Asian central banks hold nerve after China devalues yuan

REUTERS, *Singapore*

Some of Asia's most interventionist central banks are for now holding their nerve on currency policy after a major devaluation in the currency of one of their top trading partners, China.

China's central bank said Tuesday's surprise 1.9 percent devaluation of the yuan was a one-off move, while it also switched to a more market-determined benchmark for the currency's daily trading band.

Even as market participants pushed the yuan down further to test a 2-percent daily limit, policymakers from South Korea, India, Indonesia and Japan said they saw no reason for tit-for-tat trade-war policies.

"We are not overly worried about the won (currency), but we are closely watching the market to see if there's any excessive volatility happening," a South Korean foreign exchange official told Reuters.

"This came as emerging-market currencies have already been depreciating against the dollar," he said, while pointing to the yuan's relative stability in the past few months even as emerging market currencies ceded ground to a rising US dollar.

China is Korea's largest trading partner, accounting for a fifth of total trade last year. While the won has weakened relative to the yuan this year, Korean policymakers have been actively trying to encourage outflows from their country and talking down the won.

Some of the angst in Korea is over the how uncompetitive the won is against export competitor Japan, where the yen has been pushed down 50 percent against the dollar since 2012 as part of the government's growth strategy.

Japanese policymakers shrugged off the yuan's 2 percent devaluation.

"I don't think the move would trigger a global currency war," a Japanese policymaker said.

Senior Deputy Governor Mirza Adityaswara at Indonesia's central bank pointed to how undervalued the rupiah currency already was, precluding the need for further depreciation.

Analysts estimate the yuan has risen by more than 18 percent in trade-weighted and inflation-adjusted terms against the currencies of its trading partners since the middle of last year, suggesting there is some margin before depreciation would raise concerns over trade competitiveness in the region.

The yuan is barely down 2 percent against the dollar this year, compared with a 13 percent decline in Malaysia's ringgit, near 8 percent drop in the won and a more than 4 percent fall in the yen.

The Indian rupee is the only regional currency with smaller losses this year, thanks to big foreign investment flows attracted to India's strong economy.

"It is like jogging - everyone has to keep pace so that at the end on a relative basis you don't lose," a senior Indian policymaker told Reuters.

"We have to carefully balance the rupee so that the country doesn't lose ground on the external side and neither do we import lot of inflation."

Market analysts said there was little cause for immediate concern by the Chinese move.

"China is playing catch-up rather than being the leader of this currency weakness," said Mitul Kotecha, head of currency and rates strategy at Barclays in Singapore.

"There hasn't been a significant correlation or sensitivity of Asian currencies to China's currency so far. But now that will change."

AFP

Renminbi banknotes are placed on a bank staff's table in China.

Pacific trade deal puts profit over people

REUTERS, *Bogor, Indonesia*

Labour activists worry that a US-led free-trade deal under negotiation will prioritise corporate profits over workers' rights and pressure governments to bow to the will of investors.

Trade ministers from the 12 nations negotiating the Trans-Pacific Partnership (TPP) - which would stretch from Japan to Chile and cover 40 percent of the world's economy - failed to finalise a deal at talks last month on the Hawaiian island of Maui, but were confident an agreement was within reach. Talks are expected to resume in the autumn.

Campaigners for workers' rights complain that they have been denied a voice in the trade talks, and have raised concerns about part of the deal that would allow corporations to sue governments for the potential loss of future profits.

"The investor-state dispute settlement provisions in this massive trade deal ... if it's passed, binds them to a convoluted logic that allows multinational corporations to sue ... if a government passes a law or regulation that protects its people to the possible detriment of sales," said Shawna Bader-Blau, executive director of the Solidarity Centre.

"Corporate rights are treated as portable, binding and protected by enforceable laws in global trade agreements, but not so human rights," Bader-Blau said at the opening of a migrant labour conference on Monday hosted by Solidarity Centre in Bogor, Jakarta.

Speaking before more than 200 labour and migration experts from 45 countries, Bader-Blau said that while investor rights are protected, human rights are "relegated to unenforceable side agreements, aspirational multilateral protocols, spotty national laws and no accountability".

"Sitting here in Asia, you cannot help but think of slavery on ships, mass graves, the US government's disastrous upgrade of Malaysia in its trafficking in persons report - enormous desperation fuelling enormous

NCC BANK

SM Abu Mohsin, chairman of NCC Bank, and Golam Hafiz Ahmed, managing director, pose with the participants of a training course on leadership development at NCC Bank Training Institute in Dhaka on Saturday.

