EASTLAND INSURANCE

Mahbubur Rahman, chairman of Eastland Insurance Company Ltd, attends the 29th annual general meeting of the company in Dhaka on Sunday. The company declared 10 percent cash and 10 percent stock dividends for 2015. Ghulam Rahman, executive vice chairman; Arun Kumar Saha, chief executive officer, and M Abidur Rahman, company secretary, were also present.

RBI chief looks for room to cut interest rates in India

REUTERS, *Mumbai*

The Reserve Bank of India is looking for room to reduce interest rates further, but there are concerns over upward pressures on food and commodity prices, Governor Raghuram Rajan said after leaving rates unchanged at a policy review on Tuesday.

Aside from uncertainty over the timing of any rate move, investors in India are also concerned whether Rajan, a much admired former International Monetary Fund chief economist, will be given an extension when his term expires in September.

Rajan gave nothing away, telling reporters: "You will know when there is news."

Reuters reported last week he was likely to be offered another two years, should he want it, but markets were spooked after a regional newspaper cited sources close to Rajan saying he could walk away.

The decision to hold the repo rate steady at a five-year low of 6.50 percent was widely expected, with the central bank needing to see whether monsoon rains would dampen food price rises, after inflation accelerated to a stronger-than-expected 5.39 percent in April.

Rajan's policy statement struck a more cautious tone than it had done at the last policy review in April, but it said the RBI's stance would remain "accommodative".

Speaking to a news conference after the review, the central bank chief made clear that he wanted to able to lower interest rates, having already brought them down by 150 basis points since January 2015, including a 25 bps reduction in April.

"We're looking for room to ease," Rajan said.

Apart from needing a good monsoon, Rajan's statement said inflation risks could also be offset by astute management of stocks by the government, and by companies increasing supply capacity.

The statement said the RBI saw "an upward bias" to its previous projections of consumer inflation of around 5 percent during the year started in April.

The RBI has targeted inflation of around 5 percent by March 2017 and 4 percent over the medium term.

Growth of 7.9 percent in the March quarter cemented India's ranking as the world's fastest growing large economy, yet it needs even faster growth to create jobs for millions of youngsters joining the workforce.

The RBI said it would projected economic growth of 7.6 percent for 2016/17 - using a different measure from the official gross domestic product data - and described upside and downside risks as evenly balanced.

The RBI cited several uncertainties regarding price trends, including a rebound in oil prices, the implementation of a pay hike for millions of government employees and pensioners, households' rising inflation expectations, and sticky core inflation.

"The statement is couched in many conditions. I think to see the policy as hawkish is a bit premature," said Abheek Barua, chief economist of HDFC Bank in New Delhi. "There is room for at least one rate cut until December."

All but one of 44 economists polled by Reuters last week had expected the RBI to leave the rate unchanged this time.

But most had expected a possible final cut in the current easing cycle sometime between July and September, so long as food prices were kept in check.

After the policy decisions were announced the broader NSE share index rose 0.4 percent, while the rupee strengthened to 66.85 per dollar from Monday's close at 66.96. The benchmark 10-year bond yield rose 1 bp to 7.48 percent from its previous close.

Oil hits 2016 high

REUTERS, *London*

Oil prices hit their highest in eight months on Tuesday, buoyed by the dollar nearing one-month lows and by falling Nigerian oil output after a spate of attacks on infrastructure.

Brent crude futures LCOc1 were up 67 cents on the day at $51.22 a barrel by 1135 GMT, having hit an intraday peak of $51.29 earlier in the day, their highest since October.

U.S. crude oil futures CLc1 rose 60 cents to $50.29 a barrel, having touched a fresh 2016 peak of $50.37, their highest since October last year.

"With Brent staying above $50, oil is on an upward momentum with the restart of French refineries that were shut on strikes and pipeline attacks in Nigeria," said Kaname Gokon at brokerage Okato Shoji in Tokyo.

Preliminary work got under way on Monday to restart three of Total's French oil refineries, stopped as part of nationwide strikes.

Crude futures have nearly doubled since January when they hit their lowest since late 2003 buoyed by supply outages in Canada, Venezuela, Libya and Nigeria.

