 238.6 million, complemented by 18.3 crore MFS agents.

The report noted progress under the National Financial Inclusion Strategy, with 69 percent of targets fully achieved and 28 percent partially met by December 2024, while stressing the need for stronger digital literacy, infrastructure and interoperability to sustain momentum.

The cost of the FDI roller coaster and the price we pay

MAMUN RASHID

The Bangladesh Investment Development Authority chairman recently said that foreign direct investment has increased significantly, and he hinted that the return of Tarique Rahman could strengthen investor confidence. Comments like these make for good soundbites. Investors, however, do not allocate capital on soundbites. They allocate capital when they see a stable operating environment, predictable rules, and an administration that keeps its promises.

The latest figures from UNCTAD and the Bangladesh Bank point to a slowdown. Net FDI (Foreign Direct Investment) inflows in 2024 were about $1.27 billion, around 13.2 percent lower than $1.464 billion in 2023. The cumulative stock of FDI stood at roughly $18.30 billion by the end of 2024. The debate should not get stuck on whether one year looks better than another. The real question is why Bangladesh is still failing to convert its potential into sustained, high-quality investment.

More important is the composition of FDI than volume. This is where headlines mislead, and policy needs sharper priorities. When inflows rely on reinvested earnings or intra-company loans, it can signal that existing firms are sustaining operations, not expanding capacity. The leap comes from greenfield projects that build new plants, bring technology, and create export pipelines. Those projects arrive when approvals are fast, rules are steady, and contracts are enforceable. And basic services are reliable.

In practice, serious investors ask a simple question: can we plan here? Planning requires clarity on taxes, customs, licensing, land, utilities, profit repatriation, and dispute resolution. Costs and competition are normal business risks. Uncertainty created by discretion, delays, and shifting interpretations is a governance risk, and it raises the cost of capital immediately.

This is why speeches alone cannot fix FDI. What builds confidence is an ecosystem where policies remain consistent, processes are clear, and commitments are honoured without ambiguity. Predictability is the currency of investment promotion. Without it, promotional campaigns become noise.

Bangladesh's best marketing channel is the foreign companies operating here, as their experiences shape the country's reputation. Struggles with routine approvals, inconsistent enforcement, or slow service spread quickly through networks, while fast problem-solving and consistent treatment spread even faster. Aftercare -- protecting investors, removing pain points, and supporting expansion -- is key to turning them into credible ambassadors.

The decline in net inflows shows that structural weaknesses and policy ambiguity persist. Investors cite slow approvals, uneven implementation, and service delays, noting that outcomes often depend on the officer of the day. They also watch how local investors are treated, since domestic confidence underpins foreign confidence.

High-performing peers excel through four advantages: stronger institutional credibility built on rule-based decisions and reduced discretion; relentless business facilitation with permits, utilities, and customs clearances following published timelines and digital tracking; strategic integration via ports, logistics, trade links, and supply chains to reduce friction; and a clear sector focus, giving priority industries consistent incentives, predictable regulation, and rapid bottleneck removal.

Bangladesh can compete, but it must choose consistency over slogans. The reform agenda is well known: a one-stop service must genuinely stop the runaround; digitised processes should reduce face-to-face bargaining and informal gatekeeping; incentives must be transparent, time-bound, and consistently applied; regulatory changes should be communicated early and implemented without retroactive surprises; and contract enforcement and dispute resolution must speed up so investors can price risk and move forward.

Finally, a cultural shift within the state is needed. Investors should be treated as long-term partners, not occasional guests. Problems should default to resolution, not committees, and commitments must survive transfers, reshuffles, and news cycles.

Fresh hope exists that a new government, formed through an acceptable election, can reset expectations. But hope matters only if it becomes policy, process, and proof. If Bangladesh delivers stronger institutions and reliable regulation, FDI will follow, and the focus will shift from defending statistics to demonstrating competitiveness.

Mamun Rashid is an economic analyst and chairman at Financial Excellence Ltd.

Netflix, Warner Bros bonds among $100m bought by Trump

REUTERS, *Washington*

US President Donald Trump purchased about $100 million in municipal and corporate bonds from mid-November to late December, his latest disclosures showed, including up to $2 million in Netflix and Warner Bros Discovery bonds just weeks after the companies announced their merger.

Financial disclosures posted Thursday and Friday showed the majority of Trump's purchases were municipal bonds from cities, local school districts, utilities and hospitals. But he also bought bonds from companies including Boeing Occidental Petroleum and General Motors.

The investments were the latest reported assets added to Trump's expanding portfolio while he is in office. It includes holdings in sectors that benefit from his policies, raising questions about conflicts of interest.

Copper's surge offers false hope for miners

REUTERS, *London*

Mining bosses like BHP's Mike Henry should, in theory, be digging right now. Copper prices have surged 50 percent over the past year, topping $13,000 per metric ton on the London Metal Exchange on Thursday -- well above the $11,000 mark that typically justifies constructing new mines. The catch? Soaring prices rarely stick.

Much of copper's recent record rally reflects temporary factors. Traders are stockpiling ahead of potential US tariffs due in June, while top producers such as Rio Tinto and Freeport-McMoRan have cut their production forecasts because of idiosyncratic problems at key sites. The resulting squeeze has proved enough to drive short-term prices higher, but it may not last. Richer margins encourage more collection and processing of recycled copper, boosting supply over time. Tariff fears also cut both ways: if US President Donald Trump backs off, prices could tumble fast.

