BANK ASIA

Md Arfan Ali, president and managing director of Bank Asia, and Hasan Imam, chairman of Bangladesh SME Corporation Ltd (BSCL), exchange documents after signing a deal at the bank's head office in Dhaka recently on loan facilities for rural dairies.

China blames yuan moves on dollar rise

REUTERS, *Shanghai/Beijing*

China's central bank chief on Tuesday blamed the yuan's recent weakness on the US dollar's strength and external uncertainties, as state-owend banks were seen trying to prop up the currency.

"Recently, there have been some fluctuations in the foreign exchange market. We are paying close attention to this," Yi Gang, governor of the People's Bank of China (PBOC), said in remarks published on the PBOC's website.

"This is mainly due to factors such as the strengthening of the US dollar and external uncertainties." Yi's remarks come as the Chinese currency faces considerable pressure. The onshore yuan weakened past 6.7 per dollar in early trading on Tuesday for the first time since Aug. 9, 2017.

The yuan has lost more than 4 percent of its value against the dollar since mid-June, with state-owned banks seen on Tuesday trying to prop up the currency.

Yi's statements did not make reference to market speculation about suspected intervention. The PBOC was not immediately available to respond to Reuters' request for comment on the yuan's moves.

China's economic fundamentals remained sound and financial risks were largely under control, Yi said.

"International payments were stable, and cross-border capital flows were roughly balanced," he added.

Yi said China must maintain its managed floating exchange rate regime, which is based on supply and demand and the yuan's value against a basket of currencies, as experience had shown it to be effective.

Australia keeps rates on hold

AFP, *Sydney*

Australia's central bank kept interest rates on hold for its 21st-straight meeting Tuesday as consumer spending and inflation remain weak, while it also cited uncertainty about global trade tensions.

The Reserve Bank of Australia slashed the cash rate from November 2011 to August 2016 to a record low of 1.50 percent to boost the economy as it transitioned away from an unprecedented mining investment boom.

It has sat on the sidelines since then, with high household debt and slow wages growth affecting consumer spending even as business conditions and investment improve.

"The low level of interest rates is continuing to support the Australian economy," RBA governor Philip Lowe said in a statement after its monthly board meeting.

"Further progress in reducing unemployment and having inflation return to target is expected, although this progress is likely to be gradual."

Inflation has also remained soft, although the central bank sounded an optimistic note about the recent rise in labour force participation and strong growth in employment. "There is a Groundhog Day feel to RBA meetings at the moment," Commonwealth Bank of Australia senior economist Gareth Aird said.

"The RBA's decision to leave policy unchanged today was no surprise. And the governor's statement confirms that a rate rise is still some way off."

The central bank eased its warnings about the Australian dollar -- which has weakened against its US counterpart in recent months -- and dropped comments about the risks of an appreciating currency.

But it was less optimistic about the economic climate, noting that there was "uncertainty regarding the global outlook (stemming) from the direction of international trade policy in the United States".

The housing market, which has boomed in recent years and sent property prices soaring, has softened of late, making the RBA less likely to tighten monetary policy in the near-term, economists said.

Trump moves to block China Mobile's US entry on security concerns

REUTERS, *Shanghai/Hong Kong*

The US government has moved to block China Mobile from offering services to the country's telecommunications market, recommending its application be rejected because the firm posed national security risks.

The move by President Donald Trump's administration comes amid growing trade frictions between Washington and Beijing. The United States is set to impose tariffs on $34 billion worth of goods from China on July 6, which Beijing is expected to respond to with tariffs of its own.

The Federal Communications Commission (FCC) should deny the state-owned Chinese firm's 2011 application to offer telecommunication services between the United States and other countries, the National Telecommunications and Information Administration (NTIA) said in a statement posted on its website.

"After significant engagement with China Mobile, concerns about increased risks to US law enforcement and national security interests were unable to be resolved," said the statement, quoting David Redl, assistant secretary for communications and information at the US Department of Commerce, which NTIA is part of.

China Mobile, the world's largest telecom carrier with 899 million subscribers, did not immediately respond to Reuters' request for comment on Tuesday.

However, Chinese foreign ministry spokesman Lu Kang, in response to a question about China Mobile at a daily briefing, said: "We urge the relevant side in the United States to abandon Cold War thinking and zero sum games."

REUTERS/FILE

A woman uses her mobile phone in front of a China Mobile office in Shanghai.

China always encourages its companies to operate in accordance with market rules and to respect the laws of the countries it operates in, he said, adding the United States should stop putting "unreasonable pressure" on Chinese firms. Another Chinese firm that has been caught in the crosshairs of the trade spat is ZTE Corp.

China's No. 2 telecommunications equipment maker was forced to cease major operations in April after the United States slapped it with a supplier ban saying it broke an agreement to discipline executives who conspired to evade US sanctions on Iran and North Korea.

ZTE is in the process of getting the ban lifted and recently announced a new board, but its settlement deal with the United States is facing opposition from some lawmakers in Washington.

While ZTE has been hit hard by the ban as almost a third of the components used in its equipment come from US suppliers, China Mobile, according to an analyst, will not be hurt much if blocked since it derives most of its income from home.

