

Oil headed for weakest first-half performance in two decades

REUTERS, London

Oil was mostly flat on Wednesday, after paring earlier losses, but was set for its biggest price drop in the first half of the year since 1997, a sign that investors are discounting evidence that major producers are sticking to a deal to cut output.

August Brent crude futures LCOc1 were up 8 cents at \$46.10 a barrel by 1258 GMT, having fallen earlier to seven-month lows at \$45.53.

US crude futures CLc1 were up 14 cents at \$43.65, having hit their lowest since September on Tuesday.

So far this year, oil has lost 20 percent in value, its weakest performance for the first six months of the year since 1997.

Compliance with an agreement by the Organization of the Petroleum Exporting Countries and other producers to cut output by 1.8 million barrels per day from January reached its highest in May since the curbs were agreed last year.

Yet global inventories of both crude and refined products remain well above their long-term averages.

Iranian oil minister Bijan Zanganeh said on Wednesday Opec members were considering deeper cuts in output, but should wait until the effect of the current level of production was clear.

"One thing we need to see is Iran getting more on side with the rest of Opec to increase the effectiveness of the deal and that effectiveness is in a shambles at the moment," London Capital Group senior market analyst Jasper Lawler said.

"This isn't one of the most volatile declines (in price). But in a way, I think that maybe makes it more durable... this enduring downtrend might be more consistent."

Data from the American Petroleum Institute on Tuesday showed U.S. crude stockpiles last week had dropped more than forecast. Gasoline and distillate inventories rose.

A government report on inventories is due at 10:30 a.m. EDT (1430 GMT) on Wednesday and the official figures often differ sharply from those of the industry group.

Opec and non-Opec oil producers' compliance with the output deal reached 106 percent in May, a source familiar with the matter said on Tuesday. That means they cut output by more than they were required to do.

Opec compliance with the curbs was 108 percent, while non-Opec compliance was 100 percent, the source said. Another source confirmed compliance by all producers in May was 106 percent.

While compliance is high, it is what went on before the production cut that counts, BMI Research said in a note.

"A number of producers - notably Iraq, Saudi Arabia and Russia - aggressively ramped up output in the run-up to the deal, fast-tracking projects, expanding drilling programs and deploying spare capacity," BMI said.



New MD for Southeast Bank

STAR BUSINESS DESK

M Kamal Hossain was promoted as the managing director of Southeast Bank on Tuesday, according to the lender.

He had been serving the private bank as the acting managing director since March this year prior to his promotion.

He started his banking career as a probationary officer with National Bank Ltd in 1983.

Hossain joined Southeast Bank in 2003 as a vice-president and went on to become an additional managing director.

He earned his bachelor's and master's degrees in public administration from the University of Chittagong.

ADB gives \$300m for Ctg-Cox's Bazar rail link

FROM PAGE B1

The project, which is closely aligned with Bangladesh's seventh five-year plan, will provide efficient, safe and environmentally friendly railway transport, said Jyotsana Varma, principal country specialist of ADB, who signed the agreements on behalf of the lender.

Scheduled to open in 2022, the 102 kilometre-rail link aims to transport 2.9 million passengers annually between Chittagong and Cox's Bazar by 2025.

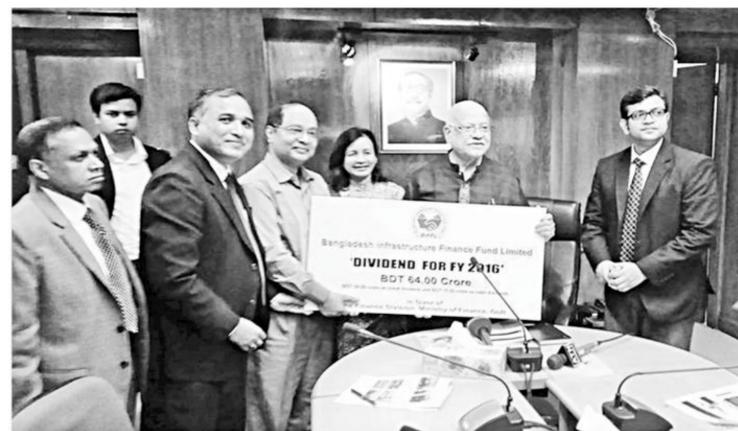
The project design will integrate features that are friendly to the elderly, women, children, and people with disabilities, Varma said.

The construction of the railway station is one of several ADB railway projects helping Bangladesh meet its targets under the latter's five-year plan and a railway master plan, said the statement.

It will help boost Bangladesh Railway's freight market share to 15 percent and passenger market share to 10 percent by 2020. Both currently stand at about 4 percent.

The rail link forms part of the Trans-Asia Railway network, an initiative led by the United Nations aiming to provide seamless rail links between Asia and Europe to better connect people and markets.

Kazi Shofiqul Azam, secretary at the Economic Relations Division, signed the agreements on behalf of the government.



