



Kazi Wahidul Alam, editor of the Bangladesh Monitor; Golam Sarwar, head of finance at Novoair, and AKM Mahfuzul Alam, senior manager for marketing and sales, attend a programme to open a sales counter of the private airline, at Motijheel in Dhaka yesterday.

China's central bank: We'll boost ability to adjust interest rates

REUTERS, Beijing

China's central bank said on Thursday that it will strengthen the ability to adjust interest rates and improve efficiency of its medium-term lending facility (MLF), standing lending facility (SLF) and reverse repos operations.

The People's Bank of China has been relying more on market-based policy tools, including the MLF, SLF and repurchase agreements to adjust liquidity and market interest rates, while keeping its benchmark interest rates steady.

"We will deepen market-based interest rate reform, constantly improve the formation, regulation and transmission mechanism of market-based interest rates, and enhance the central bank's ability to adjust interest rates," the PBOC said in a report on financial market development in 2016.

The PBOC adopted a modest tightening stance at the start of this year, guiding interest rates higher during the first quarter, including immediately after the Federal Reserve raised U.S. rates in March.

But the central bank did not hike following a Fed rate rise in June, and it injected substantial liquidity last month to help avoid an end-quarter cash crunch amid a deleveraging drive.

The central bank also said it will increase yuan flexibility versus dollar, actively guide and stabilize market expectations and balance cross-border capital flows.

The PBOC said on Tuesday that it would continue to implement a prudent and neutral monetary policy, and keep liquidity in China's financial system basically stable.

China will study and steadily push financial regulatory reform and improve the stability of financial institutions, as well as appropriately deal with some high-risk institutions this year, the central bank said.

Chinese leaders will hold the National Financial Work Conference, a five-yearly meeting, in mid-July to discuss financial regulatory reforms, financial safety and other issues, the financial magazine Caixin reported on Wednesday.

GST could dampen India gold demand: World Gold Council

REUTERS, Mumbai

A hike in taxes on gold sales in India could pressure short-term demand from the world's No.2 consumer of the metal, the World Gold Council (WGC) said in a report.

Faltering appetite in a country where gold is used in everything from investment to wedding gifts could drag further on global prices, already trading near their lowest level in 7-weeks. "In the short-term at least, we believe (the tax) may pose challenges for the industry. Small-scale artisans and retailers with varying degrees of tax compliance may struggle to adapt," the WGC said in a report published on Thursday.

As part of a new nationwide sales tax regime that kicked in on July 1, the Goods and Services Tax (GST) on gold has jumped to 3 percent from 1.2 percent previously.

There have been fears the tax increase could stoke under-the-counter buying and drive up appetite for precious metal smuggled into India, where millions of people store chunks of their wealth in bullion and jewellery.

Meanwhile, the WGC also said a government move to ban cash transactions over 200,000 rupees (\$3,090) from April 1 could hurt gold demand in rural areas where farmers often purchase the metal using cash due to limited access to cheques and electronic payment systems.

Two-thirds of India's gold demand comes from rural areas, where jewellery is a traditional store of wealth.

"(The transactions rule's) potential impact isn't entirely clear: it could curb gold purchases; it could encourage gold shoppers to buy smaller amounts of gold spread over more transactions; or it could push a large part of demand underground and encourage a black market in gold," said the WGC.

The group kept its demand estimate for India at 650 to 750 tonnes for 2017, well below average annual demand of 846 tonnes in the past five years.

In the long-term, the GST will have a positive effect on the gold industry by making the sector more transparent and improving the supply chain, the WGC added.

Are US banks regaining their appetite for acquisitions?

AFP, New York

News that JPMorgan Chase considered bidding for British payment company Worldpay signals that big US banks could be shifting back into acquisition mode after nearly a decade playing defense.

JPMorgan, the biggest US bank by assets, said Wednesday that while it considered bidding on Worldpay, it would not attempt what would have been its biggest purchase since the financial crisis.

JPMorgan's decision to back off opened the way for the acquisition of Worldpay announced Wednesday by US payment firm Vantiv. But the once over of Worldpay by JPMorgan is another sign of a shift from the tough regulatory environment in the aftermath of the 2008 crisis.

"I think the time for the big banks to break up is over," said Richard Bove, an analyst at Rafferty Capital Markets.

"This wasn't possible a few months ago," said Gregori Volokhine, president of Meeschaert Capital Markets.

The maneuverings around Worldpay came just days after the US Federal Reserve gave the green light to large US banks for a generous round of capital distributions to shareholders after the industry passed stress tests with flying colors.

Banks amassed some \$750 billion in capital to meet rules enacted while Barack Obama was president, according to

Morningstar.

With President Donald Trump signaling a softer regulatory approach, some analysts expect banks to employ some of that cash on acquisitions of rivals or of technology companies and not only on returning money to shareholders.

"Banks have to take some risks because there is not enough organic growth in their traditional business lines," said Volokhine, who expects large international banks to be active in mergers and acquisitions.

Bove said the list of banks that could be primed for deal-making includes Bank of America, US Bancorp, PNC and Goldman Sachs. "The whole game is that you have to get more customers, and to get more customers, you have to make more acquisitions," Bove said.

A recent Treasury Department report said 171 of 370 rules implemented under the Dodd-Frank banking law enacted after the crisis could be modified.

Trump has staffed his administration with top officials sympathetic to big finance, including Treasury Secretary Steve Mnuchin and National Economic Council director Gary Cohn, both of whom once worked at Goldman Sachs.

