***From right,* Bank Asia Chairman A Rouf Chowdhury, Dhaka North City Corporation Mayor Annisul Huq, Managing Director of Rancon Home Solutions Ltd Farhana Haq and ASSA ABLOY's South Asia President Manu Ahuja cut a cake at the opening of Yale Megastore at Mirpur in Dhaka. Rancon Home Solutions Ltd is the authorised distributor of Yale, a hardware and security brand of the USA.**

RANCON

India buys first ever US crude oil, to step up purchases

Reuters, *New Delhi/Singapore*

India, the world's third-largest oil importer, will import crude oil from the United States for the first time after Indian Oil Corp bought a cargo that will be delivered in October.

The purchase comes after Indian Prime Minister Narendra Modi's visit to the US in June when President Donald Trump said his country looked forward to exporting more energy products to India.

IOC bought 1.6 million barrels of US Mars crude, a heavy, high-sulphur grade, and 400,000 barrels of Western Canadian Select that will be delivered onboard a Very Large Crude Carrier, IOC's head of finance, A.K. Sharma, told Reuters.

PetroChina was awarded the tender to sell the cargoes and is expected to load the oil off the US Gulf Coast, said a trading source with direct knowledge of the sale.

The cargo was priced on a delivered ex-ship basis, which is "very competitive" to that of Basra Light, Sharma said. "So long as the prices remain competitive, we will buy more of the US crude," he said.

IOC had to obtain special permission from the shipping ministry to buy the cargo on a delivered basis as local regulations favour the use of Indian flagged carriers for imports, Sharma said.

India is the latest Asian country to buy US crude after South Korea, Japan, China, Thailand, Australia and Taiwan as the countries seek to diversify oil imports from other regions after the OPEC cuts drove up prices of Middle East heavy-sour crude, or grades with a high sulphur content.

Indian refiners are seeking these heavy, high-sulphur grades as feedstocks after modifications at their plants make it easier to process these types of crudes, which typically sell at a lower cost relative to other oil types.

Qatar has $340b in reserves, can weather Arab sanctions: central bank

Reuters, *Dubai*

Qatar has $340 billion in reserves that could help the Gulf country to weather the isolation by its powerful Arab neighbours, central bank governor Sheikh Abdullah Bin Saoud al-Thani said.

"This is the credibility of our system, we have enough cash to preserve any... kind of shock," he told the CNBC news channel in an interview published early on Monday on its website.

Al-Thani said the central bank has $40 billion in reserves plus gold, while the Qatar Investment Authority sovereign wealth fund has $300 billion in reserves that it could liquidate.

Qatari stocks have weakened and the riyal has been volatile in the spot market since Saudi Arabia, the United Arab Emirates, Bahrain and Egypt cut diplomatic and transport ties with Qatar on June 5, accusing it of backing terrorism. Doha has denied these allegations.

"Qatar has already had a good and unique system. We have laws established against all these kinds of terrorists ," al Thani told CNBC. "We work with the IMF (International Monetary Fund) and other institutions to establish our laws and audits and reviews."

"We have no challenges, we welcome those to review all our books, they are open," he added.

Al-Thani said while the central bank has noticed fund outflows from some non-residents, the amounts weren't particularly significant.

An amount of less than $6 billion left Qatar over the last month, he said.

"There is more coming in," he said, confirming that inflows are exceeding outflows.

Al-Thani said there had been an increase of up to $15 billion in the first week in the usage of central bank's repo facility by the commercial banks. "We have enough CDs (certificate of deposits) and Treasury Bills and Treasury Bonds in the hand - in the asset side of the banking sector, that provide them with the liquidity," he said.

He also said the stability of the Qatari riyal, which is pegged to the U.S. dollar, will "continue for the future."

Al-Thani said long-term contracts in the gas and oil sectors were not seeing any disruptions.

Rating agency Moody's Investors Service earlier this month changed the outlook on Qatar's credit rating to negative from stable, citing economic and financial risks arising from the ongoing dispute between Qatar and the Saudi-led alliance.

Despite the market ructions, economists say Qatar, the world's top liquefied natural gas exporter, has taken a number of measures such as a planned boost in gas output and new transport routes to weather the crisis.

Qatar's banking sector still has significant dependence on foreign funding. Thirty-six percent of commercial banks' total liabilities in May were to foreigners, including others in the six-nation Gulf Cooperation Council (GCC). Saudi, UAE and Bahraini banks have already largely frozen new business with Qatar because of guidance from their central banks; some jittery foreign banks have followed suit.

Should the rift escalate and more money flows out, the country's banking system has enough buffers to "meet all the requirements," according to al-Thani.