Nigeria's Bonny Light crude output is down by an estimated 170,000 barrels per day (bpd) following attacks on pipeline infrastructure, according to one source.

OPEC failed to agree on a clear oil output strategy last week, but traders said Saudi Arabia's promise not to flood the market has provided support to oil.

Oil, along with the rest of the commodities complex, has also been supported by a weaker dollar.

Federal Reserve Chair Janet Yellen has indicated the U.S. central bank will raise interest rates, but has not given a sense of when.

BANK ASIA

Aminul Islam, additional managing director of Bank Asia, and Syed Mohammad Musa, director for operations at the National Identity Registration Wing of the Election Commission, pose at the signing of a deal in Dhaka on Monday. The bank can now verify its clients' information from the database of the commission.

China forex reserves fall to lowest level since 2011

AFP, *Shanghai*

China's foreign exchange reserves fell to $3.19 trillion in May, the central bank said Tuesday, marking the lowest level since 2011 because of weakness in the yuan, which makes the currency less attractive to hold and also causes capital to flow out of the country.

The country's hard currency reserves -- still the world's largest -- fell by nearly $28 billion in May from the previous month, ending two months of gains, data from the People's Bank of China (PBoC) showed.

Bloomberg News said the drop was the largest in over four years.

Analysts attributed the fall to weakness in the yuan -- also known as the renminbi (RMB) -- on expectations of higher US interest rates.

"The value of China's foreign exchange reserves resumed its decline last month, as expected, following a fresh bout of renminbi weakness against the dollar and a small pick-up in net capital outflows," Capital Economics said in a research note.

Anticipating that the US may raise interest rates in June or July and cause the yuan to plunge against the dollar, China's central bank has already begun to allow the domestic currency to move lower.

It set the yuan at a more than five-year low against the US dollar on May 30, dragging the yuan down 1.86 percent against the greenback based on the daily fix.

China rattled global investors with a surprise devaluation last August, when it guided the normally stable yuan down nearly five percent over a week.

The move was largely perceived by analysts as an attempt to boost exports even as Beijing says it is seeking to transform its investment- and export-led economy to one more driven by consumer demand.

ROBI

Supun Weerasinghe, managing director of Robi, and Aziz Al Mahmood, managing director of Danish Foods, sign a deal at a programme. Danish Foods subscribed to the corporate solutions of the mobile operator.

EASTERN BANK

M Nazeem A Choudhury, head of consumer banking at Eastern Bank, and Mujibor Rahman, director of Amio Water Treatment Ltd, pose at the signing of a deal in Dhaka. The bank's credit cardholders will enjoy 3 to 12 interest-free monthly instalment facilities during purchase of water purifiers from Amio.

UK unions reluctantly nail colours to EU mast

AFP, *London*

Britain's major trade unions have finally come out in support of the European Union, judging that fears of a post-Brexit economic fallout outweigh concerns about the bloc's faults in promoting workers' rights.

Unions have kept a low profile amid the strident back-and-forth between supporters of the EU and those wanting to leave, in contrast to big business which has come out strongly in favour of remaining.

"The dream of a social Europe, upon which so many trade union hopes have been pinned, has proven to be difficult to realise," Philip Whyman, professor of economics at the University of Central Lancashire, said of the unions' reluctance to commit.

"Indeed, the measures taken in the aftermath of the Euro-crisis have taken the EU in the opposite direction," he added. The austerity imposed on southern European nations was "difficult to reconcile with the promises of a 'social Europe'," he said.

The term "social Europe" has been used to describe a European Union that helps boost wages and workers' rights instead of a more free-market model that pits workers in different countries in competition. Free movement of European workers worries some in Britain's workforce, who fear that cheap labour from eastern European countries is undercutting wages.

But with just over two weeks to go until the June 23 referendum on whether Britain should remain in or leave the European Union, the country's leading unions have broken their silence.

"To date, the debate about our membership of the EU has been dominated by business, but today I want to change the tone and set out why working people should vote to remain," Frances O'Grady, general secretary of the Trades Union Congress (TUC) federation, said last week.

