

# Indian inflation seen picking up in July on higher food prices

REUTERS, Bengaluru

Indian inflation is expected to have picked up to a near-two-year high in July as food prices relentlessly rose, according to economists in a Reuters poll, who also predicted factory output improved in June.

Other central banks have been loosening policy but with inflation above its target - and expected to run higher - the Reserve Bank of India kept its key repo rate on hold at outgoing Governor Raghuram Rajan's final meeting on Tuesday.

The RBI has cut its key repo rate by a cumulative 150 basis points (bps) to 6.50 percent since January 2015 and now has less room to ease further. It is expected to slice another 25 bps later this year, then hold steady until at least the end of 2017.

Retail inflation rose to 5.90 percent in July from a year ago, up from 5.77 percent in the previous month, the poll of nearly 30 economists showed. Still, a number of economists were not too worried about inflation trending higher, attributing its to only a few food items, unlike in some of India's counterparts such as Brazil which

have seen persistently higher inflation.

"The current episode of high food inflation is different ... as it is driven by a surge in a few commodities - pulses, sugar and vegetables. During the financial year 2013-14, India had witnessed double-digit inflation in nearly all food items - including cereals," wrote Jay Shankar, chief India economist at Religare Capital Markets.

"We may see some near-term respite," he added, citing an improvement in farm output following a good monsoon this year as the main reason for food price rises to ease.

Wholesale price inflation likely picked up last month to 2.55 percent from 1.62 percent in June, according to the poll.

Factory production in June was seen 1.5 percent higher than a year ago, led by a surge in output from eight core industries, also known as the infrastructure industries, the poll found.

India's infrastructure output, which accounts for nearly a third of the total industrial production, grew an annual 5.2 percent in June, its fastest pace in two months, driven by a swell in output of cement, coal and electricity.

# City job vacancies drop after Brexit vote: study

AFP, London

Vacancies in the City of London finance hub sank 12 percent in July from the previous month following the shock Brexit vote, a study by consultancy Morgan McKinley showed Wednesday.

The number of available City jobs fell to 7,980 in July, compared with 9,060 in June, according to Morgan McKinley. The impact was however less than expected after the June 23 referendum to leave the European Union, which has triggered deep economic uncertainty.

Hakan Enver, operations director at Morgan McKinley, said in a statement that the fall was "a modest decline given the gravity of the referendum".

"Hiring slowed as institutions found themselves in a post-Brexit limbo but the impact of the referendum was not as aggressive as we expected," he noted.

The consultancy added that available City jobs sank by about 27 percent in July, when compared with the same month a year earlier.

The study also highlighted a 14-percent drop in the number of job seekers in July from June, which Enver said could be explained in part by seasonal variations during a relatively quiet period for financial markets.

"Jumping ship in a climate of uncertainty is particularly risky for employees," Enver said.

He said the jobs climate in the City was also very dependent on mergers and acquisitions activity, which has dipped as a result of the referendum.

"When deals are placed on hold, in many instances, so is hiring," Enver said, adding that takeover activity was "an excellent barometer of confidence".

# MTB Unit Fund declares 10pc cash dividends

STAR BUSINESS DESK

MTB Unit Fund has declared 10 percent cash dividends for unit holders for fiscal 2015-16.

The announcement came at a meeting of the trustee committee of the open-end mutual fund in Dhaka on Tuesday, according to a press statement.

Alliance Capital Asset Management is the manager of the MTB Unit Fund, while Mutual Trust Bank is the sponsor, Bangladesh General Insurance Company is

the trustee and Brac Bank is the custodian.

"Our mission is to provide investors with good returns on their investments, and maintain high standards of professionalism. We are grateful to investors for the support and confidence they placed in us," said Kh Asadul Islam, managing director of Alliance Capital.

A mutual fund is a professionally managed collective investment scheme that pools money from many investors and invests it in stocks, bonds and short-term money market instruments.

# Ispahani tea available at Harrods in UK

STAR BUSINESS DESK

Ispahani tea is now available at Harrods, an upmarket departmental store in the UK.

Three premium brands -- Blender's Choice Black Tea, Srimangal Green Tea and Mirzapore Breakfast Tea -- will be available at the store.

This is a proud moment for Ispahani as well as for other tea exporters of Bangladesh, the company said in a statement.

MM Ispahani is a leading tea trading company in Bangladesh. It selects, buys, blends and packs the finest Bangladeshi teas for both local and international markets.



