



Khwaja Shahriar, CEO of LankaBangla Finance, opens a branch at Jhautola Police Line in Cumilla recently.

Sterling sinks to 2019 low after run of poor data, yield collapse

REUTERS, London
The British pound hit a six-month low on Friday, having lost more than 1% over the week against the dollar after poor economic data and a rise in expectations that the Bank of England will cut interest rates.
Better-than-expected US non-farm payrolls data sparked a rally in the dollar, adding to the British currency's losses. Sterling is also headed for its ninth consecutive week of losses against the euro. Analysts say the outlook for the currency is worsening.

Government bond yields have dropped sharply in recent weeks as investors poured into government debt markets, betting that global central banks would move to ease policy in the face of stubbornly low inflation and slowing economic momentum.
This week, investors decided the Bank of England will not be immune from the pressure to ease and are now pricing in a rate cut over the next 12 months. Relatively dovish comments from Governor Mark Carney during the week heightened such expectations.

Added to that, weak purchasing managers' index surveys suggested the British economy may have contracted in the second quarter, underlining economic fragility amid prolonged uncertainty about how and when Britain will leave the European Union. The UK's delayed departure date is scheduled for Oct. 31.
MUFG analysts said "considerably weaker" than expected growth was "increasing pressure on the BoE shift to a more dovish policy stance following the lead of other major central banks."

Fed faces tougher task in deciding whether to cut US rates

REUTERS, New York
US employers are hiring workers, but that is only making the Federal Reserve's job harder.
On Friday, the Labor Department said nonfarm employers added 224,000 jobs last month - the most in five months, and not the kind of labor market that would normally cause the US central bank to cut interest rates.
Continuing jobs gains make Fed policymakers' debate over whether the economy needs stimulus even more difficult, setting up a possible standoff with markets at their July 30-31 meeting.
"They are in a bit of a bind," said Karim Basta, chief economist at ICI Capital Management. "On the surface, the data, in my opinion, doesn't

really support an imminent cut, but markets are expecting it, and I do think there's a risk at this stage that they disappoint."
Meanwhile, the Fed is sending fairly optimistic economic signals after opening up the possibility of cuts last month, when they cited muted inflation pressures and an economic outlook clouded by a US trade war and slower global growth. In its semi-annual report to Congress, the Fed on Friday repeated its pledge to "act as appropriate" to sustain the economic expansion, with possible rate cuts in coming months, but they notably cited a strengthening jobs market and described recent weak inflation as due to "transitory influences."
Markets are overwhelmingly betting the

Fed's next move will be its first rate cut since the financial crisis a decade ago. President Donald Trump on Friday renewed demands for lower rates to strengthen the economy.
Fed Chairman Jerome Powell, who will testify before Congress on Wednesday and Thursday, has repeatedly said the Fed makes decisions independently from markets and the White House, but failing to deliver a cut could cause a stock and short-term bond selloff and hurt the economy.
US rates futures fell after the jobs report. Markets still see a rate cut this month as a near-certainty, though they largely priced out chances for an aggressive half-percentage-point cut. FFQ9 "A rate cut in July is still all but inevitable," said Luke Bartholomew, investment strategist for Aberdeen Standard Investments. "Employment growth remains a bright spot amid a fairly mixed bag of US data and yet markets have come to expect a cut now so (they) will fall out of bed if they don't get one."
The US has not resolved its trade dispute with China, but the two countries agreed last weekend to resume trade talks, putting off new tariffs.
There are still signs of a pullback. Businesses' spending on machines and other equipment is tepid, but employers keep hiring hotel maids, electricians, daycare providers and other workers. They are also paying them more. Average hourly earnings rose at a 3.1 percent-a-year pace. A May payroll gain of 72,000 now seems like a fluke rather than a sign of deterioration.
Those are not the prototypical conditions for a rate cut. Unemployment at 3.7 percent is near its lowest levels since 1969 and policymakers have traditionally seen job gains with low unemployment posing inflation risks.
Economists have grown less confident in models that forecast an inverse relationship between unemployment and inflation. The core personal consumption expenditures index is running at 1.6 percent a year, short of the Fed's 2 percent goal. In his press conference last month, Powell dropped references to weak inflation as "transitory."



Arunrung Phothong Humphreys, Thai ambassador to Bangladesh; Hossain Zillur Rahman, a former caretaker government adviser, and Bunn Kasemsup, managing director of brand design consultancy SCG International, launch an experience centre of the latter and Great Wall Ceramic Industries at Navana Zohura Square in the capital's Banglamotor yesterday.



A man walks past the Federal Reserve Bank in Washington, DC.

US clears SoftBank's \$2.25b investment in GM-backed Cruise

REUTERS
Cruise, a US self-driving vehicle company majority-owned by General Motors Co, told Reuters on Friday that a US national security panel approved a \$2.25 billion investment in the firm by Japan's SoftBank Corp.
SoftBank has come under increasing US scrutiny over its ties to Chinese firms in the face of an escalating trade and technology war between Washington and Beijing. It is in the process of raising its second \$100 billion investment vehicle, dubbed Vision Fund, after deploying its first one of equal size.
The Committee on Foreign Investment

in the United States (CFIUS), which reviews deals for potential national security concerns, approved the investment based on fresh assurances that Cruise's technology would be completely off limits to SoftBank, a source familiar with the matter said. A SoftBank spokesman declined to comment. The Treasury Department, which leads CFIUS, did not respond immediately to a request for comment.
The approval unlocks a seat for SoftBank on Cruise's board, formalizing its oversight, and cements key financing for Cruise, which has raised \$7.25 billion in capital since last year, the company said.

