

Robust China economic growth shows signs of fading in July

REUTERS, Beijing

China's strong economic growth showed visible signs of fading in July as lending costs rose and the gravity-defying property market cooled, though activity levels generally remained solid, propped up by a year-long construction spree.

Industrial output, investment, retail sales and trade all grew less than expected last month, after the world's second-largest economy put in a surprisingly strong showing in the first half, adding fuel to a global recovery.

But economists do not expect any hard landing, with the government keen to ensure stability ahead of a once-in-five-years Communist Party leadership reshuffle in the autumn.

"The upshot is that both foreign and domestic demand appear to have softened at the start of the third quarter," said Julian Evans-Pritchard, China economist at Capital Economics.

"A few sectors, such as steel, seem to have defied this slowdown in economic activity. But the strength in these areas likely won't last given that policy tightening is set to further weigh on infrastructure and property investment in coming months." Factory output rose 6.4 percent in July from a year earlier, the slowest pace since January, according to data from the National Bureau of Statistics on Monday.

Analysts polled by Reuters had predicted output would grow 7.2 percent, down from a better-than-expected 7.6 percent in June.

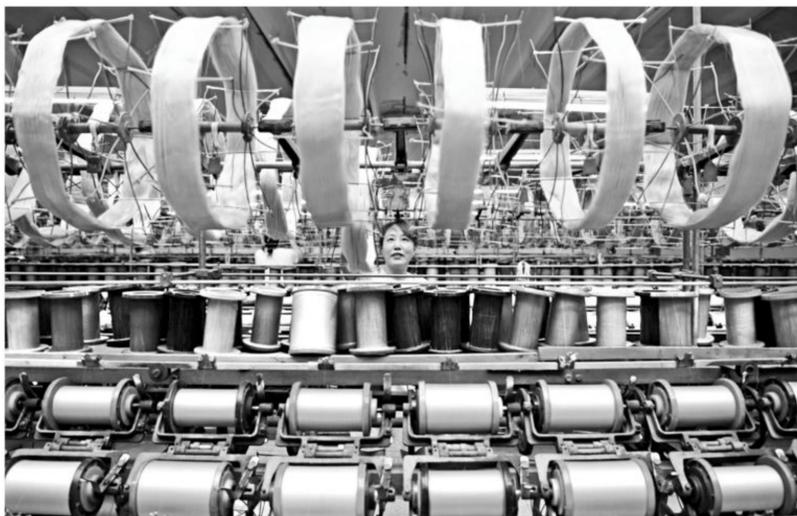
Despite the softer-than-expected reading, manufacturing activity still appears to be supported for now by an extended infrastructure boom. Beijing has been pouring money into road and rail projects that have fueled demand for products from construction equipment to glass and steel.

Indeed, China's steel output rose to a monthly record in July, while power generation was the highest since at least May 2014.

Any sharp drop in industrial activity, which appears to be unlikely at this stage, would be a concern for policymakers as it risks rippling across the broader economy.

In a sign that economic momentum could slow further, fixed-asset investment grew 8.3 percent in the first seven months of the year, cooling from 8.6 percent in the first half of the year. Analysts had expected the pace to remain steady.

Property investment, in particular, showed signs of fatigue after local governments were forced into repeated rounds of cooling measures to curb soaring home prices.



An employee works at a silk factory in China.

Growth in property investment, which mainly focuses on residential real estate but includes commercial and office space, eased to 4.8 percent in July from a year earlier, versus 7.9 percent in June, Reuters calculations based on official data showed.

New construction starts measured by floor area, a telling indicator of developers' confidence, contracted for the first time since last September, falling 7 percent in July on-year.

The statistic bureau said the overheated property market has cooled "somewhat", but it still expected China's economic performance to be steady in the second half. The performance in July was stable, the bureau said.

Growth of private investment also ebbed to 6.9 percent in the first seven months of the year, suggesting small and medium-sized firms still face challenges in accessing financing. Private investment accounts for about 60 percent of overall investment in China.

Retail sales pulled back, too, but growth remained in the double-digits for the fifth month in a row, suggesting consumption will continue to overtake factory output and investment as the biggest growth driver of the economy, a key policy goal for Beijing.

Retail sales expanded 10.4 percent in July on-

year, down from June's 11 percent and forecasts for a 10.8 percent rise. But while car sales remained solid, automakers cut back production.

