LOTTO

Jewel Aich, globally renowned Bangladeshi magician, opens an outlet of Lotto, an Italian brand, at Uttara sector 11. Kazi Jamil Islam, managing director of Lotto Bangladesh, was also present. This is the largest outlet of Lotto in Bangladesh.

Monsoon in India to wash away diesel demand surge

REUTERS, *New Delhi*

India's monsoon is expected to dump above-average rainfall on the South Asian nation after two years of drought, cutting its use of diesel for irrigation pumps and generators over the third quarter and potentially rejuvenating exports of the oil product.

India is a net exporter of diesel - which accounts for about 40 percent of its oil demand - but a jump in imports by state refiners since April helped erode an Asian surplus of the fuel, lifting its regional profit margins to the highest for the year so far at the end of May.

The state refiners ramped up diesel imports in the second quarter after supplies from private oil processors Reliance Industries and Essar Oil became too expensive in the absence of discounts on taxes and shipping.

Now, as the rains come and domestic demand drops, diesel imports could halt and exports rebound.

"During the monsoon demand for diesel sees a blip (down) because industrial activity slows, transport movement gets affected and demand from agriculture also reduces," said Tushar Bansal, a Singapore-based senior consultant at energy consultancy FGE.

India's weather office has forecast above-average rains in the four-month season from June. The monsoon rains are crucial for India's farmers, which otherwise use diesel-powered pump-sets to draw water to irrigate their land.

Officials at Indian state refiners, which dominate the local retail fuel markets, said they also see diesel demand softening during the monsoon season.

"Major construction activities including road construction virtually stops during rains, so there is bound to be an impact on diesel demand," said YK Gawali, head of marketing at Hindustan Petroleum Corp.

More rain also boosts hydropower generation alleviating electricity shortages and reducing demand for diesel to power small diesel generators to keep lights burning.

"We have seen very high diesel demand in April-May. In June also it is rising. But I expect diesel demand (in the third quarter) to be 50 percent of the April-June quarter," Gawali said.

A sustained rise in diesel prices as oil markets recover this year is also putting further pressure on diesel demand.

Diesel-fuelled vehicles - which were supposed to one of the driving forces behind rising consumption in India - are as well faced with court bans over pollution concerns, prompting some automakers to redraw engine production strategies.

Lower diesel consumption means state refiners will take less from private and standalone refiners such as Mangalore Refinery and Petrochemicals Ltd and Chennai Petroleum Corp Ltd to meet demand.

"To that extent diesel exports will go up. Refiners normally don't take maintenance shutdown during rains so output is normally higher and that also boosts exports," Gawali said.

Alibaba's Jack Ma: Fake goods often better than originals

AFP, *Beijing*

China's unbranded goods are often better than the branded originals they imitate, founder of e-commerce giant Alibaba Jack Ma has said, posing an additional challenge to the battle against sales of counterfeits.

"The problem is that the fake products today, they make better quality, better price than the real product, than the real names," he said in a speech at Alibaba's investor's day in the southern city of Hangzhou Tuesday. "They're the exact factories, the exact raw materials, but they do not use that name," he added.

China's factories have traditionally churned out products for branded companies at low cost, but with the rise of e-commerce platforms such as Alibaba, they are increasingly finding opportunities to market their own goods online directly to consumers.

More than IP problems or fake products, it was this shift to a new business model that was "destroying" traditional brands and "revolutionizing the whole world", Ma said, noting: "The way of doing business has changed."

Alibaba has come under fire in recent years for the ease at which knock-off goods are available to consumers on its online Taobao marketplace.

Taobao is estimated to hold more than 90 percent of the domestic consumer-to-consumer market, while the company's Tmall platform is believed to have over half of China's business-to-consumer transactions.

As the leading force in China's e-commerce industry, Ma said Alibaba could handle the problem of counterfeits "better than any government, any organization, any people in the world", but that a continued market for cheap knock-offs was unavoidable.