The TUC claimed in a recent report that an "average" British worker would suffer a wage cut of around £38 pounds ($54, 48 euros) per week because of the negative economic consequences of Brexit.

The general secretaries of Unite, Unison and the GMB were among 10 trade union leaders on Monday to urge their members to vote to stay in the EU, warning in a letter to the Guardian newspaper that a Brexit would threaten workers' rights.

"After much debate and deliberation we believe that the social and cultural benefits of remaining in the EU far outweigh any advantages of leaving," stated the letter. Four million of Britain's six million TUC affiliated workers are represented by unions that are in favour of remaining.

Other unions representing around two million workers are still to declare and around 100,000 workers are represented by unions in favour of leaving.

The RMT transport union is firmly in the "Lexit" ("Left exit") camp backed by socialists who want out of the EU.

Former president Alex Gordon has said the EU offers few social benefits for Britons, and that Brexit would bring down the Conservative government of David Cameron.

"The Tories will split after the referendum, Cameron will not stay, so we should guarantee (Labour leader) Jeremy Corbyn gets a majority and leads the next government," he said during a recent debate.

But Dave Prentis, general secretary of public sector union Unison, disagreed that Conservative divisions would lead them to lose power and enable a Labour victory. "The EU caught the British privatisation disease, the zero-hour contract is a British thing, not an EU one," he added.

"Those deregulations would happen more quickly if we leave the EU."

Left-wing supporters of the EU also point to European directives that guarantee certain rights for British employees, such as four weeks of paid leave and maternity leave.

WTO warns on Brexit customs bill for UK exporters

AFP, *London*

British exporters risk an extra £5.6 billion ($8.2 billion, 7.2 billion euros) of annual customs duties if the country votes to leave the EU, the World Trade Organization (WTO) chief will warn on Tuesday.

Britain would have to negotiate new trade deals with the EU and with each of the 58 countries that have free-trade deals with the bloc, Director General Roberto Azevedo was to say at a conference in London, according to a copy of the speech obtained by AFP. "This would probably entail negotiations," read the speech to the World Trade Symposium.

"In the meantime, while trade would continue, it could be on worse terms.

"Most likely, it would cost more for the UK to trade with the same markets -- therefore damaging the competitiveness of UK companies.

"The implication is that UK exporters would risk having to pay up to £5.6 billion each year in duty on their exports," he was to tell the conference, according to the copy of the speech. In addition, "there could be an impact on services trade", Azevedo will tell policymakers at the meeting, co-organised by the Financial Times.

Britain would also need to renegotiate the terms of its WTO membership and would not necessarily retain privileges afforded to other European countries whose membership is under the auspices of the EU.

"The UK, as an individual country, would of course remain a WTO member, but it would not have defined terms in the WTO for its trade in goods and services," the WTO chief was to say. "It only has these commitments as an EU member. Key aspects of the EU's terms of trade could not simply be cut and pasted for the UK."

A vote to leave on June 23 would present an "unprecedented" challenge for the WTO, making it impossible to set a timeframe for a deal to be struck, warned the speech.

"Negotiations merely to adjust members' existing terms have often taken several years to complete - in certain cases up to 10 years, or more."

Britain's need to agree deals quickly would put it in a weak negotiating position, he will say.

"It could take quite some time before the UK got back to a similar position that it has today."

German industrial output rebounds

AFP, *Berlin*

German industrial production rose in April, pushed up by the EU export power's manufacturing and energy sectors, after two months of decline, federal statistics office Destatis said Tuesday.

Output was up a seasonally adjusted 0.8 percent on March, slightly above the 0.6 percent rise that had been forecast by financial services provider Factset. "The mood in manufacturing-sector companies has brightened somewhat in recent months," said the economy ministry in a separate statement.

"The industrial sector is likely to continue its moderate recovery after a period of slight weakness related to foreign trade in the second half of 2015."

Shah Syed Abdul Bari, deputy managing director of National Bank, launches VISA branded EMV chip debit card and VISA platinum credit card, at Shimanto Square in Dhaka on June 2. Abdus Sobhan Khan, deputy managing director, was also present.

NATIONAL BANK