Concerns about the outlook for domestic demand resurfaced last week after Beijing reported weaker-than-expected import and export data.

Though some economists chalked up softer imports to seasonal or one-off factors such as bad weather, others said it may be a sign that China's trade growth peaked in the second quarter and is now on a downward trend.

Beijing is targeting growth of around 9 percent in fixed asset investment for 2017, and expects retail sales to increase about 10 percent.

"Combined with the previously released data on trade, demand and production in July visibly slowed in July," said Li Qilin, an analyst with Mingsheng Securities.

"As for the property market, it will continue to face downward pressure as projects are completed, with September and November key months to watch."

China has surprised most pundits this year, with the economy growing a faster-than-expected 6.9 percent in the first half, turbocharged by heavy government spending, a hot housing market and record bank lending last year that has added to a rapid-build-up in debt.

Arab bloc won't discriminate against US firms in Qatar rift: sources

REUTERS, Dubai

Four Arab countries that imposed sanctions on Qatar have told the United States that US companies doing business with them would not be punished for also working with Doha, four sources with knowledge of the matter said.

Foreign firms have become increasingly cautious on their cross border dealings over concerns they could fall foul of the region's biggest diplomatic crisis in years. Saudi Arabia, the United Arab Emirates (UAE), Egypt and Bahrain sent a letter to US Secretary of State Rex Tillerson in July reassuring him that US companies would not be discriminated against as part of the boycott, according to sources with knowledge of the letter.

The European Union has been given similar "official ... verbal assurances" by the UAE, the EU Delegation to the UAE told Reuters.

In the letter to Tillerson, the four countries said that they valued and intended to maintain their relationships with US companies and that those ties would not be affected by the boycott, according to a source who has seen the letter. The US Embassy in Abu Dhabi declined to comment on the letter. The four Arab states did not immediately respond to Reuters questions on the letter.

Tillerson made a four-day visit to the region in July where he met both sides of the dispute and made proposals to help end the crisis.

The four Arab countries cut diplomatic and trade links with Qatar on June 5, suspending air and shipping routes with the

world's biggest exporter of liquefied natural gas and the home to the region's biggest US military base.

UAE Minister of State for Foreign Affairs Anwar Gargash said on July 17 that the UAE would not ask foreign companies to choose between doing business with it or Qatar.

That followed comments from UAE Ambassador to Russia Omar Ghabash to Britain's Guardian newspaper on June 28 that companies could be made to choose as part of a new round of sanctions on Qatar.

Top US companies have large investments in countries on both sides of the dispute and there are big contracts to be won in wealthy Saudi Arabia, the UAE and Qatar.

Saudi Arabia, the world's largest oil exporter, signed business deals worth tens of billions of dollars with US companies during US President Donald Trump's visit to Riyadh in May.

State-owned airlines in the UAE and Qatar are leading customers of US planemaker Boeing, and Doha, which will host the 2022 World Cup, is seeking partners to take part in a huge expansion of its gas production.

Some companies have taken steps to restructure their Middle East operations so that Qatar no longer reports to their regional headquarters, often located in Dubai, in a bid to avoid any conflict.

One of the sources said that there have been no known incidents of a US company being discriminated against by the four Arab countries because of the dispute with Qatar.

Swiss franc falters on returning risk appetite

REUTERS, London

The Swiss franc posted its biggest daily drop against the US dollar in nearly three weeks on Monday as investor concern over geopolitical risks eased and Japan posted solid economic data.

"Some investors had gone very short on risk last week on the geopolitical events and there is some short covering," Neil Jones, head of FX sales at Mizuho Bank in London, said.

The franc fell 0.8 percent against the US dollar to 0.9694 francs, its biggest drop since July 27 according to Thomson Reuters data. It gained more than 1 percent last week on escalating tensions between North Korea and the United States.

World stocks also showed signs of relief

after fears of a nuclear stand-off drove them to the biggest weekly losses of 2017 last week, while volatility ebbed.

Chinese President Xi Jinping called on Saturday for a peaceful resolution to the North Korean nuclear issue, and in a call with US President Donald Trump urged all sides to avoid words or action that raise tensions.

With Japanese second-quarter growth expanding 1 percent quarter-on-quarter, fuelled by rising consumption and capital expenditure, investors stepped in to buy risky assets after tensions over North Korea.

