



Yasir Azman, deputy CEO of Grameenphone, and Muhammed Zahirul Alam, deputy managing director of Bank Asia, attend a programme at Grameenphone Centre in Mirpur yesterday to introduce a financing scheme for 4G-enabled device -- Loan Diye Phone.

## Gold prices touch one-week high on softer US dollar

REUTERS, London

Gold hit a one-week high on Wednesday, rebounding from this week's seven-month low, helped by a softer dollar and smouldering trade tensions, though gains were limited by the prospect that rising interest rates will support the greenback.

The dollar fell versus the euro and the yuan, with the Chinese currency continuing its recovery from 11-month lows after the central bank took steps to stem its rapid rise.

A weaker dollar makes dollar-priced gold cheaper for non-US investors.

"Gold has been trending lower for several weeks and this being non-farm payrolls (week) the dollar is likely to remain in range, so people are taking profit on dollar and gold positions," said Fawad Razaqzada, an analyst at FOREX.com.

"I'm still not convinced we've seen the lows so long as gold remains below \$1,300. The dollar is on an upwards trajectory. I don't think (looming US interest rate) hikes are fully priced into the dollar or gold."

Spot gold was up 0.2 percent at \$1,255.21 an ounce as of 1114 GMT after touching \$1,261.10, a one-week high. The

yellow metal has gained over \$20 from Tuesday's low of \$1,237.32 an ounce, its weakest since Dec. 12. US gold futures for August delivery were trading 0.2 percent higher at \$1,256.30 an ounce.

Investors are now looking to minutes of the June US Federal Reserve meeting due on Thursday and the US non-farm payrolls data on Friday for further cues on monetary policy. Valuations remain supportive of the dollar, with markets pricing in two more interest rate hikes for 2018.

World stocks were dragged lower meanwhile by growing anxiety ahead of Washington's end of week deadline to impose tariffs on \$34 billion of Chinese imports, and Beijing's vow to retaliate in kind on the same day.

"Since the trade wars have been doing the rounds, if anything we've seen gold come lower. But if it continues to escalate gold could go only one way and that's higher," a Sydney-based trader said.

China is putting pressure on the European Union to issue a strong joint statement against President Donald Trump's trade policies at a summit later this month but is facing resistance, European officials said.



REUTERS/FILE

An employee sorts gold bars in a gold and silver separating plant in Vienna.

## RBI tightens banks' statutory auditor rules

REUTERS, Mumbai

India's central bank on Wednesday tightened rules on banks' statutory auditors saying it reserved the right to not approve appointments of such auditors for a specified period if their audit quality was not found satisfactory.

The Reserve Bank of India (RBI) said it will take action against statutory auditors of banks in case of any lapses in their auditing process including instances such as misstatement of a bank's financial statement or wrong information in audit report.

The banking regulator came out with these guidelines after a recent \$2 billion fraud at state-run Punjab National Bank revealed several lapses in the auditing process in banks.

The framework would cover, inter alia, instances of divergence identified in asset classification and provisioning during the RBI inspection vis-à-vis the audited financial statements of banks," said RBI in a statement.

## US car sales mostly up through June as larger vehicles reign

AFP, New York

Leading automakers reported mostly higher US sales for the first half of 2018 on Tuesday, bolstered by a strengthening economy and continued robust demand for larger vehicles despite rising gasoline prices.

General Motors, Fiat Chrysler, Toyota and Volkswagen all reported higher sales through the end of June, while Ford and Honda reported a modest decline even as they described overall market conditions as robust.

Total US auto sales rose 5.2 percent in June to 1.6 million vehicles, while sales for the first half of the year climbed 1.9 percent to 8.6 million, according to Automotive News.

Some analysts have been cautious on the outlook for US auto sales given rising interest rates and trade tariff announcements, which could also inflate the costs of vehicles.

But automakers said US market conditions remained healthy amid solid employment trends and a lift from US tax cuts.

The figures lifted the seasonally adjusted annual rate of US auto sales to 17.5 million, according to data released by Motor Intelligence.com.

That was above the level of 17.1 million predicted by auto analysts at Edmunds.com.

"Customers are buying with confidence because the economy is strong and they expect it to remain strong," said Kurt McNeil, General Motors US vice president of sales operations.

GM, the biggest US automaker, reported a 4.2 percent increase in first-half sales to 1.5 million, with sales rising 4.6 percent in the second quarter to 758,376.

The automaker cited double-digit increases in deliveries of pickup trucks and large SUVs in the second quarter.

"Tax reform raised take-home pay, consumer confidence is high and household balance sheets are healthy," GM chief economist Elaine Buckberg said.

Ford executives said the effects of US trade tensions were too uncertain to predict at this point but they agreed with the upbeat assessment of US market conditions.

June sales were "really solid," Mark LaNeve, Ford vice president for US marketing sales and service, said on a conference call with analysts and reporters. Ford's sales declined 1.8 percent for the first half of 2018 to 1.3 million but rose 1.2 percent in June to 230,635.

LaNeve said demand for pickup trucks and other large vehicles was "amazing" with no sign customers were avoiding the vehicles despite

higher gasoline prices. US gasoline prices are about 28 percent higher than a year ago.

"When the (price increase) is gradual, it doesn't trigger a shift," he said. "It's when people are afraid they can't get gas, you see a change."

Ford's sedan sales fell 12.6 percent in the first half of 2018, while truck sales rose 4.2 percent in the same period. SUV sales slipped 0.7 percent.

LaNeve said consumers were showing surprisingly strong appetite for more gadgets and other "up-level" features, boosting vehicle prices.

Honda's sales also dipped in the first six months of the year, dropping 0.5 percent. But June sales rose 4.8 percent from June 2017.