"We find our banking sector well-capitalized, meeting Basel III as they have high liquid assets, plus they have very good inter-banking activity inside and outside, and they are very stable at this moment. So we don't believe there is anything to worry about at this moment."

REUTERS/FILE

Qatar's central bank chief Sheikh Abdullah bin Saoud al-Thani claps during a meeting in Manama.

China's COSCO in multi-billion buyout of Hong Kong rival

AFP, *Hong Kong*

Chinese shipping giant COSCO has offered $6.3 billion to buy Hong Kong's rival firm Orient Overseas International Ltd, which would make it one of the world's largest container liners in an industry dominated by European players.

The move is the latest in a consolidation wave following the 2008 financial crisis, which led to too many vessels chasing too little cargo and shrinking freight rates.

Industry leaders are hoping the string of mergers will boost rates once more.

COSCO-OOIL would become the third-largest shipping player behind Danish conglomerate Maersk and Mediterranean Shipping Company, headquartered in Switzerland, if the takeover is given the green light.

The completion of the buyout will depend on approval from regulators and COSCO shareholders, the companies said in a statement Sunday.

Shares in OOIL were up 19 percent in afternoon trading in Hong Kong on Monday, while COSCO rose five percent.

State-owned COSCO said it will pay shareholders of the smaller privately owned OOIL HK$78.67 per share in cash, a 31 percent premium over the stock's last closing price, according to Bloomberg News.

The family of former Hong Kong leader Tung Chee-hwa has accepted the offer for its 68.7 percent stake in OOIL and is projected to make more than $4 billion out of the deal.

"This decision has been carefully considered and we believe it helps ensure the future success of OOIL," said Andy Tung, the Hong Kong firm's executive director, in a statement.

COSCO chairman Wan Min said the company remained "committed to enhancing Hong Kong as an international shipping centre".

"We respect OOIL's management team and its expertise, not to mention its people, brand and culture," he added.

Once the deal is completed, COSCO will hold 90.1 percent of OOIL, while Shanghai International Port will hold 9.9 percent.

But the companies will continue to be listed separately on the Hong Kong exchange and OOIL's global headquarters will remain in the city.

COSCO also vowed to retain all employees and their benefits, the statement said.

The move would give the company more than 400 ships and a capacity of 2.9 million containers, according to independent research company Crucial Perspective.

Jason Chiang, Singapore-based director at Ocean Shipping Consultants, predicted the COSCO buyout would be the last of the major mergers.

"Bad times in the industry made M&As necessary but with rates recovering that need will become less," he told Bloomberg.

In October 2016 Japan's three biggest shipping companies, Nippon Yusen Kabushiki Kaisha, Kawasaki Kisen Kaisha and Mitsui O.S.K., agreed to merge, with combined operations set to start in April 2018.

Last year, France's CMA CGM completed a takeover of Singapore's Neptune Orient Lines while Germany's Hapag-Lloyd and United Arab Shipping merged this year.

South Korea's titan Hanjin Shipping sank into bankruptcy in 2016, further slimming down the field in a reflection of the slump in global trade and a growth slowdown in China.

Oil, gas key to world energy for decades to come: Saudi Aramco

AFP, *Istanbul*

Oil and gas will remain central to the world's supply of energy for decades to come, despite a surge of interest in renewables, the chief executive of giant producer Saudi Aramco Amin Nasser said Monday.

Oil major bosses and energy ministers are meeting at the World Petroleum Congress in Istanbul, with the outlook clouded by low crude oil prices and exacerbated by the drive towards renewables which have driven down investment to record lows.

Nasser stressed the need to ramp up investment in underlining the continuing energy importance of oil and gas.

"Financial investors are shying away from making much needed investment," he said, warning that without higher investment levels "energy transition and energy security may be fatally compromised."

Meanwhile, the decision announced last week by Volvo to phase out petrol-only cars from 2019 in favour of electric has also sent ripples of concern around the industry.

The chief of the Saudi Arabian energy giant said that there is "widespread agreement" that even as the world moves to greater use of renewables over fossil fuels, "petroleum will continue to be the heart of the energy mix."

He said that while "expectations for alternatives are through the roof" history shows that energy transitions to different sources tend to be "long and complex processes". "The renewables still have major challenges, they do not compete with oil. It takes a long time for new fuels to seize market share," he said, noting that electric cars would also still need time to take off.

With the global economy forecast to grow sharply as populations increase, he said it is a "mistaken assumption that alternatives will be rapidly deployed".