COMMERZBANK

Participants pose during a two-day seminar on development of technical expertise on international trade finance organised by Commerzbank AG at Lakeshore hotel in Dhaka recently.

Greece, lenders clinch bailout deal after marathon talks

REUTERS, *Athens*

Greece and its international lenders clinched a multi-billion-euro bailout agreement on Tuesday after marathon talks through the night, officials said, raising hopes aid can be disbursed in time for a major debt repayment due next week.

After a 23-hour session that began Monday morning, exhausted Greek officials emerged in a central Athens hotel to announce the two sides had agreed on terms of the three-year agreement barring a couple of minor issues being ironed out.

"Finally, we have white smoke," a finance ministry official said. "An agreement has been reached."

Finance Minister Euclid Tsakalotos confirmed only "two or three small issues" were pending. Greek shares rose, with the banking index surging 6 percent, while two-year bond yields fell more than 4 percentage points.

An agreement would close a painful chapter of aid talks for Greece, which fought against austerity terms demanded by creditors for much of the year before relenting under the threat of being bounced out of the euro zone.

After a deal in principle last month on keeping Greece in the euro zone, the latest round of talks began in Athens three weeks ago to craft the agreement with details on reforms measures, the timeline for implementation and amount of aid.

The pact is expected to be worth up to 86 billion euros ($94.75 billion) in fresh loans for debt-ridden Greece, but there was no immediate confirmation of its size.

Greek officials have said they expect the accord to be ratified by parliament on Wednesday or Thursday and then vetted by euro zone finance ministers on Friday. This would pave the way for aid disbursements by Aug. 20, when a 3.2 billion euro debt payment is due to the European Central Bank.

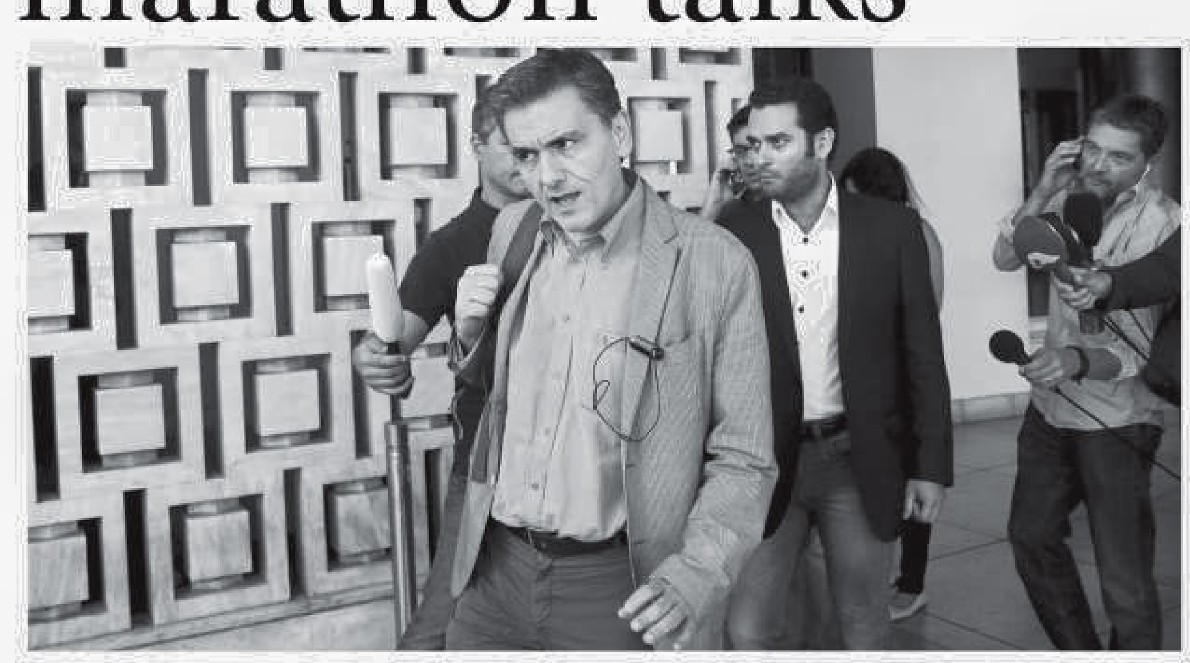
Facing a revolt from the far-left faction of his leftist Syriza party, Prime Minister Alexis Tsipras is expected to once again rely on opposition support to push the package through parliament. Once the deal is ratified, Tsipras is expected to tighten his grip over the party by facing down rebels at a party congress next month before considering early elections.