"We cannot solve the problem 100 percent, because it's fighting against human instinct," he said.

Yet the company's efforts to date have been the subject of increasing scrutiny.

"It's inappropriate for a person of Jack Ma's status to say something like this," Cao Lei, director of the China E-Commerce Research Center in Hangzhou, told Bloomberg News.

Oil loses more ground

AFP, *London*

Oil fell for the sixth straight session Thursday on lingering worries over weaker-than-expected crude demand in top consumer the United States.

At about 1015 GMT, Brent North Sea crude for delivery in August fell 62 cents at \$48.35 a barrel.

US benchmark West Texas Intermediate (WTI) for July delivery also lost 62 cents to \$47.39 a barrel compared with Tuesday's close. "Oil prices are falling today for the sixth day straight, making this their longest losing streak since February," said Commerzbank analyst Carsten Fritsch.

The market had slid Wednesday after the US government's Department of Energy said commercial inventories fell 900,000 barrels in the week ending June 10.

That dashed market expectations for a large gain of 2.33 million, according to analysts.

After almost doubling between February and last week, WTI has plunged eight percent from an 11-month high, while Brent has lost more than six percent from an eight-month peak.

Supply-side fears have increased, with Canada's output likely to normalise as wildfires that hit its oil region subside.

Meanwhile, Nigerian rebels, who have been attacking crude installations, consider peace talks with the government.

Selling pressure has been inflamed by turmoil on stock markets as traders grow increasingly fearful that Britain will vote next week to leave the European Union, which many warn could precipitate another global rout.

Facing threat of stagnation, Russia promises reforms

AFP, *Saint Petersburg*

Russian authorities, increasingly concerned that the current recession will be followed by prolonged economic stagnation, are redoubling efforts to persuade investors that much-needed reforms will be pushed through.

The Saint Petersburg International Economic Forum which runs from Thursday to Saturday will be dominated by discussion of ways to breathe new life into the Russian economy.

The Kremlin will use the so-called "Russian Davos" to insist that the longest crisis of President Vladimir Putin's rule is winding down, but forecasts remain gloomy while the economy remains under Western sanctions.

Here are four key questions for Russia and its investors.

A fall in the price of oil, which is a major source of revenue for the government, and Western sanctions over the Ukraine crisis led to Russia's GDP contracting by 3.7 percent last year and continuing to fall in early 2016.

The dismal start to the year made analysts fear the worst after the oil price fell further along with the ruble, but the last few weeks have brought more positive news.

The economy seems to have withstood the shock of January -- when oil prices hit a 12-year low and the ruble hit a record low against the dollar -- better than expected however, notably seeing an easing of inflation.

And oil prices have since more than doubled from their lows, which should make austerity measures less painful. Russia is set for "imminent growth recovery," the central bank estimated last week.

In an opinion piece in early June, economy mister Alexei Ulyukayev wrote that Russia is experiencing "stagnation" and it is "almost impossible" to return to the spectacular growth rate of the boom times during Putin's first two terms, from 2000 to 2008.

For many years economic international organisations such as the International Monetary Fund (IMF) have warned Moscow of the risk of a slowdown due to its ageing population and the disincentives to investment such as bureaucracy and corruption.

STANDARD CHARTERED

Md Nurul Islam, regional senior vice president and head of Bangladesh, Nepal and Myanmar for MetLife, and Abrar A Anwar, CEO of Standard Chartered Bangladesh, exchange documents of a deal at a programme. MetLife will process its bulk payments through Straight2Bank, an electronic banking platform of the bank.

China's total debt is more than double GDP: govt economist

AFP, *Beijing*

China's total borrowings were more than double its gross domestic product (GDP) last year, a government economist said, warning that debt linkages between the state and industry could be "fatal" for the world's second largest economy.

The country's debt has ballooned as Beijing has made getting credit cheap and easy in an effort to stimulate slowing growth, unleashing a massive, debt-fuelled spending binge.

While the stimulus may help the country post better growth numbers in the near term, analysts say the rebound might be short-lived.

