



Md Abdur Rahman, a director of Social Islami Bank Ltd, opens the 133rd branch of the lender in Bhola Sadar on June 19. Md Abul Basher Bhuiyan, a director, and Md Yunus Ali, deputy managing director, were also present.

## Moody's raises Greece's sovereign bond rating after bailout

AFP, Paris

Credit ratings agency Moody's on Friday raised Greece's long-term issuer rating to "Caa2" from "Caa3" after eurozone governments extended a credit lifeline to the country.

Moody's also changed its outlook to "positive", up from "stable" previously, saying it saw signs that the heavily indebted country's economy was stabilising.

It pointed to a mid-June agreement reached by Greece's creditors to relaunch an aid plan to the country, which had been blocked for months due to disagreements between eurozone countries -- especially Germany -- and the International Monetary Fund.

The move reduces the spectre of a short-term crisis, after eurozone governments agreed to give Greece a new credit lifeline of some 8.5 billion euros (\$9.5 billion).

Moody's said it expected Greece's debt ratio to stabilise this year at 179 percent of

GDP, adding that growth should return to the economy this year and next.

Greece returned to growth in the first quarter of 2017, with a 0.4 percent increase in GDP, according to figures revised upwards in early June.

"It is too early to conclude that economic growth will be durable," Moody's said.

The IMF, which links financial aid to debt relief, has also signed an "agreement in principle" to allow immediate assistance that avoids a payment crisis in Athens this summer. It said Thursday that negotiations with creditors for debt reduction had "made progress".

"If we did not think there was a good chance of reaching a debt deal, we would not have chosen that route," an IMF spokesman said.

Moody's also raised the long-term country ceilings for foreign-currency and local-currency bonds to B3 from Caa2.

## GM settles hundreds of ignition switch lawsuits

REUTERS, New York

General Motors Co has agreed to settle federal lawsuits by as many as 203 plaintiffs over defective ignition switches in its vehicles, a Friday court filing shows.

Settlement terms are confidential, but the accord could also resolve hundreds of state court claims, as well, lawyers for the automaker said in the filing in Manhattan federal court.

Lawyers for the settling plaintiffs could not immediately be reached for comment. A GM spokesman did not immediately respond to a request for comment.

GM has been defending against hundreds of lawsuits over faulty ignition switches that could cause engines to stall and prevent airbags from deploying in crashes.

The defect has been linked to 124

deaths and 275 injuries, and prompted a recall that began in February 2014.

GM has paid about \$2.5 billion in penalties and settlements related to the defect.

In April, the US Supreme Court let stand a lower court ruling that blocked GM's effort to scuttle many private lawsuits.

The Detroit-based automaker had argued that its 2009 bankruptcy reorganization excused it from addressing earlier defects.

GM's lawyers said they are working with the plaintiffs' lawyers to complete documentation within the next month for the settlement, whose terms "will take some time" to implement.

The case is In re: General Motors LLC Ignition Switch Litigation, US District Court, Southern District of New York, No. 14-md-02543.

## Irish government hails flotation of bailed-out AIB bank

AFP, Dublin

Ireland's government on Friday hailed a "significant milestone" as it part-listed Allied Irish Banks, six-and-a-half years after rescuing the lender with billions of euros of taxpayers' money.

Dublin confirmed the sale of 25 percent of AIB at 4.40 euros a share - mainly to institutional investors -- raising about 3.0 billion euros (\$3.3 billion).

Shares were floated on the Dublin and London stock markets, while the bank was valued at more than 12 billion euros according to initial trades that saw the share price climb nearly seven percent to 4.69 euros in the Irish capital.

AIB shares are being traded also in London, which witnessed its biggest flotation in almost six years since an initial public offering for Swiss-based commodities giant Glencore.

In December 2010, at the height of the global financial crisis triggered by the collapse of the property market two years previously, Irish tax-

payers bailed out AIB at a cost of 20.8 billion euros.

The part-listing "represents a significant milestone in the government's long-held policy to dispose of our banking investments, returning them to the private sector over time", Ireland's Finance Minister Paschal Donohoe said Friday.

Ireland's finance department said Friday's offering was 4.5 times oversubscribed, while some large investors have the option to purchase an additional 3.8 percent of AIB stock.

"The level of investor interest and support is a great vote of confidence in the strength of the turnaround in the bank and the wider economy," said AIB chief executive Bernard Byrne, describing it as "a landmark day".

The government has meanwhile stated its intention to use the proceeds of the sale to pay down a small portion of its 200-billion euro national debt, which ranks among the highest in the eurozone.

## Mexico raises interest rate to new high

AFP, Mexico City

Mexico's central bank raised its benchmark interest rate to a new eight-year high Thursday, seeking to rein in inflation.

It raised the key rate for Latin America's second-largest economy a quarter-point, to seven percent - the highest level since February 2009, when the international financial crisis was at its height.

Mexico's inflation rate is also at an eight-year high -- 6.16 percent. The central bank is keen to bring it back below the target ceiling of four percent.

The bank also faces pressure to keep pace with rate rises in the United States, where the Federal Reserve raised its key rate last week by a quarter-point, to 1.0-1.25 percent.

The fear is that foreign capital will flood out of Mexico and into the United States if interest rates

are more attractive in the giant northern neighbor.

The central bank has now raised interest rates six times since Donald Trump won the US presidential election in November, plunging the Mexican economy into uncertainty because of his vows to overhaul the North American Free Trade Agreement (NAFTA).

For Mexico, which sends 80 percent of its exports to the United States, the deal is a cornerstone of its economy, and the peso plunged to an all-time low after Trump took office.