Questionable demand is another reason to think prices may fall. China still consumes roughly half of global copper, but the mix of uses is changing. Clean energy and electric vehicles are gaining share: Wood Mackenzie and Bernstein analysis see them making up

12 percent and 9 percent of global demand, respectively, by 2030, while traditional sources of demand like construction lose steam. The problem is that the newer Chinese sectors remain exposed to policy shifts, implying a slowdown if Beijing shifts its priorities or successfully ends the clean-car sector's chronic overcapacity. Globally, a much-heralded data centre boom may only help a little: the sector will account for just 1 percent of copper demand by 2030, according to Wood Mackenzie.

That uncertainty helps explain why miners like Anglo American and Teck Resources, or Glencore and Rio Tinto, are chasing M&A instead of breaking ground on new copper sites. The world needs a new supply, but the economics are tight. To make developing a mine economically sustainable, copper prices would have to stay at $11,000, according to consultant Wood Mackenzie. Price forecasts by Morgan Stanley suggest that between now and 2030 it will average around $10,700.

This would leave no room for miners to make a profit on new sites. And the real breakeven number may be higher after factoring in other challenges like securing water and labour, as well as possible permitting delays that can stretch over a decade, according to Morgan Stanley strategist Amy Gower.

Meanwhile, Wood Mackenzie estimates that meeting forecast 2035 demand will require over $210 billion in investment. Yet total capital investment in copper mining from 2019 to 2025 amounted to only around $76 billion. About half of that came from Chinese miners, followed by Russians.

There's a geographic shift happening, too. The next wave of supply is moving beyond Latin America and Central Africa into regions like Central Asia, where countries such as Kazakhstan are closer to Beijing. For global miners, record prices are welcome. But in copper, that's not always enough to justify putting a shovel in the ground.

India looks to finalise 'mother of all deals' with EU

AFP, *New Delhi*

A trade deal between India and the European Union will be the "mother of all deals", Delhi's Commerce Minister said on Friday, as both sides seek to overcome the final sticking points.

The deal comes after relations between New Delhi and Washington have soured following US President Donald Trump's punishing tariffs aimed at stopping India's purchases of Russian oil -- which it says finances Moscow's invasion of Ukraine.

The EU and India's trade chiefs said last week they were getting closer to reaching a deal after days of talks in Brussels. "This (India-EU trade pact) will be the mother of all deals," Commerce Minister Piyush Goyal said, according to the Press Trust of India news agency.

The 27-member bloc is pushing for a trade deal that will strengthen intellectual property rules and lower entry barriers for exports, including cars, spirits and wines.

New Delhi has pushed to improve skilled labour mobility and wants easier market access for products such as textiles and pharmaceuticals.

The leaders of the EU and India are expected to hold a summit at the end of January and the two sides have been pushing to wrap up negotiations for that event.

A senior Indian commerce ministry official, Rajesh Agarwal, told reporters on Thursday that the negotiating teams were "very close" to a deal and had "closed 20 out of 24 chapters". India, the world's most populous nation with 1.4 billion people, is on track to become the world's fourth largest economy this year, according to International Monetary Fund projections.

China, Canada reach 'landmark' deal on tariffs, visas

AFP, *Beijing*

Canada's Prime Minister Mark Carney and Chinese President Xi Jinping agreed on a raft of measures from trade to tourism on Friday at the first meeting between the countries' leaders in Beijing in eight years.

The Canadian leader hailed a "landmark deal" under a "new strategic partnership" with China, turning the page on years of diplomatic spats, tit-for-tat arrests and tariff disputes.

Carney has sought to reduce his country's reliance on the United States, its key economic partner and traditional ally, as President Donald Trump has aggressively raised tariffs on Canadian products.

"Canada and China have reached a preliminary but landmark trade agreement to remove trade barriers and reduce tariffs," Carney told a news conference after meeting with Xi.

Under the deal, China -- which used to be Canada's largest market for canola seed -- is expected to reduce tariffs on canola products by March 1 to around 15 percent, down from the current 84 percent.

China will also allow Canadian visitors to enter the country visa-free.

In turn, Canada will import 49,000 Chinese electric vehicles (EVs) under new, preferential tariffs of 6.1 percent.

"This is a return to the levels that existed prior to recent trade frictions," Carney said of the EV deal.

Trump, who has cut off trade talks with Ottawa and insists the United States does not need any products from its northern neighbour, told reporters it was "good" that Carney had secured an agreement during his trip. "If he can get a trade deal with China, he should do that," the president said.

The head of the Canola Council of Canada, Chris Davison, called the deal an "important milestone".

But the Global Automakers of Canada, an industry group, voiced concern.

A container ship sails at the port in Qingdao, in China's eastern Shandong province. China is expected to reduce tariffs on Canadian canola products by March 1 to around 15 percent, down from the current 84 percent. PHOTO: AFP/FILE

The deal may be an "expression of goodwill" to ease pressure on the canola industry, but allowing thousands of Chinese EVs into Canada at a low tariff rate "risks creating significant market distortions" and could hurt companies that employ Canadians, the group said.

Welcoming Carney in the Great Hall of the People, Xi said China-Canada relations reached a turning point at their last meeting on the sidelines of the APEC summit in October.

"It can be said that our meeting last year opened a new chapter in turning China-Canada relations toward improvement," Xi told the Canadian leader.

"The healthy and stable development of China-Canada relations serves the common interests of our two countries," he said, adding he was "glad" to see discussions over the last few months to restore cooperation.

Ties between the two nations withered in 2018 over Canada's arrest of the daughter of Huawei's founder on a US warrant, and China's retaliatory detention of two Canadians on espionage charges.

The two countries imposed tariffs on each other's exports in the years that ensued, with China also accused of interfering in Canada's elections.