



SM Ashraf Alam, managing director of Walton Hi-Tech Industries, and Tapas Kumar Mondal, managing director of International Beverages Private, a subsidiary of the Coca-Cola Company, attend a deal signing ceremony at the Walton corporate office in Dhaka recently facilitating the supply of beverage coolers.

RBI plans more FX swaps, steps to inject cash: officials

REUTERS, New Delhi/Mumbai

The Reserve Bank of India (RBI) will probably conduct at least one more swap of rupees for dollars after the general election, said three officials with direct knowledge of the plan, part of an effort to support economic growth.

The central bank also plans to conduct open market operations of up to 500 billion rupees over the next two months, one of the officials said, expanding a quantitative easing programme to spur the slowing economy.

These latest moves are expected to increase cash in the financial system and help push interest rates down, potentially helping borrowers where an interest rate cut has not.

"We want to make sufficient liquidity available, but we cannot open the floodgates of liquidity. It has to be done in a calibrated and measured way," said one official who declined to be named because of the sensitivity of the matter. The Reserve Bank of India declined to comment.

Prime Minister Narendra Modi is facing a tight re-election race in the staggered poll that began on April 11 and will end on May 19. Votes will be counted on May 23.

Economic growth slowed to 6.6 percent in the October-December quarter, the worst in five quarters, and economists see a further slowdown in January-March largely due to high interest rates and surging oil prices. Despite cutting its key policy rate by

50 basis points this year to 6 percent, the RBI has struggled to get banks to reduce lending rates due to tight cash conditions and high deposit rates.

The RBI wants the real interest rate - the delta between the inflation rate and rate people pay to borrow - to ease for borrowers, a separate government official said.

In May, the RBI announced a fresh round of open market operations to purchase a total of 250 billion rupees worth of bonds in May, with the first auction for 125 billion rupees held on May 2.

"There could be two to four more open market operations by the RBI in the next two months (June-July) of similar quantum," the second official said.

Trump's tariff push squeezes businesses and consumers

REUTERS, Los Angeles/Washington

The first time President Donald Trump threatened tariffs on the luggage that Tiffany Williams imports for her Texas store, she stockpiled high-end suitcases and other products ahead of the deadline to protect profits.

This time, she may not have that opportunity. Trump on Sunday vowed to lift tariffs on \$200 billion of Chinese imports to 25 percent from 10 percent by the end of this week if no trade pact is sealed between the world's two largest economies.

Williams sources about 85 percent of the products for her business, Luggage Shop of Lubbock, from China, and she bought heavily before Trump's first round of 10 percent hit last fall.

"This time we will not have that opportunity. We won't be able to load up," said Williams, who voted for Trump. Her sales are down since November, under pressure from tariff-related sticker-shock on her mainstay high-end products and competition from online rivals like Amazon.com Inc.

In an email on Monday she shared with Reuters, Samsonite told her it would again raise prices to match the tariffs - if Trump makes good on his threat. "We are optimistic this saber rattling ahead of the planned China/USA trade meeting this week will be reversed," the email said. Samsonite did not



Donald Trump

immediately respond to requests from Reuters for comment. Trump has insisted that China has picked up the tab for his tariff campaign, not American consumers.

But prices are up on a host of products as diverse as bicycles, sewing machines and pet supplies, and government data shows US consumers have already had to pay more since the first round of tariffs kicked in last fall.

The price of sewing machines, which were hit in September by the original 10 percent tariff rate, have risen 10.3 percent in the 12 months through March. That is the biggest annual gain since the Labor Department started tracking prices

for the appliance in 1997.

Trump also ordered 10 percent tariffs on pet supplies and bicycles. The inflation rate for pet supplies rose to 4 percent as of March, while the rate for bicycles and related sporting equipment went from about zero in October to 3 percent in March.

Research from the Federal Reserve Bank of New York, Princeton and Columbia universities, published in March, estimated the tariffs cost US consumers at least \$6.9 billion last year. In a comment letter last year objecting to the tariffs, Walmart Inc warned that retailers would be pressured to raise prices on car seats, cribs and backpacks.

"For lower-income families, a 25 percent tax on these items would be a serious burden on household finances," Walmart wrote.

Walmart and rival Target Corp were among a swarm of retailers that pulled forward shipments of apparel, microwaves and furniture before the original Jan. 1 deadline for tariffs to rise to 25 percent from 10 percent. Walmart and Target declined comment on the newest developments.

To be sure, most US consumer prices have risen only modestly since September when Trump imposed the first 10 percent levies. The tariffs largely hit components of consumer goods rather than final products, diffusing the impact across America's \$20-trillion economy.

Some companies also accepted lower profit margins in order to keep from passing higher costs onto consumers. Overall prices, as measured by the Labor Department's consumer price index, rose just 1.9 percent in the 12 months through March.

Tom Derry, chief executive at the Institute for Supply Management, which surveys purchasing managers at major business each month, said many companies appeared to be treating tariffs as a temporary nuisance. That has made it easier for suppliers and purchasers to split costs between them in the interest of future business relations.

