



AKM Kamal Uddin, head for corporate banking at NRB Bank, cuts a ribbon to open the bank's bill collection booth for Dhaka Electric Supply Company Ltd (Desco) at Uttarkhan in Dhaka. Md Masudur Rahman Khan, deputy general manager for finance at Desco, was also present.

Italy still lagging despite best growth in 6yrs

AFP, Rome

Italy posted Wednesday its best annual economic growth figures since 2011 with its gross domestic product outdoing official forecasts to grow 1.5 percent on an annual basis.

Improved domestic demand for industrial products and in the service sector drove the improvement in the second quarter, national statistics body ISTAT said.

Analysts interpreted the pick-up as reflecting an upturn in business confidence that has been helped by receding concerns over the stability of the country's banking system.

But they warned that Europe's fourth biggest economy was still lagging behind its partners in the eurozone as it battles to repair the damage done by a lost decade of economic stagnation or recession.

The second quarter performance "makes it almost certain that GDP growth will exceed official projections of 1.1 percent for the whole year," said Lorenzo Codogno, a former chief economist at the Italian finance ministry.

"Consensus expectations are catching up,

but there remains a fair amount of scepticism on Italy's performance going forwards."

In the first six months of 2017, growth was 1.2 percent, according to ISTAT.

In its first estimate of second quarter activity, the data body said the economy expanded by 0.4 percent from the first three months of the year.

That is significantly lower than the eurozone average of 0.6 percent quarter-on-quarter growth and 2.2 percent annual growth.

The figures were nonetheless trumpeted by a centre-left government gearing up for elections expected in March or April next year.

"Growth better than forecast. A good base from which to boost the economy and employment," Prime Minister Paolo Gentiloni said on Twitter.

The government had forecast a 1.1 percent increase in GDP this year, while the European Commission had expected it to increase by 0.9 percent and the International Monetary Fund had tipped a 0.8 percent rise.

UK banks behind schedule in post-Brexit preparations: ECB

REUTERS, Frankfurt

British-based banks seeking to relocate to the European Union before Britain leaves the bloc are behind schedule in their preparations for the move, a European Central Bank supervisor said on Wednesday.

International banks based in London risk losing access to the EU's single market once Britain leaves it in 2019, forcing many to consider moving parts of their businesses to the bloc and seek a license from the ECB, the sector's watchdog.

But Sabine Lautenschlaeger, who represents the ECB's supervisory arm on the central bank's board, said progress had been slower than hoped.

"Frankly, the banks are not as far advanced as we would like them to be," Lautenschlaeger said in a newsletter article.

"Of the banks that have indicated an interest in relocating operations to the euro area, a number of the larger banks have made progress in their planning. But we have not seen many final decisions yet."

She added the ECB would not grant licenses to "empty shells" and would take a tough stance on "back-to-back transactions", where a bank would conduct trades out of its EU base but process and risk manage them at its London office.

"While we do not rule out this practice per se, ultimately we expect banks to manage relevant parts of their risks locally and independently," Lautenschlaeger said.

Lautenschlaeger also said she expected banks moving to the EU to update their recovery plans, which kick in if they fail, "shortly" after moving.

Cracking down on black money, India steps up scrutiny of shell firms

REUTERS, New Delhi/Kolkata

When India's Prime Minister Narendra Modi banned high-denomination currency bills in a surprise move late last year, authorities noticed a surge in shell companies depositing cash in banks, seemingly in a bid to hide who owned that wealth.

The moment, said a top aide to Modi, was an eye-opener for the government, which had not realized just how much shell companies were being used to hide assets and launder money.

Modi's office has formed a team of top law enforcement and revenue officials to go after such companies, according to the aide and a government memo reviewed by Reuters.

Last month, the authorities ordered nearly 200,000 shell companies to be shut down, and the aide said the government is examining hundreds of thousands more.

The systematic crackdown on shell companies - which have no active business operations or assets - is perhaps one of the most tangible outcomes of demonetization, which aimed to hit tax evasion and move India toward cashless, digital transactions that leave a paper trail.