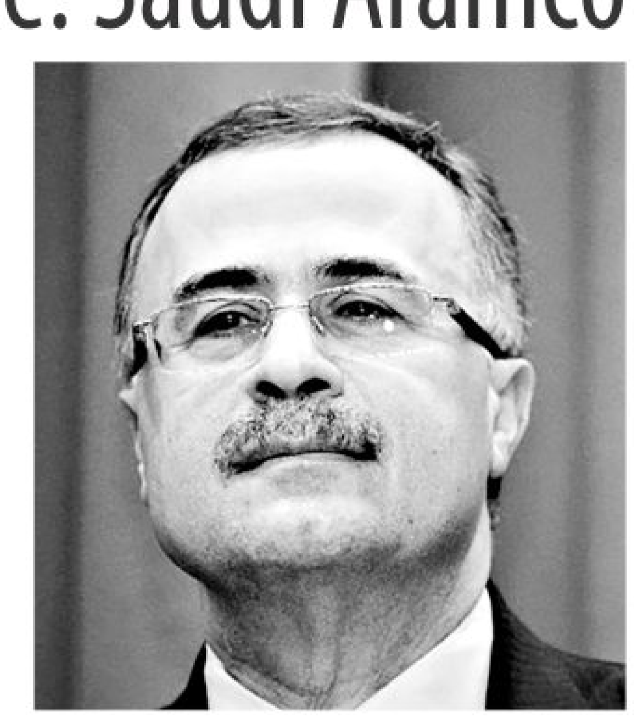
"Rising demand for all sources of energy -- with oil and gas at the heart of the mix -- will be the reality for decades to come," he said.

Nasser said that despite the clear importance of oil and gas in the future energy mix, the outlook was harmed by the tens of billions lost in deferred and cancelled investment since the current spate of low oil prices began.

The downturn has blown a major hole in the budgets of key OPEC and non-OPEC producers reliant on robust oil prices for healthy finances.

"New discoveries are also on a major downward trend," Nasser added.

He confirmed that to counter the sliding investment trend, Saudi Aramco plans to invest some $300 billion in the coming years. The kingdom is also planning to part privatise the energy behemoth, although Nasser did not refer to this in his speech.



Aramco's chief executive Amin al-Nasser

German trade surplus swells in May

AFP, *Frankfurt Am Main*

Germany's trade surplus widened in May, official data showed Monday, just days after a stormy G20 summit that saw clashes with the United States over protectionism.

Exports from Europe's largest economy grew 1.4 percent compared with April adjusting for seasonal effects, reaching 107.9 billion euros ($123.02 billion), according to federal statistics office Destatis.

With exports gaining 1.2 percent to reach 87.6 billion euros, Germany's trade surplus -- the amount its exports outweigh its imports -- grew to 20.3 billion euros in May, compared with 19.7 billion in April.

Looking to a year-on-year comparison, exports were 14.1 percent higher than in May 2016.

The trade surplus reached around 250 billion euros across the full year last year.

The surplus is a major source of tension between Germany and historically close allies in the US and the European Union.

Critics accuse Berlin of failing to import and invest enough to allow other countries to profit indirectly from its success.

Bank of England tells lenders to respect 'spirit' of financial rules

Reuters, *London*

British financial firms need to respect the spirit, and not just the letter, of rules designed to prevent another financial crisis, one of the central bank's deputy governors said on Monday.

Sam Woods, who is in charge of the BoE's day-to-day regulation of banks and insurers, said fixed rules could never keep up with financial market innovation, and that the central bank also expected firms to respect broader principles designed to reduce risk.

"Some innovation is pure regulatory arbitrage - that is, action taken by firms to reduce specific regulatory requirements without any commensurate reduction in their risk," Woods said.

His remarks were originally intended for a conference of Britain's Building Society Association in May, but the BoE delayed publication until Monday to avoid clashing with campaigning for June's parliamentary election.

Last week the BoE said it would take a tougher approach towards banks over their booming lending to consumers, ordering them to apply credit rules prudently and prove by September they are not being too complacent about risks.

Woods said there were several areas where he had particular concerns that financial firms were trying to get around rules. These included borrowing that did not appear on firms' balance sheets, the accounting treatment of liquid assets, and insurers' sales of certain savings products.

Shrinking net interest margins at building societies in the face of greater competition were also a worry, Woods said, as they could spur lenders to take on too much risk.

Something similar took place in the run-up to the 2007-09 financial crisis, Woods said. One concerning trend was the increased number of mortgages issued for 35 years, not 25, he added.

SUMMIT GROUP

Summit Group Chairman Muhammed Aziz Khan and Director Azeeza Khan hand over Tk 50 lakh to Bangladesh Mahila Parishad President Ayesha Khanam and General Secretary Maleka Banu at a programme as Summit's donation to the Parishad.