China's borrowings hit 168.48 trillion yuan (\$25.6 trillion) at the end of last year, equivalent to 249 percent of the economy's GDP, Li Yang, a senior researcher with top government think tank the China Academy of Social Sciences (CASS), told reporters Wednesday.

The number, while enormous, is still lower than some outside estimates.

Consulting firm the McKinsey Group has said that the country's total debt was likely as high as \$28 trillion by mid-2014.

AFP/FILE

China's debt has ballooned as Beijing has made getting credit cheap and easy in an effort to stimulate slowing growth.

CASS in a report last year said China's debt amounted to 150.03 trillion yuan at the end of 2014, according to previous Chinese media reports.

The most worrying risks lie in the non-financial corporate sector, where the debt-to-GDP ratio was estimated at 156 percent including liabilities of local government financing vehicles, Li said.

Many of the companies in question are state-owned firms that borrowed heavily from government-backed banks and so problems with the sector could ultimately trigger "systemic risks" in the economy, he said.

"The gravity of China's non-financial corporate (debt) is that if problems occur with it, China's financial system will have problems immediately," Li said.

He added that the problem will also affect state coffers because Chinese banks are "closely linked to the government".

"It's a fatal issue in China. Because of such a link, it is probably more urgent for China than other countries to resolve the debt problem," he said.

Speaking earlier this week, David Lipton, first deputy managing director with the International Monetary Fund, also singled out China's corporate borrowing as a major concern, warning addressing the issue is "imperative to avoid serious problems down the road".

Despite the concerns, China is having difficulty kicking its credit addiction. On Wednesday, the People's Bank of China announced that new loans extended by banks jumped to 985.5 billion yuan last month, up from 555.6 billion yuan in April.

The country's economy grew 6.9 percent last year, the slowest rate in a quarter of a century, and weakening economic figures have signalled the slowdown has continued this year.

Thailand needs 'more time' to fend off EU fishing ban

AFP, *Bangkok*

Thailand's fisheries director said Thursday his department needs more time to clean up the kingdom's scandal-mired seafood sector and avoid a looming European threat to ban its fish products.

The kingdom is the world's third largest seafood exporter, a status that rights groups say is achieved through illegal overfishing and a reliance on low-paid trafficked workers from neighbouring countries.

But the sector has fallen under intense pressure to overhaul the lucrative and largely unregulated industry.

Last year the European Union threatened to ban all Thai seafood products unless the military government tackled rampant illegal fishing among its fleets.

EU officials affirmed last week that the boycott is still on the table and called on Thailand to present "robust measures" of improvement in Bangkok talks next month.

But the director of the kingdom's fishing department, Adisorn Promthep, told AFP Thursday more time is needed to restructure a sector that has long operated as a free-for-all.

"Right now what I need is more time," he said, stressing that key legislation has been passed but efficient law enforcement remains a challenge.

"Not everything is functioning at 100 percent yet," he said.

A ban on seafood exports could cost Thailand up to \$1 billion a year at a time when the current junta is struggling to revive the economy.

Thanks to a new vessel monitoring system, fisheries staff are now able to track the movements of some 7,000 vessels from their Bangkok control room equipped with wall-to-wall screens.

"When they cross into neighbouring countries' (territory) we get an alert," said Pholphisin Suvanachai, the director of the department's technology centre. His staff then notify any stray ships -- around three or four per day -- by phone or text message.

But more stringent regulations that would set quotas for the catch of specific species remain a long way off, said Adisorn. "We need more scientific data. We don't know what we're going to do next," he told AFP.

He said previous efforts to address the industry's ills were stymied by frequent changes in Thailand's government, which led to a backlog in the bills put before successive parliaments.

The politically tumultuous country has seen democratically elected governments toppled by two military coups in the past 10 years, a period analysts refer to as the "lost decade".

But the threat of a costly EU ban has spurred the military government into action, with the ruling junta desperate to avoid any further hits to the kingdom's slumping economy.