Meanwhile, the dollar edged higher against a trade-weighted basket of currencies after posting its biggest weekly drop in three weeks as expectations of US rate increases dwindled further after weak inflation data.

India July wholesale inflation rate picks up for first time in five months

REUTERS, New Delhi

India's wholesale price inflation rate picked up in July after easing for four straight months, with food prices back on the rise.

The wholesale price index rose 1.88 percent in July from a year earlier, compared with an increase of 0.63 percent in July 2016, government data showed on Monday.

The rise compares with a 1.3 percent increase forecast by economists in a Reuters poll and a provisional 0.9 percent rise in June - the slowest pace since July 2016.

Wholesale food prices in July rose 2.12 percent on year, compared with a 1.25 percent fall a month earlier.

Easing price pressures gave the Reserve Bank of India (RBI) room to cut its main policy rate by 25 basis points to 6 percent earlier this month, the lowest since November 2010.

It was the first rate cut by an Asian central bank this year. But the RBI retained its "neutral stance" and



Workers remove dust from wheat at a wholesale grain market in India.

warned inflation could pick up again.

Data later on Monday is expected to show consumer inflation also quickened in July, after easing for three straight months.

Economists expect the consumer price index, the main policy target of the Reserve Bank of India (RBI), rose 1.87 percent on-year, compared with an increase of 1.54 percent in June.

Euro zone bond yields rise as Japan growth smashes forecasts

REUTERS, London

Euro zone government bond yields rose 3-4 basis points across the board on Monday, bouncing from recent lows following stronger-than-expected Japanese growth.

Japan's economy expanded at the fastest pace in more than two years in the second quarter as consumer and company spending picked up, highlighting a long-awaited bounce in domestic demand.

The data further supports expecta-

tions that the global economy is on the mend and that central banks can start to unwind extraordinary monetary stimulus put in place in the wake of a series of financial and debt crises.

And even though data showed Monday that industrial output in the euro zone fell more than expected from the previous month, it still increased by 2.6 percent on an annual basis.

The yield on Germany's 10-year government bond, the benchmark for the euro zone, was up 4 bps to 0.42 percent, a move mirrored by most

other high-grade euro zone 10-year government debt.

Japanese 10-year debt itself was flat on the day while 10-year U.S. Treasury yields were also up 4 bps.

"The question becomes how Japanese growth could impact the very expansionary stance of central banks," said DZ Bank strategist Daniel Lenz.

"With Fed and ECB minutes coming up and a speech from (Bundesbank member) Andreas Dombret, we may find out more this week."

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Invitation for Tender

e-Tender Notice No. 07/2017-18

e-Tender is invited in the National e-GP System Portal (<http://www.eprocure.gov.bd>) for the procurement of following works, detail are given below:

Sl. No.	Package No.	Description of Good/Works	Last Selling Date and time	Closing Date and time	Opening Date and time	Tender ID No.
1.	BEPZA-C-E/M-W3	Supply & Installation of solar electricity system at Ishwardi, uttara, Comilla and Adamjee EPZ (Group-ka).	10 September 2017 17:00	11 September 2017 12:00	11 September 2017 12:00	114692

This is online Tender, only where e-tender will be accepted in the National e-GP portal and no offline/hard copies will be accepted.

To submit e-Tender, registration in the National e-GP System Portal (<http://www.eprocure.gov.bd>) is required. The fees for downloading the e-Tender Document from the National e-GP System Portal have to be deposited online through any registered Bank Branches, up to 10 September 2017.

Further information and guidelines are available in the National e-GP help desk (helpdesk@eprocure.gov.bd).

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গণপ্রজাতন্ত্রী বাংলাদেশ সরকার

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Titan sees up to 30pc rise in sales

REUTERS, Panaji, India

Titan Co, India's biggest listed jeweller, expects its jewellery sales to rise by 20-30 percent in 2017/18 fiscal year ending March, as it plans to add more than two dozen retail stores to boost its presence in small towns, a senior company official said.

"We are planning to add 25 to 30 stores on franchise basis this year on top of existing around 250 stores," Sandeep Kulhali, senior vice president, retail and marketing at Titan, told Reuters.

Titan shares rose as much as 4.6 percent to a record high of 636.65 rupees on Monday. They have risen 86 percent this year up to Friday's close.