China's trade with BRI countries surges to USD 1.34 trillion in 2019

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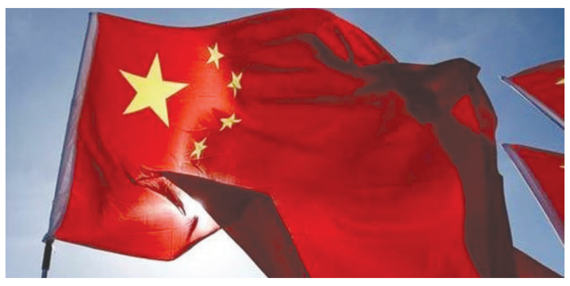
BEIJING : China's trade with countries participating in its multi-billion dollar Belt and Road Initiative (BRI) has posted "robust growth", totalling USD 1.34 trillion in 2019, as Beijing seeks to expand its export base away from the lucrative US and EU markets.

Trade with BRI partner countries totalled 9.27 trillion yuan (about USD 1.34 trillion) in 2019, outpacing the country's aggregate trade growth by 7.4 percentage points, Zou Zhiwu, vice minister of General Administration of Customs (GAC) told media here on Tuesday.

Touted as Chinese President Xi Jinping's pet project, the One Belt One Road initiative focuses on improving connectivity and cooperation among Asian countries, Africa, China and Europe.The BRI is aimed at furthering China's influence abroad with infrastructure projects funded by Chinese investments all over the world. The initiative also led to allegations of smaller countries reeling under mounting Chinese debt after Sri Lanka gave its strategic Hambantota port in a debt swap to China in 2017 on a 99-year lease.With over USD 60 billion promised investments under the China-Pakistan Economic Corridor (CPEC), Pakistan is poised to get the lion's share of the funding.

CPEC connecting China's Xinjiang with Pakistan's Gwadar port is regarded as the flagship project of the BRI. India has protested to China over CPEC as it is being laid through Pakistan-occupied Kashmir (PoK). According to Chinese Foreign Ministry, China has inked 198 cooperation documents with 167 countries and international organisations under the BRI. China sees its trade expansion with the BRI countries as a way out to sustain its exports amid declining trend in the US and EU, its top export destination till now.



Zou said China's foreign trade rose 3.4 per cent in 2019 to 31.54 trillion yuan (about USD 4.6 trillion). However, in dollar terms China's export growth decelerated sharply to 0.5 per cent in 2019 from a rise of 9.9 per cent in 2018 amid the trade war with the US.

Imports, meanwhile, fell by 2.8 per cent in 2019 in US dollar terms. In yuan terms, China's exports expanded by 5 per cent in 2019, while imports expanded 1.6 per cent.

The minister added that that the sharp rebound in imports in the last month of 2019 was pushed up by China's renewed purchases of US pork and soybeans after China issued tariff waivers to purchase such US products in early December.

RBI May Put Rate Cuts On Extended Pause After Spike In Inflation

Agencies

MUMBAI: A spike in India's retail inflation in December has raised the chances the Reserve Bank of India (RBI) will put rate cuts on hold for some time despite economic growth languishing at more than six-year lows.

Some economists believe RBI's monetary policy committee (MPC) may even change its stance from 'accommodative' to 'neutral' at its February meeting.

RBI has cut rates by a total of 135 basis points in five moves in 2019 and shocked markets by holding rates steady at its December meeting.

"With CPI inflation likely to persist above the RBI's upper band of the target range of 2-6 per cent, we cannot completely rule out the possibility of a shift in the policy stance to neutral," said Upasna Bhardwaj, economist with Kotak Mahindra Bank.

India's annual retail inflation rose to 7.35 per cent in December - its highest in more than five years, data showed on Monday, and well above the 6.2 per cent predicted in a Reuters poll.

At its December meeting, RBI revised the CPI inflation projection for the second half of 2019-20 to 5.1-4.7 per cent from 3.5-3.7per cent forecast at its October meeting.

The December reading is 225 bps above the upper end of the MPC's range and sharply above RBI's medium term target of 4 per cent, which has now been breached three times in a row.

Not all economists, however, agreed a change in stance was warranted just yet."We think monetary accommodation still has further steam of another 50 bps in this rate cut cycle, albeit the timing of a February cut appears ruled out," Madhavi Arora, lead economist with Edelweiss Securities said.

Economists said the MPC may watch for a possible reversal in food prices to see how inflation pans out in coming months.