"We are very much at war against black money. The impact of this (crackdown) will be huge on shell companies," the aide, who cannot be named in line with government rules, told Reuters.

In his Independence Day address on Tuesday, Modi claimed credit for going after these companies, and warned that "looters of the nation's wealth will have to answer."

Modi took office in 2014, vowing to fight corruption and bring back billions of dollars stashed away overseas as well as in real estate, stock markets and front companies through a web of fictitious names.

While the move to withdraw 85 percent of bank notes shook the economy and was widely criticized, the fight against unaccounted wealth carries overwhelming support from ordinary Indians who often have to pay bribes for government services.



Shops and houses are pictured inside the Mercantile office building on Lalbazar Street in Kolkata, India.

A high-level task force leading the investigation has found hundreds of shell companies are registered in a few buildings in the eastern city of Kolkata, according to the government note reviewed by Reuters.

More than 400 companies listed their address in a dimly-lit colonial-era building at 9/12 Lalbazar Street.

In its warren of offices were firms offering services such as earthmoving equipment, infrastructure financing, information technology consultants and many others which had office space the size of cubicles.

Many were locked, with their padlocks coated in dust. Others were grimy residential quarters with laundry hanging from the windows.

Data separately provided by Tofler, a company information database service, identified nearly 3,000 companies in two offices in the building. Some were named after flowers.

A tax inspector said the Kolkata firms were a virtual money laundering industry and drew a parallel to the Panama legal firm Mossack

Fonseca that emerged from obscurity last year after the leak of millions of documents from its offices that illustrated how the wealthy use offshore corporations to avoid taxes.

"The Kolkata industry does the work of obfuscating money trails. Kolkata companies are a huge network that take your money from one end and bring it out the other," said the inspector, who didn't want to be identified as he's not authorized to talk to the media.

The shell companies support much of the fraud and embezzlement in India, tax authorities say.

The owners of these companies create elaborate smokescreens, including naming personal servants and chauffeurs as board directors, the tax inspector said, adding they are used to obscure the ultimate beneficiaries, conceal political investment, route money to evade tax, commit fraud or manipulate tenders.

Last week, the Securities Exchange Board of India imposed trading restrictions on 162 listed entities as shell companies as part

of its broader crackdown on illegal offshore transfers and tax evasion.

Several firms identified in the list of front companies have challenged the decision, saying they were engaged in legitimate business.

The Serious Fraud Investigation Office is creating a database of shell companies, and has so far identified 114,269 as front firms.

The database contains details of those involved in the shell company 'eco-system', from those who set up the companies to the beneficiaries of laundered money and the professional mediators who bring the operators and beneficiaries together, the government note said.

More than 370 front companies were listed at 23A Netaji Subhash Road, another site in Kolkata, according to the note.

Sujit Kumar Mukherjee, the secretary of the 23A Tenants' Association, said he was not in a position to say if there were front firms operating from the building.

"It is very difficult to say who is doing what behind the front door," he said.

Euro stumbles as ECB policy unwind bets dashed

REUTERS, London

The euro held near the day's lows on Wednesday after sources signaled European Central Bank chief Mario Draghi would not use his Jackson Hole appearance to signal policy change by the bank.

The euro has gained 11.5 percent so far this year against the dollar and is the best performing currency in the G10 FX space with most of its gains coming in recent months on growing bets that the European Central Bank will start unwinding its massive policy stimulus.

But the latest news dashed some expectations that the ECB will use the keenly watched annual Jackson Hole conference to chart a course out of stimulus.

"In the short term we are bearish on the euro/dollar as currency markets were expecting too much out of the ECB in the near term but in the medium term we are more constructive," said Stephen Gallo, European head of FX strategy at BMO in London.

The euro fell 0.3 percent to \$1.1701 and was trading near the day's lows of 1.1691. It hit a 2-1/2 year high of \$1.1911 earlier this month and is down nearly 2 percent from that peak.