At FCA, sales in the first half of the year rose 5 percent to 1.1 million. They were bolstered by the Jeep and Ram Truck brands.



Auto sales rose 5.2 percent in June to 1.6 million vehicles in the US thanks to the continued robust demand for larger vehicles.

## India services activity rebounds in June

REUTERS, Bengaluru

Activity in India's service industry rebounded in June from a mild contraction the prior month, a private survey showed, expanding at its quickest pace in a year on the back of a surge in new business orders.

The Nikkei/IHS Markit Services Purchasing Managers' Index climbed to 52.6 last month, its highest since June 2017, from 49.6 in May. The 50-mark separates growth from contraction.

The recovery in services firms' activity, along with a robust pace of manufacturing growth reported on Monday lifted the composite PMI to 53.3, its highest level since October 2016.

That points to a solid finish for the three months ending in June, the first quarter of this fiscal year, after Asia's third-largest economy grew at its quickest pace in nearly two

years in January-March.

"Encouragingly, the latest performance was the strongest seen in a year, against a backdrop of improving demand conditions, as evidenced by the fastest gain in new business since last June," said Aashna Dodhia, an economist at IHS Markit. A strong improvement in demand also encouraged firms to hire at a faster pace than in May.

A sub-index that tracks growth in output prices fell to its lowest level in more than a year, even as the rise in input costs slowed just marginally. "Overall input costs rose at the strongest rate since July 2014, and amid a weak rupee and higher oil prices, inflation may remain elevated," added Dodhia.

Retail inflation in May accelerated to a four-month high and has more or less cemented views that the Reserve Bank of India to tighten policy again this year, and perhaps as early as August.

## Samsung's second quarter profit may flag as smartphone innovation dries up

REUTERS, Seoul

Samsung Electronics Co Ltd is expected to post its smallest profit growth in more than a year in the second quarter, as lackluster sales of its premium Galaxy smartphones overshadow its highly profitable chip business.

Analysts expect Samsung's smartphone sales to drop in the April-June quarter, following a more than 2 percent drop in the previous quarter as consumers flock to cheaper models from Chinese rivals such as Xiaomi Corp.

Samsung's lead over Apple Inc in the global smartphone market is under pressure after the US firm's iPhone X exceeded market expectations while a lack of technological innovation dogs Samsung offerings.

"Functions (that) Samsung's mobile phones have are not attractive enough for customers to spend more money on," said Song Myung-sup, analyst at HI Investment & Securities.

Samsung's latest Galaxy S9 flagship phone, launched in mid-March, boasts lots of software but little in the way of technological wizardry. It is on track to sell less in its launch year than its predecessor Galaxy S8 series sold in 2017 after its debut, analysts said.

This is expected to drag on profit growth when the Korean conglomerate posts second-quarter earnings on Friday.

Analysts expect an operating profit of 14.9 trillion won (\$13.3 billion) for the quarter, up 5.7 percent from a year earlier but less than the record 15.6 trillion won it posted in the March quarter, according to a Thomson Reuters poll.

Samsung, whose shares are down 9 percent so far this year, is also expected to issue guidance for the April-June quarter on Friday, giving estimates for revenue and operating profit. It will disclose detailed results in late July.

Samsung relies on traditional distribution to sell phones, whereas competitors have pulled ahead by leveraging online sales to provide high-end smartphones at competitive prices, Counterpoint analyst Shobhit Srivastava said.

Some investors are skeptical whether Samsung's upcoming line-up of foldable

phones with sleek OLED screens will be innovative enough to gain traction with customers. The new Galaxy Note will debut on August 9 in New York.

"Samsung has to show something that will change the paradigm," said Park Jung-hoon, a fund manager at HDC Asset Management that owns Samsung Electronics shares.

Market watchers don't have high expectations for its smartphone business at the moment, when Chinese players have already caught up in technology and ideas."

In China, the world's biggest smartphone market, Samsung's market share was just 1.3 percent in the first quarter, according to data from research firm Strategy Analytics, compared with Huawei's, 22.5 percent.

Chinese smartphone makers - Huawei, Oppo, Vivo and Xiaomi - held the top spots in China, while Apple was the only foreign firm in the top five.



People visit a Samsung booth during the Mobile World Conference in Shanghai.

## ZTE given temporary reprieve from US

REUTERS, New York/Hong Kong

China's embattled ZTE Corp has received a temporary reprieve from the US government to conduct business needed to maintain existing networks and equipment as it works toward the lifting of a US supplier ban.

ZTE, which makes smartphones and networking gear, 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.

The authorization seen by Reuters from the US Commerce Department's Bureau of Industry and Services runs from July 2 until Aug. 1.

It allows China's No.2 telecommunications equipment maker to continue operating existing networks and equipment and provide handset customer support for contracts signed before April 15. It also permits limited transfer of funds to or from ZTE.

On Tuesday, ZTE also announced the departure of 1 senior executive in a stock exchange filing, while a source who saw an internal memo told Reuters seven others were removed. As part of its settlement agreement reached in June with US authorities, ZTE had promised to radically overhaul its management.

The company also agreed to pay a \$1 billion penalty and put \$400 million in an escrow account as part of the deal to resume business with US suppliers - which provide almost a third of the components used in ZTE's equipment.

ZTE said in exchange filings late on Tuesday that Xu Weiyan, a shareholders' representative supervisor in the company's supervisory committee, has resigned due to personal commitments with immediate effect and no longer holds any position in the company.

An insider source told Reuters a memo was sent out on Tuesday announcing the removal of seven other executives, without providing a reason. They included vice presidents Wang Keyou, Xie Jiepeng and Ma Jie, who were in charge of the legal, finance and supply chain departments, respectively.

Reuters could not immediately contact them for comment. The source declined to be identified due to the sensitivity of the matter.