"Even though we expect the headline CPI inflation to correct sharply in January 2020 and further in February 2020, it is expected to remain sticky above 4.3% in the next few quarters," Aditi Nayar, principal economist at ICRA, said in a note. She also highlighted the possibility of a change in stance to neutral.

Investors are now waiting to see if RBI will offer support via special open market operations to curtail a sharp uptick in bond yields ahead of the federal budget on Feb 1.

"I think in this situation the correct approach would be to focus on transmission and 'Operation Twist' where the yield curve can be managed through liquidity and buyback options rather than through rate cuts," said Mahendra Jajoo, head of fixed income at Mirae Asset Global Investments in India.

BSE to introduce future contracts on brent crude oil from January 27

Agencies

NEW DELHI: The BSE on Tuesday said it will introduce future contracts on brent crude oil from January 27. In a circular, the BSE said, "Exchange shall introduce futures contracts on brent crude oil in commodity derivatives segment with effect from January 27, 2020."

In another circular, the BSE said it may also launch a liquidity enhancement scheme on this contract, subject to Sebi approval. In an earlier circular during the day, the BSE had said the scheme will start from February 1, subject to approval, but the circular was later revised. In the latest circular, the BSE said, "Exchange may introduce liquidity enhancement scheme (LES) in brent crude oil futures in commodity derivatives subject to regulatory approval."

Under the liquidity enhancement schemes (LES), brokers and other market intermediaries are given incentives for a specified period of time to bring in liquidity and generate investor interest in securities that have limited trading activity. The introduction of the scheme would be subject to the approval of market regulator Sebi, it added.

Earlier in March 2018, markets regulator Sebi had said "sensitive" commodities that are prone to frequent price fluctuation as well as government interventions will not be eligible for LES. Sebi had asked exchanges to put in place a mechanism to ensure that the LES did not create artificial volumes, did not take away liquidity form the market, is non-manipulative in nature and will not lead to mis-selling of the product in the market.

A commodity derivative product is considered to be 'liquid' on the basis of average daily turnover. In the case of agriculture and agri-processed commodities, the threshold is Rs 200 crore while it is Rs 1,000 crore for non-agricultural commodities.

Sensex, Nifty off record highs; banking stocks drag

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MUMBAI : Market benchmarks Sensex and Nifty on Wednesday closed in the red, pausing their four-session winning run on emergence of selling mainly in banking stocks.

After trading on a volatile note through the day, the 30-share BSE Sensex settled 79.90 points or 0.19 per cent lower at 41,872.73.

Similarly, the broader Nifty closed 19 points, or 0.15 per cent, down at 12,343.30.

Both indices -- Sensex and Nifty -- had closed at their life-time high levels for the second day in a row on Tuesday.

IndusInd Bank was the top loser in the Sensex pack, dropping 5.44 per cent. Infosys, SBI, PowerGrid, Tech Mahindra, Bharti Airtel and HDFC Bank too fell up to 1.21 per cent.

On the other hand, Hero MotoCorp, Titan, Maruti, Asian Paints, M&M, TCS, Bajaj Auto and Ultratech Cement rose up to 2.58 per cent.Analysts are of the view that indices retreated from record highs after US officials said the trade truce with China, set to be signed on Wednesday, does not include a deal to roll back tariffs imposed on most Chinese goods.

Vinod Nair, Head of Research, Geojit Financial Services Ltd, said, "After the solid pre-budget rally, market is getting a bit sceptical post higher than expected NPA numbers in the recent Q3 banks results and very high consumer inflation which may stay for another month or two. Market would watch the Q3 results & actual budget, for further direction."

Amazon founder Jeff Bezos commits USD 1 bn investment to digitise small businesses in India

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NEW DELHI : Amazon.com Inc chief Jeff Bezos on Wednesday announced USD 1 billion (over Rs 7,000 crore) investment in India to help bring small and medium businesses online and committed to exporting USD 10 billion worth of India-made goods by 2025.

Before this, the online retail giant had committed USD 5.5 billion investments in India - Amazon's most important market outside of the US and a key growth driver.

We are committed to being a long-term partner of India. And actions speak louder than words, he said.

"Over the next five years, Amazon will invest an incremental USD 1 billion to digitise micro and small businesses... across India, helping them reach more customers than ever before. This initiative will use Amazon's global footprint to create USD 10 billion in India exports by 2025," he said.

He added that part of this goal is to ensure that more people can participate in the prosperity of India. "We are making this announcement now because it is working... When something works you should double down on it. And that is why we are doing it."