Shishir Joshipura, managing director and country head of SKF India Ltd, Sudhir Rege, head of distribution development for Asia, and Sunil Chhruungu, vice-president (industrial market- distribution sales), attend the inauguration of an authorised industrial distributor outlet in Dhaka.

# BB sets foreign currency rules for economic zones

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In case of inward remittance on account of equity, banks may issue a certificate with the amount credited in foreign currency account mentioning equivalent taka.

Moreover, authorised external loan proceeds may be credited in foreign currency accounts of Type C units. Exporters of such areas may maintain taka accounts in the same manner, according to the central bank notice. Exports of goods from EZs, including sales within EZ, to other EZs, EPZs or other areas of Bangladesh are subject to the usual requirement of declaration of exports and repatriation of export proceeds.

Sales of permissible Bangladeshi goods or raw materials to enterprises located in EZs must be received from foreign currency accounts maintained by the EZ units with ADs or offshore banking units by Type A units.

Moreover, selling of such goods including non-physical contents to enterprises against payment in foreign currency shall be treated as exports from Bangladesh.

Therefore, normal foreign exchange regulations related to declaration of exports in case of overseas sales in physical form and repatriation of proceeds shall be applicable for exports to EZs from other areas of Bangladesh.

Existing instructions will be applicable for obtaining credit facilities by the units of EZs. However, if they want to obtain medium and long-term debt from abroad or offshore banking units in case of Type A units, applications have to be submitted to the BB through the Bangladesh Economic Zones Authority. ADs or offshore banking units may remit dividends favouring non-resident shareholders of Type A and B units without prior permission of the BB.

The notice said locally owned zone developers will have to follow the similar exchange regulations like the entities outside EZs and EPZs.

Likewise, foreign-owned entities or zone developers will follow similar exchange

regulations that are applicable for similar entities outside of the EZs and EPZs.

ADs or offshore banking units may remit royalty, technical know-how and technical assistance fees of enterprises from the foreign currency accounts for Type A units without prior permission from the BB or BEZA if the total fees and other expenses do not exceed a certain amount.

For new projects, the amount cannot exceed 6 percent of the cost of imported machinery. It cannot exceed 6 percent of previous year's sales as declared in the income tax returns for ongoing projects.

Remittance of such fees in excess of the limit is subject to prior specific approval from the BEZA, said the central bank.

The notice said foreign nationals working in EZs, with valid work permit from the BEZA, will be allowed to remit through an AD 75 percent of net salary, 100 percent of leave salary and actual savings and all pension benefits without prior BB approval. Investment in EZs shall have to be reported to the central bank.

Besides, all foreign exchange transactions of EZ units are to be reported through online foreign exchange transaction reporting platform of the Foreign Exchange Operation Department of the BB. Such transactions are also to be reported in monthly returns to the BB. The government plans to set up 100 economic zones in Bangladesh in the next 15 years.

The BEZA has approved proposals for 22 economic zones and eight sites have been primarily selected to set up the parks.

Exports will grow by \$40 billion a year and one crore jobs will be created if 70,000-75,000 acres of land can be allocated to the economic zones, according to an estimate by the BEZA.

The BEZA aims to establish economic zones in all potential areas in Bangladesh, including backward and underdeveloped regions, with a view to encouraging rapid economic development through increase and diversification of industry, employment, production and export.

# Another 4 apparel units complete remediation

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Each factory is then provided with a corrective action plan designed to help it address safety issues and achieve compliance with Alliance safety standards.

Alliance also provides technical advice and access to low-cost loans to assist factories with remediation.

Alliance was formed after the Rana Plaza building collapse in April 2013.

# Edotco to bring carbon fibre telecom towers

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This structure has high rigidity with a tensile strength 10 times more than steel, allowing load bearing with the structure able to better withstand harsher forces of nature.

It will also reduce installation time; overall it is 40 percent to 50 percent faster to put a carbon fibre structure, they added.

These features result in 20 percent lower total cost of ownership. As Edotco gains experience in the deployment of carbon fibre towers, customisation requirements will lessen, bringing the company closer to its target of 40 percent in total cost of ownership reduction. It is always experimenting with materials and innovative solutions to address the

challenges of the telecom infrastructure industry. Given its lightweight nature, carbon fibre is ideal for rooftop deployment where load is a concern.

