BKASH

Maj Gen (retd) Sheikh Md Monirul Islam, chief external and corporate affairs officer of bKash, and Abdul Quayum, editor of Biggan Chinta, pose with winners of "Biggan Chinta-bKash Science Fest" jointly organised by the mobile financial service provider and the science monthly in Barishal recently.

UK business chief calls for Brexit 'emergency footing'

AFP, London

The head of Britain's big business lobby on Monday urged companies to shift to "an emergency footing" as the prospect of a no-deal Brexit becomes more likely.

The Confederation of British Industry in a report also warned that the EU was less prepared than Britain for such an eventuality but said both sides were not ready.

CBI chief Carolyn Fairbairn wrote in The Times that a no-deal Brexit had become a "serious possibility".

"Now is the time to shift to an emergency footing.

"While it's not possible to seal our economy from all the damage the floodwaters of no deal will cause, we can lay down the sandbags and protect as much as we can," she said.

The CBI's head of EU negotiations Nicole Sykes, however, tweeted that it was "like putting sandbags down for a flood.

"Your kitchen's still going to be underwater but MAYBE we can save the bedroom upstairs," she wrote.

The CBI report said: "The EU lags behind the UK in seeking to prevent the worst effects of a no-deal scenario.

"Although businesses have already spent billions on contingency planning for no-deal, they remain hampered by unclear advice, timelines, cost and complexity," it said.

The report noted that larger companies in highly regulated areas such as financial services had prepared contingency plans but preparations in other sectors such as agriculture and manufacturing were lagging behind.

"There's a great deal more that the government, and firms, must do," Fairbairn said, calling in particular for a government information campaign to target smaller businesses that need the most help to prepare.

But she concluded that even with preparations in place "the shock of no deal can only be reduced, not removed. It's a shock that will reverberate for years to come".

A Fed interest rate cut is in the bag. What then?

ANN SAPHIR for REUTERS

US central bankers are expected to lower borrowing costs this week for the first time since the depths of the financial crisis more than a decade ago. That's the easy part.

Whether that inaugurates a series of quarter-percentage-point interest rate cuts that could stretch deep into next year, as financial markets are betting, or something more limited is by far the harder decision facing Federal Reserve policymakers.

One reason: No clear consensus from Fed officials about why they need to cut rates in the first place, particularly with the US unemployment rate near a 50-year low and the American economy puttering along as the best-in-class performer among developed nations.

Is it a bit of insurance against risks posed by slowing global growth and trade tensions? A step to bolster sluggish inflation? A bid to lift labor markets further? An effort to right kinks in the bond market? Over the last several weeks, Fed policymakers have floated each of these ideas and others.

New York Fed President John Williams even briefly convinced markets the Fed planned to cut rates by half a percentage point this week, until the New York Fed issued a statement to explain that his remarks about "vaccinating" the economy against serious illness were academic in nature and not meant to signal near-term policy decisions.

Complicating matters is the Fed's desire to make clear that loosening monetary policy is not a reaction to months of pressure from US President Donald Trump to do just that. Investors should get some clarity when the Fed's rate-setting committee releases its policy statement at 2 p.m. EDT (1800 GMT) on Wednesday after the end of a two-day meeting. Fed Chairman Jerome Powell will hold a press conference shortly after.

Fed Chairman Jerome Powell

Economists and traders overwhelmingly expect the Fed to cut its policy rate by a quarter of a percentage point on Wednesday, matching the size of each of the nine rate hikes the Fed delivered from 2015 to 2018.

The big debate at the July 30-31 meeting will be about what comes next, and how to communicate it, Cornerstone Macro economist Roberto Perli said.

"I bet the statement will ... leave the door open to more, to at least another 25 (basis-point cut) down the road," Perli said.

But as for what economic threshold would trigger a further rate cut, he said, "I don't think they have a clear idea."

The federal funds rate is currently set in a range of 2.25 percent to 2.50 percent. Traders of futures tied to the rate have priced in a full percentage-point drop by the end of next year. But the economic picture now is quite different from the last few times the Fed has cut rates.

Since the Fed's last rate-setting meeting in mid-June, economic data on retail sales and job creation has been stronger than expected, and durable goods orders, a proxy for business spending plans, jumped in June. At the same time, US home sales tumbled, manufacturing has been weak for months, and exports are down.

A report on Friday showed robust consumer spending kept the US economy growing at a 2.1 percent pace in the second quarter, a smaller slowdown than expected. But it also underscored the weak business investment and inflation that has worried Powell.

The competing threads are likely to feed a robust debate during the meeting over whether a rate cut is even needed, and may limit how much more easing could be signaled.

"I think it's a stretch to think this either is or should be the beginning of an easing cycle; it's simply not warranted," said Ward McCarthy, chief US economist at Jefferies.

Some Fed policymakers, including Kansas City Fed President Esther George and Boston Fed President Eric Rosengren, may even go so far as to register their reservations over further easing with a formal dissent. Still, the Fed has a lot to contend with.