Amazon hopes that this investment will "bring millions of more people into the future prosperity of India and at the same time expose the world to the 'Make in India' products that represent India's rich, diverse culture."

The company had previously said it expected e-commerce exports from India to reach USD 5 billion by 2023 under its global selling programme.

Bezos, who began a three-day visit to India on Tuesday by visiting Mahatma Gandhi memorial at Rajghat here, was speaking at the SMBhav summit - an Amazon India gathering for small and medium businesses.

"The 21st century is going to be the Indian century," the Amazon founder said, adding: "This country has something special: its dynamism. I also predict that the most important alliance in the 21st century will be between India and the United States."

J&K Bank is improving statistics of its balance sheet: Chibber

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JAMMU : Jammu and Kashmir Bank is a strong institution and is improving the statistics of its balance sheet, Chairman R K Chibber has said.

Hoping for good results in the next quarter, he said the bank is a successful enterprise and is doing the business very professionally.

The bank is improving the statistics of its balance sheet and in the next quarter it will have good results to show to its stakeholders, Chibber said in a statement here. He said the swiftness in growth of the bank has been regained and the customers would soon recognise it, adding that the fruits of progress would be shared by all, including the customers of the bank.

Chibber assured the stakeholders that the bank would guard their trust and would come up to their expectations. The bank is showing positive results in every affair, be it lending, credit-deposit ratio, CASA (current account savings account) or NPA recovery. The future balance sheets of the bank will write off the past stress and reflect the growth it has registered by inculcating the reforms in the bank, the chairman said.

He also said the bank is now covered under the RTI Act, besides conforming to the CVC guidelines. He said the affairs of the bank would be more transparent in future.

SHORT STORIES

Gold rises Rs 256 on strong global trend

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NEW DELHI: Gold prices rallied Rs 256 to Rs 40,441 per 10 gram in the national capital on Wednesday, led by strong buying in global markets, according to HDFC Securities.

On Tuesday, the yellow metal had closed at Rs 40,185 per 10 gram.

"Spot gold for 24 Karat in Delhi rose by Rs 256 on strong buying in global gold prices amid US-China trade deal concerns," HDFC Securities Senior Analyst (Commodities) Tapan Patel said.

In a statement on Tuesday, US officials said that the trade deal with China set to be signed on Wednesday does not include a deal to roll back tariffs imposed on most Chinese goods.

Silver also witnessed increase in buying with prices rising by Rs 228 to Rs 47,272 per kg from Rs 47,044 per kg.

Meanwhile, the Indian rupee opened on a cautious note in early trade on Wednesday and fell 14 paise to 71.01 against the US dollar as concerns over the US-China trade deal weighed on investor sentiments.

In the international market, both gold and silver were trading with gains at USD 1,552 per ounce and USD 17.83 per ounce, respectively.

US says China trade deal has no agreement to reduce tariffs

Agencies

WASHINGTON: The trade truce with China set to be signed on Wednesday does not include a deal to roll back tariffs imposed on most Chinese goods, US officials said in a statement Tuesday.

The joint statement from the Treasury and the US Trade Representative's office said "there is no agreement for future reduction in tariffs. Any rumours to the contrary are categorically false."

The statement came after a Bloomberg report said tariffs on billions of dollars in Chinese goods will stay in place until after the US presidential election in November, after which they might be removed. (AFP)

Bank unions call two-day strike from January 31

KOLKATA : Bank unions on Wednesday called for a two-day nationwide strike on January 31 and February 1 after talks over wage revision failed to make headway with the Indian Banks' Association (IBA).

The United Forum of Bank Unions (UFBU), which represents nine trade unions, said they will also hold a three-day strike from March 11-13.

Rupee pares losses; settles 5 paise higher at 70.82 against US dollar

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MUMBAI: The rupee pared its early losses to settle 5 paise higher at 70.82 against the US dollar on Wednesday, ahead of the signing of phase 1 trade agreement between the US and China.

Forex traders said market participants traded cautiously ahead of the signing of the first phase of the much-anticipated US-China trade deal.

At the interbank foreign exchange, the rupee opened on a weak note at 71.01 against the US dollar. The local unit, however, pared the early losses and after witnessing a high of 70.80. Finally, it closed at 70.82 against the US dollar, higher by 5 paise over its previous closing.

The rupee on Tuesday had closed at 70.87 against the US dollar.

"The Indian rupee traded flat after opening weak against US dollar ahead of the signing of phase 1 trade agreement between US and China," said V K Sharma, Head PCG and Capital Markets Strategy, HDFC Securities.