Other key players in the Trump administration with banking industry experience include Joseph Otting, nominated to be head of the Office of the Comptroller of the Currency, and Randal Quarles, who is



New York-based JPMorgan Chase is the biggest US bank by assets.

reportedly in line for a top regulatory post at the Federal Reserve.

"You have a total change in the structure, in the thinking and the policy of regulators towards banks, which would suggest that big banks are going to be allowed to make acquisitions again," Bove said.

One possible area of interest could be players like Worldpay active in financial technology as consumers turn to their

smartphones more frequently to buy goods and make transactions. Big banks have not been major players in the world of virtual currencies or in the innovation of electronic payments, a sphere dominated by companies like PayPal, Apple Pay and Square.

"The banks need to think about the future and not just paying out dividends," said Volokhine. "Otherwise, they'll become has-beens."

Pakistan enchanted by first robot waitresses



A robot waitress delivers food at a pizza restaurant in Multan, Pakistan.

AFP, Multan, Pakistan

Pakistan's first robot waitresses are serving up smiles for customers at an upscale pizza restaurant in the ancient city of Multan, better known for its centuries-old Sufi shrines, mango orchards and handicrafts.

Rabia, Annie and Jennie greet customers and bring them their pies at Pizza.com, where owner Osama Jafari -- who built the prototypes himself -- says the response has been a surge of new business.

"We went to a lot of places, but my uncle said that in this restaurant a robot serves and when the robot served us pizza we felt very happy," customer Osama Ahmed, 12, told AFP.

"It is an innovation," another customer, Hamid Bashir said. "It feels good to be served like that and it is a good entertainment for the children."

Jafari said he was inspired by videos of robot waiters in China. The 24-year-old, who studied engineering at Islamabad's National University of Science and Technology, said he began working on a prototype with the support of his parents.

"The response that we got is actually tremendous. People are loving it. My friends, family members and all the local people here," he said.

Jafari said he sourced and fabricated all parts for the robots locally, building them for 600,000 rupees (\$6,000). He is already working on the next generation, which he says will be more interactive, able to respond to customer's questions, and hopes to spread his robot staff to his family's other restaurant in the southern Pakistani city of Hyderabad.

BRICS bank to seek dollar bond funding this year

REUTERS, Shanghai

The New Development Bank (NDB) set up by the BRICS group of emerging economies is looking raise money by issuing dollar-denominated bonds later this year, the agency's president, K.V. Kamath, said on Thursday.

Speaking to reporters at a briefing, Kamath said that he expected progress on securing an investment rating by an international rating agency this year, enabling the bank to tap global markets for dollar funding "towards the very end of the year."

Kamath said leaders of the BRICS countries--which comprise Brazil, Russia, India, China and South Africa--have indicated they would like to see local currency bonds as a means of finance, in addition to dollar bond issuance.

The NDB will look at issuing bonds in one or two member countries in the second half of the year, Kamath said, adding that India's masala bond market looked attractive.

Kamath has previously said that the NDB plans to raise up to \$500 million via masala bonds, which are rupee-denominated bonds sold outside of India, in the second half of 2017.

Russia's Novak says global oil pact working, no new steps needed

REUTERS, Moscow

Russian Energy Minister Alexander Novak said a global pact by Opec, Russia and other producers to cut oil output had dampened price volatility and was reducing bloated inventories, so no immediate extra measures were needed to prop up prices.

The minister also told Reuters there was potential for an oil price rise from current levels and that \$50 to \$60 was "fair" value for a barrel, after benchmark Brent fell 20 percent in the first half of the year. It now trades at around \$48.

The Organisation of the Petroleum Exporting Countries and other producers led by Russia agreed to cut production by almost 1.8 million barrels per day (bpd) from January this year to rein in inventories and support prices. The deal runs to March 2018.

Despite the initiative, oil prices have registered their biggest first-half decline in almost two decades, as Opec-led supply cuts have been undermined by rising output in the United States and from other producers not bound by the global pact.

Some market analysts have suggested Opec states, Russia and their allies might now need to implement additional steps, such as deepening the cuts or extending them beyond March.

"We believe that it is necessary to move within the framework of the agreed decisions and that new, snap decisions are not necessary," Novak said in an interview in Moscow.

"I think that the decisions that were taken, they were the right ones," he said, adding that any additional measures would create "chaos" and more misunderstanding in the market.

"We have got the positive effect for

market stabilisation. The prices have been stabilised at higher levels, which allows the interests of investors, producers and consumers to be taken into account," Novak said.

Although oil prices are now back near November levels seen before Opec announced its plan to cut output, they are still well off lows of around \$27 reached in early 2016.

Novak said prices had room to rise from current levels and said inventories in industrialised nations were expected to ease back to the five-year average thanks to the decision by Opec and its allies to extend supply curbs from the first half of 2017 to the first quarter of 2018.

The Joint Opec-non-Opec Ministerial Monitoring Committee (JMMC), set up to monitor the global supply pact, meets on July 24 in the Russian city of St Petersburg.

Ministers from Russia, Oman, Algeria, Venezuela, Kuwait and Saudi Arabia, alongside Opec's secretary general, are to attend.

Novak said there were no proposals for more nations to be represented at that regular committee meeting, which plans to discuss the deal implementation and the market situation.

The committee had the authority to recommend "any decisions" to participants involved in the pact if needed, Novak said.

While he saw no need for further action, he said: "I can't predict what the proposals could be from (other) ministers."

Opec and its allies face a challenge from U.S. shale producers, which ramped up output as oil prices rose from 2016 lows. In addition, Libya and Nigeria, two Opec members which are exempt from the cuts, have also pushed up production.