Even then, doubts remain about whether a leftist government elected on a pledge to reverse austerity can implement the punishing terms of an agreement that critics say compromises the basic principles it stands for.

Popular misgivings about funnelling yet more money to Athens also run particularly deep in Germany, the euro zone country that has contributed most to Greece's two bailouts since 2010.

Berlin has cautioned that the focus in talks must be on "quality before speed", raising questions about whether it will seek to slow down the process by insisting on strict conditions attached to any aid.

"We're talking about a programme for three years, it needs to be negotiated thoroughly," Deputy Finance Minister Jens Spahn told Germany's ARD television shortly before the deal was announced. "It must be convincing that it's not just about Aug. 20."



REUTERS

Greek Finance Minister Euclid Tsakalotos, *centre*, speaks to the media while Economy Minister George Stathakis, *left*, looks on as they leave a hotel following an overnight meeting with the representatives of international lenders, in Athens yesterday.

Costs of ad blocking rise to nearly $22b

AFP, *Washington*

The use of software that blocks online ads is expected to cost websites some $21.8 billion globally in 2015, a study showed Monday.

The study, by software group Adobe and Ireland-based consultancy PageFair, found that the number of Internet users employing ad-blocking software has jumped 41 percent in the past 12 months to 198 million.

The report said that while consumers have warmed to the idea of blocking online ads, they may not realize that the practice could hurt websites which rely on ad revenue.

Those losses are expected to grow to more than $41 billion in 2016, the study said.

"It is tragic that ad block users are inadvertently inflicting multi-billion dollar losses on the very websites they most enjoy," said PageFair chief executive Sean Blanchfield.

"With ad blocking going mobile, there's an eminent threat that the business model that has supported the open Web for two decades is going to collapse."

Consumers are able to install extensions on some Web browsers such as Google Chrome which block most ads. A similar tool is expected to become available on Apple devices with the release of the new iOS operating system later this year.

The report said that because of this growth, "ad blocking now poses an existential threat for the future of free content on the Internet."

Opec raises oil demand forecast

AFP, *Vienna*

Opec on Tuesday revised upward its growth forecast for global oil demand in 2015 and maintained projected record levels of world consumption next year, despite turbulent market conditions spurred by financial instability in Greece and China.

In its August report, the Organisation of the Petroleum Exporting Countries said it was expecting world oil demand to grow by 1.38 million barrels per day -- some 90,000 more than announced in its July estimates.

The cartel also stuck to last month's prognosis that demand growth in 2016 would reach 1.34 million barrels per day thanks to global GDP expansion set to reach 3.5 percent.

"Given the better-than-expected growth in global oil demand so far this year, together with some signs of a pickup in the economies of the major consuming countries, crude oil demand in the coming months should continue to improve and, thus, gradually reduce the imbalance in oil supply-demand fundamentals," Opec noted in its report.

GREEN DELTA INSURANCE

Abdul Hafiz Choudhury, chairman of Green Delta Insurance, attends the company's 30th half-yearly business conference in Dhaka recently. Farzana Chowdhury, managing director, and Nasir A Chowdhury, adviser, were also present.

Modi makes final push to pass tax reform

REUTERS, *New Delhi*

The government of Indian Prime Minister Narendra Modi is making a last push before the end of a stormy sitting of parliament to pass a major tax reform aimed at boosting economic growth, but an opposition party has dug in its heels to stop the bill.

Aimed at creating a customs union for India's 1.2 billion people, the Goods and Service Tax (GST) is the biggest revenue shake-up since independence from Britain in 1947. Supporters say it will add up to two percentage points to economic growth.

Obstacles to the prime minister's ambitious agenda of economic reform have increased a sense among debt-laden domestic companies suffering subdued earnings that India's fledgling economic recovery could take longer.

The government put the bill on Tuesday's list of business in the upper house but proceedings were adjourned repeatedly as members of the opposition Congress party stormed into the well shouting "shut it down."

Deputy Finance Minister Jayant Sinha made a plea for order, saying parliament just needed to function for one day to pass the bill and accusing Congress of blocking economic progress.

"We must try to pass GST in any way possible," he said. "This is very irrational."

The GST bill was originally written by Congress, which ruled India for a decade before being defeated by Modi last year. The party is demanding the resignation of senior BJP leaders it accuses of graft before allowing parliament to work.