AMA Muhith, finance minister, receives dividends of Tk 64 crore from Hedayetullah Al Mamoon, chairman of Bangladesh Infrastructure Finance Fund Ltd (BIFFL), a special financial institution owned by the Finance Division, as BIFFL declared Tk 49 crore as stock and Tk 15 crore as cash dividends for the year 2016.

Fed policymakers in tug-of-war on inflation, instability

REUTERS, San Francisco/Washington

The outlook for inflation and the future of financial stability are emerging as dueling concerns at the heart of a debate at the US central bank over how fast to proceed on future interest-rate hikes.

That is a change from years past, where high unemployment was at the top of the Federal Reserve's worry list for the US economy. But with the US unemployment rate now at 4.3 percent, most Fed officials are now convinced that nearly all Americans who want jobs can and do get them.

That is a main reason the Fed last week raised its target range for short-term interest rates for the second time this year, even though recent inflation readings have drifted away from the Fed's 2-percent target, confounding expectations based on history and theory.

Fed Chair Janet Yellen expressed confidence inflation would eventually perk up, but some policymakers cast doubt.

Chicago Federal Reserve Bank President Charles Evans on Tuesday became the latest to express worries on that front, saying he is increasingly concerned that a recent softness in inflation is a sign the US central bank will struggle to get price pressures back to its 2 percent objective.

"I will say that the most recent inflation data made me a little nervous about that. I think it's much more challenging from here on out," Evans said in an interview with broadcaster CNBC.

Evans, who is a voter this year on the central bank's rate-setting committee, said that global forces, not just specific one-off reasons, could be behind a retreat in inflation over the past three months. He said on Monday that he supports waiting until the end of the year before considering another rate hike.

Speaking to reporters after a speech at the Commonwealth Club of California, Dallas Fed President Robert Kaplan had similar concerns, saying he wants to wait for more evidence that the recent retreat in inflation would be temporary.

And though Kaplan said he retains an "open mind" about how many more rate hikes the Fed should deliver this year, he also highlighted an additional worry: the likelihood in his mind that even when fully healthy the US economy will need interest rates to stay below 3 percent.

With the 10-year Treasury yield barely above 2 percent, he said, markets are forecasting sluggish growth ahead, and the Fed should be "careful" about lifting short-term rates, now between 1 percent and 1.25 percent, much further. Kaplan, like Evans, votes this year on monetary policy.

Meanwhile two other Fed policymakers, speaking at a conference on macroprudential policy in Amsterdam jointly organized by the Dutch and Swedish central banks, suggested they are concerned less about raising rates too fast or too high than about keeping them too low for too long.

Noman Group spending Tk 1,300cr on expansion

FROM PAGE B1

From the onset the group trained its focus on the European Union and the US markets, but recently it has been looking at emerging Asian and Latin American markets like Japan, Russia, China, India, Brazil and Chile.

"Among the Asian markets, our shipment to Japan is getting the highest response."

The company's towels are particularly doing well at the market, which is primed to be the next big destination for the country's garment products.

The group, which achieved the milestone of \$1 billion export receipts in fiscal 2012-13, has the target to establish seven new units over next five years to take the value of its exports to \$1.8 billion during the time.

At least 15 other textile and garment manufacturers are on their way to hitting \$1 billion in exports within next few years, but they are slowed down by the long lead time.

"A long lead time is a major challenge for Bangladesh's textile and garment -- many companies cannot ship the goods timely or depend on expensive air shipments due to meet shipping deadlines."

For instance, the group sometimes has to import fabrics from China, for which it has to wait about 40 days. If it had the textile mill that produced fabrics as good as the ones from China, it would have been able to ship the garment products quicker.

To address the problem, the group is expanding its capacity to a large extent. A

microfab unit and synthetic yarn mill will be established and its textile mill Zaber and Zubair Fabrics will undergo massive expansion over the next five years. There will be expansion at Noman Terry Towel too.

In December last year, it inaugurated Nice Denim, customers are the local denim garment manufacturers. "Denim is the next big business for Bangladesh."

The factory at Gazipur produces a total of 3 million yards of denim fabrics in a month. Once full-fledged operations start, Nice Denim's output will increase by another million yards.

"If the raw materials are ready at the factory level, it will not be difficult to manufacture the goods timely and to ship those on time."

Currently, different units under the group consume 325 tonnes of yarns a day. Of the quantity, the group source 50 tonnes from other local companies and in some cases import them due to specific request of buyers, he said.

The group employs 70,000 and within the next five years the number will reach 1 lakh workers.

Bangladesh is the second largest garment exporter in the world. Garment exports raked in \$25.62 billion in the first eleven months of the fiscal year, up 2.16 percent from a year earlier, according to data from the Export Promotion Bureau.



AAMS Arefin Siddique, vice chancellor of Dhaka University, poses with participants of a workshop on public relations jointly organised by Bangladesh Public Relations Association (BPRA) and Press Institute of Bangladesh at the latter's office in Dhaka.



Shahjalal Islami Bank gets new AMD

STAR BUSINESS DESK

M Shahidul Islam has joined Shahjalal Islami Bank as additional managing director, according to the bank.