Falling demand abroad hits German industrial orders in May

AFP, Berlin
German industrial companies sustained a sharp drop in incoming orders in May, largely as a result of falling demand from non-EU countries, data showed on Friday, raising fresh fears about the health of Europe's biggest economy, analysts said.
Industrial orders -- which are closely watched as a barometer of the outlook for Germany's vital manufacturing sector -- shrank by 2.2 percent in May, the country's statistics office Destatis said in a statement.
The decline -- after two successive months of growth -- was steeper than the

0.15 percent drop predicted by analysts polled by Factset. The outlook for German producers has been gloomy in recent months owing to knock-on effects from the mounting US-China trade conflict and tensions between Washington and Brussels.
"Devastating new orders data just undermined any hopes for an industrial rebound. We are starting to lose our optimism," said Carsten Brzeski, an analyst at ING.
While domestic orders rose 0.7 percent, foreign demand dropped 4.3 percent -- with those from EU nations dipping 1.7 percent while orders from further afield plunged 5.7 percent.

Md Nurun Newaz Salim, chairman of NCC Bank, and Mosleh Uddin Ahmed, CEO, attend its two-day "Half Yearly Business Conference" ending in Dhaka yesterday.



NCC BANK

Joblessness in Canada ticks up to 5.5pc as more seek work: govt

AFP, Ottawa
The Canadian economy lost 2,200 jobs in June and the unemployment rate ticked up slightly to 5.5 percent as more people sought work, the government statistical agency reported on Friday.
The jobless rate was up 0.1 percentage points from May, as an additional 30,000 people began looking for work, Statistics Canada said. The number of unemployed

rose to 1.1 million people.
Yet Canada's jobless rate remained near its lowest level in more than 40 years.
The number of full-time employees rose, while the number of self-employed or independent workers declined by more than 41,000 from May, the government agency said. Job losses in June were highest in the manufacturing, construction, natural resources, and wholesale and retail trade sectors.

Egypt hikes domestic fuel prices as it rounds off subsidy reform

REUTERS, Cairo
Egypt introduced its latest round of fuel subsidy cuts on Friday, raising domestic prices by between 16 percent and 30 percent to bring them into line with their real cost, as it nears the end of an IMF-backed economic reform programme.
Scaling back fuel subsidies that have been a strain on the budget for decades was a key plank of a three-year, \$12 billion reform package signed with the International Monetary Fund in 2016, as Egypt's economy struggled to recover from the turmoil that followed its 2011 uprising.
But the changes will push up prices for transport, food products and other goods, adding to economic pressure on Egyptians who have already lived through several years of austerity.
The government had told the IMF it would remove subsidies entirely from most fuel products by June 15 after increasing fuel prices steadily over the past four years.
It did not explain the delay, but austerity measures are politically sensitive and have dented the popularity of President Abdel Fattah el-Sisi.
The government broadcast messages this week explaining why

the price rises were needed. Sisi has repeatedly told Egyptians that austerity is the price for greater economic stability.
Energy subsidies had eaten up as much as 20 percent of the government's budget in recent years.
Starting at 9 a.m. (0700 GMT), the price of widely used 92 octane grade petrol rose by 18.5 percent to 8 pounds (48 U.S. cents) a litre, and diesel rose by 22.7 percent to 6.75 pounds.
The price of cooking gas cylinders rose by 30 percent to 65

pounds for domestic use and 130 pounds for commercial use.
Most fuel prices are now in line with their costs, though the government is still subsidising fuel for bakeries and power generation, a petroleum ministry official said.
The official confirmed the government would link domestic fuel prices to international market prices in September. It introduced a similar indexing mechanism for 95 octane gasoline in April.
Some taxi and rickshaw drivers in Kafr al-Sheikh governorate, north of

Cairo, had already raised tariffs on Friday. The prime minister's office said it was ordering minibuses and taxis to raise fares by 10-15 percent across Egypt.
Analysts had speculated that officials would wait until after the end of the continental soccer championships, which Egypt is hosting until July 19, before announcing the price rises.
"We were expecting an increase after the end of the African Cup of Nations, but it seems the government no longer expects any reaction from the people," said Ibrahim Amin, a teacher in the town of Kafr al-Sheikh.
Though inflation has been easing since 2017, the headline figure was still 14.1 percent in May.
"The price rises will crush us," said 32-year-old Saleh Awadhi in Alexandria. "The prices of everything will increase because of the rise in petrol and diesel, and that will affect ordinary citizens." Egypt's economic reforms since 2016 have included a sharp devaluation of the pound and the introduction of a value-added tax.
The measures have improved macroeconomic indicators but have increased the financial strain for tens of millions of Egyptians, many of whom live in poverty.



Cars are seen at a petrol station in downtown Cairo, Egypt

REUTERS/FILE



Mostafa Golam Quddus, chairman of Rupali Insurance Company, presides over its 31st annual general meeting at Imperial Convention Centre in Dhaka recently. The company approved 10 percent stock dividend for 2018. PK Roy, CEO, was present.

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