The central bank said it was optimistic that the economy was now stabilizing, however.

"The monetary policy that the Bank of Mexico has implemented has contributed to keeping medium- and long-term inflation forecasts stable," it said.

It predicted inflation would peak "in the coming months" and then gradually return to target.



The GM logo is seen in Warren, Michigan, US.

## Brazil defends meat against US ban, but image tattered

AFP, Sao Paulo

Brazil's agriculture minister Blairo Maggi announced Friday he will travel to the United States to fight a ban on Brazilian beef imports, but the Latin American country's meat industry is already reeling.

"Brazil could lose a lot if it isn't able to get this decision reversed," Maggi announced in the wake of the US Department of Agriculture's announcement Thursday of a ban on imports of fresh Brazilian beef due to "recurring" food safety concerns.

Brazil is the world's leading beef and poultry exporter.

Officials spent Friday defending the quality of the country's beef, part of one of the economy's most important sectors.

"We know what we are doing and the federal inspection system is robust," the agriculture secretary, Eumar Novacki, told a press conference.

Although the United States imports only a sliver of Brazil's fresh beef exports, it is a prestigious market.

"In the short term, the scale of purchases by the United States is not that great but it sends a very important signal, telling other international buyers that there are problems," said Cesar de Castro Alves, an analyst at the MBAgro consultancy.

The image problem is especially acute since Brazil had just been getting over a major scandal in March when 21 meat processors were accused by Brazilian police of adulterating bad quality meat and bribing inspectors.

That prompted some 20 countries -- including chief beef markets China and Hong Kong -- to suspend all Brazilian meat imports. The bans caused havoc in the \$13 billion a year industry, which employs some six million people, before being finally lifted.

The United States had imposed inspections on 100 percent of Brazilian meat imports since the March row, with US inspectors rejecting 11 percent of the products -- compared to one percent from other countries.

In Brazil, the US clampdown is seen as partly influenced by trade rivalries, as well as health concerns. The United States is the world's top beef producer.

"We do have a sanitation problem but also big pressure from US producers who don't want to see Brazilian beef there. We are major competitors on the world stage and we are selling them meat," Maggi said.

This comes on the back of a breakthrough for the United States in May when China authorized US beef imports for the first time in 13 years. That may be coincidental, analysts say, but there's no question that Brazil's industry feels it's taking hits from several directions.

"The US (ban) decision threatens Brazilian farmers even more when they are facing a series of difficulties," the Confederation of Agriculture said.

At the eye of the turbulent Brazilian meat industry is the giant meatpacker JBS, which was caught up in the rotten meat and bribery scandal.

It has taken on an even higher profile after a top company executive accused President Michel Temer of corruption.

Temer was secretly recorded by the owner of JBS parent company J&F, Joesley Batista, allegedly agreeing to pay hush money to a politician.

The recording was handed over to prosecutors, who are pushing to bring Temer to trial, as part of a plea bargain over massive corruption by J&F.

Batista and his brother avoided jail but J&F must pay a record 10.3 billion reais (approximately \$3 billion) in fines over 25 years.

## Dollar dips

AFP, Paris

The dollar dipped to a four-day low against a basket of major currencies on Friday, as traders looked to US inflation data due next week to provide more clues on the Federal Reserve's policy outlook.

The Fed raised interest rates for the second time in three months last week, signalling its confidence in a growing US economy and strengthening jobs market. But investors are pricing in only around a 50 percent chance that it will hike rates again by the end of the year.

The dollar index, which measures it against a basket of six major currencies, inched down by a quarter of a percent, leaving it almost exactly where it was trading immediately after last week's hike.

"More than a week after the FOMC lifted borrowing costs in the U.S., financial markets... have been trading water as investors struggle to find a new driver," said Swissquote currency analyst Arnaud Masset.

The euro edged up 0.2 percent to \$1.1174, having earlier hit a four-day high but having then eased after data showing euro zone business growth tailed off unexpectedly toward the end of the first half of 2017.

## US banking group sees 3 more Fed rate hikes in 2018

AFP, New York

The trend of solid US economic growth should continue into 2018, setting the stage for potentially three more Federal Reserve rate increases next year, the American Bankers Association said Thursday.

The banking group's economic forecast committee predicts a "slight acceleration" in the 2018 economy from the expected two percent growth in 2017, with a 0.3 percentage point bump expected due to fiscal stimulus.

"The extent of the improvement in 2018 will depend largely on the size and composition of fiscal stimulus," said Christopher Probyn, chairman of

the ABA panel and managing director and chief economist at State Street Global Advisors.

President Donald Trump's agenda includes growth measures such as fiscal stimulus and tax cuts, although progress on the program has been slow due to an ongoing probe of the Trump campaign's ties to Russia and other controversies.

The ABA projections were broadly consistent with the outlook of the Federal Reserve, which earlier this month pointed to an improving labor market and solid consumption trends as the basis for hiking interest rates and signaling a third increase was likely in 2017, in spite of inflation

remaining stubbornly below the targeted level.

The ABA panel expects the Fed to again boost interest rates in December 2017 and three more times in 2018, although it cautioned that these moves will depend on economic trends.

"If economic growth surprises to the upside, then the Fed could move more aggressively," Probyn said. "Conversely, if the recent slowdown in inflation persists, it could lead the Fed to pause, especially if wage growth stalls."

The ABA panel is composed of about 15 economists from large financial groups such as Wells Fargo and Morgan Stanley.



Flags fly over the Federal Reserve headquarters on a windy day in Washington.