Prior to the new appointment, Islam was also an additional managing director of United Commercial Bank.

Islam obtained bachelor's and master's degrees in management from the University of Chittagong. He started his banking career as a probationary officer at National Bank Ltd in 1984.

Govt to widen road for transshipment

FROM PAGE B1

The last part is from Dharkhar to the land port (11.31km) where now exists a narrow road.

A 10-km stretch from Sultanpur to Akhaura is now in good condition having been improved with Indian finance.

However, the road is narrow and has several dangerous turnings. The culverts are narrow too. Some 200 trucks ply the road each day for carrying goods of Bangladeshi exporters.

Vast areas will have to be acquired to widen the road. But locals oppose the acquisition.

According to the planning ministry proposal, about 108 hectares of land would have to be acquired and people living there resettled.

Under the project, 16 bridges, 36 culverts, 10 foot over bridges, two underpasses and two rail overpasses will be either built or rebuilt.

Transshipment through the Ashuganj port started for the first time in June last year but not much could be transported

for the poor condition of roads.

The first consignment of 1,004 tonnes of rods brought from Kolkata to the Ashuganj port on a Bangladeshi ship was carried to warehouses in Agartala, Tripura.

This took over one month, a sign that the infrastructure is not yet ready for large scale transshipment of Indian goods.

After the Awami League-led government came to power in 2009, India began pushing for the multi-modal transit system.

India's aim was to use Angtiara, the last checkpoint on its maritime border with Bangladesh, to carry goods to Ashuganj through the river route.

In 2010, Ashuganj was announced a port of call for transshipment.

That same year, a move was made to build a modern inland container depot with Indian credit on 28 acres of land on the banks of the Meghna river adjacent to an Ashuganj food silo.

India was to provide Tk 250 crore for building the container terminal but there has been little progress.

Robi fined Tk 2.5 lakh for deceiving subscriber

FROM PAGE B1

The subscriber, Anisul Hai, filed the complaint against Robi on February 13 for an offer of Airtel, which has merged with Robi.

The offer was 1.5 GB of data at 28 days'

validity on a recharge of Tk 98. However, Hai got 1 GB of data with five days' validity.

The directorate earlier fined Robi, Grameenphone and Banglalink for deceiving customers.

Mobile operators' revenue per user goes up

FROM PAGE B1

If the trend continues, there might not be any further investment into the sector.

Amtob shared its grievances with the finance minister, the National Board of Revenue and the other stakeholders before the budget for fiscal 2017-18 was placed in the parliament on June 1.

"This situation might be unsustainable in the long-term," said TIM Nurul Kabir, secretary general of the Amtob.

The mobile operators in Bangladesh are now offering the second lowest tariffs in the world after Vietnam, and yet they are subjected to one of the highest tax rates.

Telecom is a highly regulated industry and the operators cannot just hike the tariff as they wish, Kabir said. "It has to be approved by the government."

"Bangladesh's per capita income has increased. Everything is getting costlier save for the telecom tariff."

The operators' expenditures have increased severely as well, he said.

ment to look into the matter as its revenue is tied to the operators' earning ability and sustainability.

"In our neighbouring countries, the government and regulator help to increase the tariff, which ultimately helps in digitisation," Kabir added.

Top officials of the leading mobile operators also urged the NBR to help them to increase tariff as it would untimely help to better the service quality.

Operators are earnestly trying to increase their revenue by tagging in new services like entertainment, e-education, gaming, e-commerce, utility bill payment.

Currently, there is a floor and upper ceiling for terminating calls: Tk 0.25 and Tk 2 respectively for every minute of local call.

The data price and SMS rate also declined sharply due to intense competition in the market.

One the other hand, customers want cheaper tariff for mobile services.



Md Shahidul Rahman, adviser of KSRM Steel Plant Ltd, and Colonel Md Towhid Hossain, additional director general, Special Works Organisation (SWO-West) of Bangladesh Army, attend an agreement signing ceremony in Dhaka. KSRM will supply 20,000 tonnes of rebar for "Dhaka-Khulna (N8) 4 Lane Road Improvement Project."

Leading US-based index to include Chinese stocks for first time

AFP, Shanghai

China on Wednesday hailed the acceptance of its stocks in a leading US-based index of emerging market shares as a signal of confidence in the Asian power's economy after three previous rejections.

The Shanghai and Shenzhen stock markets opened higher after New York's MSCI agreed to include 222 large capitalisation Chinese stocks in its MSCI Emerging Markets Index, representing 0.73 percent of the index.

MSCI's decision has been closely watched as a sign of China's growing importance on international financial markets.

"We applaud and appreciate MSCI for making such a decision," said Zhang Xiaojun, spokesman for the China Securities Regulatory Commission.

"It showed international investors' confidence in a stable Chinese economy with better prospects and in the steadiness of China's financial market," Zhang said.

The benchmark Shanghai Composite Index jumped 0.29 percent while the Shenzhen Composite Index, which tracks stocks on China's second exchange, gained 0.24 percent in early trading.