The impact of the ruling on China Mobile's business is "very tiny", said Ramakrishna Maruvada, a Singapore-based analyst with Daiwa Securities. "This doesn't move the needle."

China Mobile Communications Corp, a state-controlled firm, owned almost 73 percent of China Mobile as of December, according to Thomson Reuters data.

China Mobile shares closed down 2 percent on Tuesday, their lowest close in more than four years, after news of the NTIA recommendation to block the firm's US entry.

The NTIA said its assessment rested "in large part on China's record of intelligence activities and economic espionage targeting the US, along with China Mobile's size and technical and financial resources."

It said the company was "subject to exploitation, influence and control by the Chinese government" and that its application posed "substantial and unacceptable national security and law enforcement risks in the current national security environment".

US senators and spy chiefs warned in February that China was trying, via means such as telecommunications firms, to gain access to sensitive US technologies and intellectual properties.

Such concerns, however, are not deterring China's Xiaomi Corp which is set to press ahead with plans to enter the United States next year, saying its US connections should help it skirt political resistance.

AMAN CEMENT

Gazi MA Salam, founder principal of the Institute of Science, Trade and Technology (ISTT), and Ataur Rahman Rifat, chief marketing officer of Aman Cement Mills Ltd, exchange documents after signing a deal in Dhaka on July 1. The company will supply cement to ISTT.

Google delay on ads standard for EU privacy law creates compliance mess

REUTERS, *San Francisco*

Google's delayed entry into a consortium of advertising technology companies has spoiled the members' push to comply with a new European privacy law, six people involved in the program told Reuters, leaving some firms exposed to fines.

Most at risk are unwitting owners of ad-funded websites and apps, which Google has said have the responsibility of getting consent to serve targeted ads to European consumers.

The experience shows how Google policy decisions cascade through the $200 billion global online advertising industry, which is dominated in most facets by the Alphabet Inc unit.

Data about a website visitor's identity can pass through a dozen ad tech firms before an ad is loaded, and each one must have user consent or another legal basis to access it under Europe's General Data Protection Regulation (GDPR).

Hundreds of ad tech firms launched software together a month before GDPR kicked in on May 25 to verify consent before displaying ads. Google announced on May 22 that it would not join the industry program until August.

Google devised a temporary solution that the people said has been imperfect. As a result, some of Google's advertising clients are targeting ads to users who have not given consent to personalized marketing.

Google declined to comment on possible policy violations, instead reiterating that GDPR "is a big change for everyone" and that it is working with partners on compliance. GDPR fines can reach as high as 4 percent of a firm's annual revenue.

Four ad tech executives said they are counting on deference from regulators until Google supports the consortium technology.

"Once Google adopts the consent framework, much of the confusion will start to settle down a bit," said Walter Knapp, chief executive of ad software company Sovrn Holdings Inc.

Authorities in France and Germany said they have yet to investigate consent issues related to online ads. Financial and legal analysts said it is a matter of time. A crucial issue has involved Google's DoubleClick Bid Manager (DBM), which large advertisers use to purchase ad space from ad exchanges.

Many websites now present European visitors with pop-ups asking for consent to send identity data to exchanges and DBM as ad space with user information is far more valuable. The issue is that DBM cannot yet accept users' selections because it does not support the consortium standard.

Big exchanges such as AppNexus Inc and Rubicon Project Inc have worked around by guaranteeing that they will only offer ad space on DBM when users have consented.

PNB to shutter most operations at fraud-hit Mumbai branch

REUTERS, *Mumbai*

Punjab National Bank (PNB) is closing nearly all its operations in a Mumbai branch that was at the heart of a $2 billion fraud, according to four sources with knowledge of the decision.

The move to downsize the Brady House branch, which has come to symbolise the biggest banking scandal in the country's history, comes as India's second-largest state lender seeks to tighten controls and restore its reputation.

The 123-year-old bank has lost more than half its market value since the fraud came to light in late January.

PNB will move all big client accounts out of the branch in downtown Mumbai that according to an internal investigation saw "exceptional growth" in the past few years largely because of its controversial dealings with firms owned by two related jewellers.

PNB has alleged that a handful of staff at the branch issued fake bank guarantees between 2011 and 2017 to help the firms of Indian diamond magnate Nirav Modi and his uncle Mehul Choksi raise billions of dollars in foreign credit. The duo have denied wrongdoing and are currently abroad.

Fronted by an imposing colonial facade, the branch has a foreign exchange department and handles mainly mid-sized corporate accounts. It also has a small retail operation, which will stay open after the restructuring, said the sources who declined to be named as the discussions were not public.

One of the sources with direct knowledge of the matter said that PNB was transferring some employees and big accounts - each involving annual transactions of more than 500 million rupees ($7.28 million) - to large corporate branches for "better monitoring".

"The bank has already started moving accounts to neighbouring branches," said one of the sources. "Only a small retail banking operation will remain at the branch for the time being."

The bank will consider similar steps for some other branches too so that risks are minimised, said one of the sources.

PHOENIX FINANCE

Evana Fahmida Mohammad, chairman of Phoenix Finance and Investments Ltd, presides over the company's 23rd annual general meeting at the Institution of Diploma Engineers, Bangladesh in the capital on June 28. The company approved 20 percent cash dividend for 2017. SM Intekhab Alam, managing director, was present.