The single currency was trading down 0.2 percent at 1.13960 francs per euro.

On a flows basis, inflows into European-focused equity funds have slowed noticeably after a spike earlier this month though bond outflows have also slowed indicating the currency's weakness may be shortlived.

The dollar held near a three-week high against a trade-weighted basket of its rivals as strong US retail sales data boosted risk appetite.

"The North Korea missile fears seem to be abating for now and if the recent bunch of strong US data translates into higher inflation, then markets will start pricing more interest rate increases from the Fed in the coming months," said Ulrich Leuchtmann, an FX strategist at Commerzbank in Frankfurt.

The dollar index .DXY edged higher to 94.02 and was consolidating most of its overnight gains when it hit its highest level since July 26 at 94.14 in the previous session.

US retail sales jumped 0.6 percent in July, handily beating economists' estimate of a 0.4 percent reading.

But despite the strong data, interest rate expectations remain broadly unchanged with markets expecting the Federal Reserve to raise rates only once over the next 12 months, according to the CME's Fedwatch tool.

Easing fears of armed conflict between the United States and North Korea also prompted investors to buy back riskier assets they had sold last week as fiery rhetoric between the two countries escalated.

Morgan Stanley strategists were wary about reading too much into the dollar's overnight bounce, pointing out that economic data from other countries such as Sweden and Japan have been robust, indicating further dollar gains may be slow.

MoU Signing Ceremony



Pubali Bank's Managing Director Md Abdul Halim Chowdhury, Labaid Ltd's Adviser for Admin Manzoor A Mollah and Chief Operating Officer Al Emran Chowdhury attend an agreement signing ceremony at the bank's head office in Dhaka yesterday. The bank's credit and debit card holders will get 10 percent discount on various diagnostic tests at Labaid.

Amazon adds Instant Pickup in US

REUTERS, Berkeley, California

Amazon.com Inc is rolling out US pickup points where shoppers can retrieve items immediately after ordering them, shortening delivery times from hours to minutes in its latest move into brick-and-mortar retail.

The world's largest online retailer has launched 'Instant Pickup' points around five college campuses, such as the University of California at Berkeley, it said on Tuesday. Amazon has plans to add the program to more sites by the end of the year.

Shoppers on Amazon's mobile app can select from several hundred fast-selling items at each location, from snacks and drinks to phone chargers. Amazon employees in a back room then load orders into lockers within two minutes, and customers receive bar codes to access them.

The e-commerce company, which said in June it would buy Whole

Foods Market Inc for \$13.7 billion, has come to realise that certain transactions like buying fresh produce are hard to shift online. Its Instant Pickup program targets another laggard: impulse buys.

"I want to buy a can of coke because I'm thirsty," said Ripley MacDonald, Amazon's director of student programs. "There's no chance I'm going to order that on Amazon.com and wait however long it's going to take for that to ship to me."

"I can provide that kind of service here," he said of the new program.

Amazon's ability to shorten delivery times has been a sore point for brick-and-mortar retailers, who have struggled to grow sales as customers have turned to convenient online options. Until Instant Pickup, Amazon shoppers could expect their orders within an hour at best via the company's Prime Now program, or within 15 minutes for grocery orders via

AmazonFresh Pickup.

"This is a natural extension of their larger push into the grocery space," said Morningstar analyst RJ Hottovy, noting Instant Pickup could capture small purchases by consumers in between their larger shopping trips.

Instant Pickup also puts Amazon in competition with vending machine services. Yet it is unlikely to threaten those selling snack machines to offices and schools.

"This might work for some electronic gadgets that are not commonly available at vending machines," said Forrester analyst Ananda Chakravarty. "Two minutes is too long to wait for a soda can."

Since 2015, Amazon has opened 22 US locations for same-day pickup. The Instant Pickup program will rely on these same facilities, launching in Berkeley, Los Angeles, Atlanta, Columbus, Ohio and College Park, Maryland.