German industrial orders perk up in March

AFP, Berlin

German manufacturing firms reported a slight rebound in new orders in March, official data showed Tuesday thanks to increased demand from eurozone neighbours and more large contracts.

Used by experts as a weathervane for future industrial activity, the indicator added 0.6 percent in March after a 4.0-percent slide in February, federal statistics authority Destatis said.

But the bounce back fell short of expectations from analysts surveyed by Factset, who had bet on a 1.5-percent month-on-month rise. What's more, "without taking into account large

contracts, new orders were 1.9 percent lower in March" when adjusted for price, seasonal and calendar effects -- hinting at a continuing overall downward trend.

"Overall, the state of orders in manufacturing points to continuing subdued development in industry over the coming months," the economy ministry in Berlin said in a separate statement.

Looking in detail at the orders data, domestic demand ebbed by 4.2 percent, while foreign contracts increased by the same amount.

Most of that boost was powered by demand from eurozone countries, which added 8.6 percent where the rest of the world managed just 1.4.



Md Ridwanul Hoque, head of retail distributions at Midland Bank, and Alexander Haeusler, general manager of Radisson Blu Dhaka Water Garden, exchange documents after signing a deal at the hotel in Dhaka on Sunday. The bank's Visa credit cardholders will enjoy buy-one-get-one-free offer on buffets at the hotel.



Manwar Hossain, group managing director of the Anwar Group of Industries, attends a dealer conference for 2019 of the group's concern, A-One Polymer, at International Convention City Bashundhara recently.

US begins return of \$200m in 1MDB funds to Malaysia

REUTERS, Kuala Lumpur

The US government has begun returning to Malaysia some \$200 million recovered from asset seizures linked to state fund 1MDB, with about a quarter of the amount already repatriated, the two countries said on Tuesday.

Malaysian and US authorities say about \$4.5 billion were allegedly siphoned from 1Malaysia Development Berhad (1MDB), a state fund founded in 2009 by then Malaysian prime minister Najib Razak. Since losing a general election last year, Najib has been charged with more than 40 criminal offences linked to losses at 1MDB and other state entities. He has pleaded not guilty.

Since 2016, the US Department of Justice (DoJ), in the biggest ever case in its anti-kleptocracy program, has filed civil lawsuits seeking to seize about \$1.7 billion in assets allegedly bought with stolen 1MDB funds, including a private jet, luxury real estate, artwork, and jewelry.

The United States will return



Motorcyclists pass a 1MDB billboard near a project site of Tun Razak Exchange in Kuala Lumpur.

to Malaysia about \$196 million in the first installment of funds recovered from the asset seizures, US ambassador to Malaysia, Kamala Shirin Lahkdhir, said in a statement. "We are extremely pleased that this first tranche of assets from this Justice Department

investigation is being transferred back to Malaysia, demonstrating the US commitment to return these assets for the benefit of the people of Malaysia," she said. So far, \$57 million has been returned to Malaysia following a settlement reached with Hollywood film

production company Red Granite Pictures, which is linked to Najib's stepson Riza Aziz, Malaysia's Attorney General Tommy Thomas said in a statement.

Red Granite had paid the US government \$60 million in September 2017 to settle a civil forfeiture claim over the rights to the 2013 Oscar-nominated film The Wolf of Wall Street, which the DoJ says was financed with 1MDB funds.

A deduction of \$3 million from the settlement was made to reimburse costs incurred by US authorities in "investigating, seizing, litigating and securing settlement of the Red Granite funds," Thomas said.

The DoJ is also in the process of remitting another \$139 million, pending the sale of a Manhattan property linked to fugitive Malaysian financier, Low Taek Jho or Jho Low, Thomas said.

Low is facing criminal charges in Malaysia and the United States over his alleged central role in the 1MDB case. He has consistently denied wrongdoing and his whereabouts is unknown.

Samsung Electronics yet to confirm shipping date for Galaxy Fold

REUTERS, Seoul

Samsung Electronics said on Tuesday it cannot confirm the shipping date for its foldable device Galaxy Fold yet and apologized to its pre-order customers in the United States for the delay.

The world's top smartphone maker delayed global sales of the splashy \$1,980 foldable phone after reviewers discovered problems with its display, dealing a setback to Samsung and its efforts to showcase its innovation.

"If we do not hear from you and we have not shipped by May 31st, your order will be canceled automatically," the South Korean tech giant's US subsidiary told Galaxy Fold pre-order customers in an email late

on Monday, which was confirmed by a Samsung spokeswoman.

As per US regulations, Samsung was required to notify customers that the pre-orders would be canceled in the event the product had not been shipped by May 31, it said in a separate statement to Reuters.

Though the issue does not hurt Samsung's balance sheet, the postponement damages the firm's efforts to portray itself as an innovative first-mover, analysts have said.

Samsung has said it plans to make at least 1 million Fold handsets in the first year, versus the total 300 million phones it produces annually on average.

It closed Galaxy Fold pre-orders earlier due to what it said was "high demand".

Md Shamsul Huda, managing director of Charu Ceramic, and Asif Iqbal Mahmud, deputy managing director, attend the company's "Annual Dealer Meet 2019" at InterContinental Dhaka recently.

CHARU CERAMIC