In 2012, Edotco was established as the first regional and integrated telecom infrastructure company in Asia, providing end-to-end solutions in the tower services sector from tower leasing.

Edotco Bangladesh bought mobile phone operator Robi's towers last year. This year, Robi is diluting its shares from the joint venture with Edotco.

Currently, they have 16,000 towers in Malaysia, Sri Lanka, Bangladesh, Cambodia, Pakistan and Myanmar. It is constantly innovating to increase the efficiency of telecom infrastructure use and expand connectivity in the region.

# Sugar consumption on the rise

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"From that point of view, sugar consumption will rise further in Bangladesh," Saha added.

The per capita consumption of sugar in Bangladesh may rise to 19.8 kilograms by 2024.

Deshbandhu is set to increase its raw sugar processing capacity to meet the rising demand at home and abroad, Mostafa said.

The refinery's production capacity will rise to four lakh tonnes from existing 1.5 lakh tonnes. "We hope to process increased amounts of sugar by the end of this year," he added.

State-run mills also process sugar -- less than one lakh tonnes a year -- from locally grown sugarcane, according to Bangladesh Economic Review 2016.

# Global glut of oil products threatens crude recovery

REUTERS, New York

Gasoline and diesel stockpiles have swollen to record highs across the globe, leaving refiners and traders few places to dump excess supplies and threatening large-scale production cuts that could derail an oil price recovery.

Typically, US and European refiners deal with excess regional inventories by exporting extra supplies to markets where margins for diesel, gasoline, or other oil products remains strong. However, months of above-average global refinery utilization rates and the addition of refining capacity globally has left storage tanks from Houston to Singapore full to the brim.

While the crude market has been plagued by world oversupply for two years, a global glut of refined products is a relatively new phenomenon, a result of refiners boosting production last year and early this year to cash in cheap crude supply and hefty margins.

Now the only choice refiners have is to cut production, most analysts and refinery executives say, a process that some refiners in the US and Europe have already started. That in turn, at least in the near-term, will weaken demand for crude oil and serve as a hard ceiling on prices.

Brent crude, the global benchmark, reached a six-month high of \$52.51 a barrel in June spurring talk of a sustained oil recovery, but fears that excess global product inventories would sap demand for crude helped push prices back towards \$40 earlier this month.

"Unless and until inventories drop, we will not see a sustainable increase in crude prices," Mark Routt, chief economist for the Americas at KBC Advanced Technology in Houston, said on Monday. Routt said he did not expect the market to rebound until mid-2017.

In a note on Monday, Morgan Stanley analysts noted that the recent dip in oil prices has in fact

boosted refining margins, encouraging refiners to produce more and delaying output cuts.

For most of this year, refining margins have been weak, driven down by swelling inventories, pummeling the earnings of independent refiners, such as Valero and Marathon Petroleum along with oil majors like ExxonMobil and BP.

US gasoline inventories, which hit record highs earlier this year, ended last week at 238 million barrels, 5 percent above the five-year seasonal average, according to the US Energy Department. US inventories of distillates - kerosene, jet fuel, diesel and other products - were 36

percent above the five-year seasonal average at 153 million barrels.

European oil product stocks are also high at the Amsterdam-Rotterdam-Antwerp hub. Gasoline in independent storage is up more than 17 percent from a year ago near records at 1.16 million tonnes, according to PJK International.

Distillates stocks in ARA are up 2 percent from last year at 3.27 million tonnes, with some traders storing them on vessels outside European ports. In Germany, the continent's largest diesel market, consumer inventories in early July stood at a seven-year high for this time of the year.



REUTERS/FILE

A maze of crude oil pipes and valves is pictured during a tour by the Department of Energy at the Strategic Petroleum Reserve in Freeport, Texas.

# United Group hastily pulls back from Islami Bank board

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Hazrat Shahjalal (RA) Industrial City is the newest company of United Group. It was supposed to be built in Sylhet on an area of more than 100 acres.

The new enterprise was to encompass the full range of textile manufacturing activities -- from spinning to fabrics and apparel making plus dyeing. The factory was scheduled to go into commercial

operation by 2016, according to the website of the group.

Now the group has postponed building the proposed industrial city, according to Rashid.

MA Mannan, managing director of Islami Bank, confirmed to The Daily Star about the sale of shares by United Group and the withdrawal of their nominee of directorship from the board.