Mounting signs of weakness in Europe and China and the prospect that new British Prime Minister Boris Johnson will make a messy exit from the European Union have raised the odds of rate cuts abroad, with the European Central Bank looking all but certain to ease policy come September.

Some see rate reductions overseas as building the case for reducing US rates. Indeed that's been a core argument from Trump, who has accused foreign central bankers of using monetary policy to devalue their currencies, and urged the Fed to do likewise.

In gauging the Fed's next step, investors will have no "dot plot" to consult, as they have after with every other policy move since the Fed began in 2012 to publish quarterly interest-rate forecasts from individual policymakers.

BAT BANGLADESH

Industries Minister Nurul Majid Mahmud Humayun hands over a "National Productivity and Quality Excellence Award 2018" to Md Azizur Rahman, head of public affairs and company secretary of British American Tobacco (BAT) Bangladesh, at the Institution of Diploma Engineers, Bangladesh in the capital on Sunday. The award was presented by National Productivity Organisation in large industries (others) category. State Minister Kamal Ahmed Mojumder was present.

STANDARD BANK

Industries Minister Nurul Majid Mahmud Humayun hands over a "National Productivity and Quality Excellence Award 2018" to Mamun-Ur-Rashid, CEO of Standard Bank, at the Institution of Diploma Engineers, Bangladesh in the capital on Sunday. The company attained first position in large industries (others) category of the award presented by National Productivity Organisation. State Minister Kamal Ahmed Mojumder was present.

Banks facing UK class action over forex-rigging

REUTERS, London

Barclays, JP Morgan, RBS, UBS and Citigroup are being sued by investors over allegations they rigged the global foreign exchange market, in a test of US-style class actions in Britain.

The claim, estimated to be worth more than 1 billion pounds ($1.24 billion), was filed at the Competition Appeal Tribunal (CAT) on Monday, US law firm Scott + Scott said.

JP Morgan, RBS, UBS, Barclays and Citi declined to comment.

Some of the world's biggest investment banks have already paid more than a combined $11 billion in fines to settle US, British and European regulatory allegations that traders rigged the currency markets.

Litigators have long hoped to replicate in Britain the success of US class action claims against banks, including Goldman Sachs, HSBC and Barclays, that have resulted $2.3 billion in settlements for big investors.

In May the European Union fined five banks a combined 1.07 billion euros ($1.19 billion) for forex rigging through cartels of traders known as "Essex Express" and "Three Way Banana Split".

The lawsuit is being led by Michael O'Higgins, the former chairman of British watchdog the Pensions Regulator, and is being funded by litigation finance group Therium.

O'Higgins told Reuters the total value of the claim would depend on the number of forex trades executed in London for UK-domiciled units - which will be automatically included in the action - and the proportional impact of rate rigging on these.

Given the size of London's forex market, O'Higgins said the total value would likely exceed a billion pounds.

"Even on a relatively conservative assumption it's certainly a billion pounds and possibly several," O'Higgins said.

"Markets should be fair as well as free and in this case the markets weren't fair."The "massive" action is a "perfect" case to be brought as a so-called opt-out collective class action for breaches of UK or European Union competition law, David Scott told Reuters.

RAZZAQUE JUTE INDUSTRIES

Abir Hossain, business development manager of Juteborg Sweden AB, and Abul Bashar Khan, managing director of Razzaque Jute Industries, pose with participants of a two-day workshop on "Farmers to Factory Jute Supply Chain" jointly organised by the two entities in Faridpur recently.

From Belarus to Bahrain, the small states going big on cryptocurrency

REUTERS, London

When Belarusian President Alexander Lukashenko met entrepreneur Viktor Prokopenya in March 2017, their discussion was scheduled to last for an hour but went on for three times that long.

The meeting, Prokopenya said, ended with Lukashenko asking him to propose regulations to boost the country's tech sector. Prokopenya worked with IT firms and lawyers to draft guidelines to cash in on an emerging digital industry: cryptocurrencies.

Some two years later, the rules are in place. Investors can trade bitcoin on an exchange run by Prokopenya, while other companies are launching their own cryptocurrency platforms.

"The idea was to create everything from scratch," Prokopenya told Reuters in an interview in London. "To make sure that it is free in some of the aspects it needs to be free, and very stringent in other aspects."

Contacted for comment, Lukashenko's office directed Reuters to an account of the meeting here on the president's website.

Belarus is among a handful of smaller countries coming up with specific rule books for digital currencies. Their efforts could help shape the development of the global market and the growth of industry players, from exchange platforms to brokers.

So far, cryptocurrency companies have often had to choose between two extremes when deciding where to set up shop.

Major financial centers like London and New York, which apply traditional financial services rules to the sector, might be attractive to big institutions seeking safety but the compliance complexity and costs preclude many of the startups at the heart of the fledgling industry.

Conversely, lightly-regulated jurisdictions like the Seychelles and Belize allow far easier market access. But states with light rules can offer less protection for investors and have looser checks on money laundering, lawyers say.

The likes of Belarus and other newer entrants - including Bahrain, Malta and Gibraltar - are seeking to offer a third way: crafting specific rules for the cryptocurrency sector, betting they can attract companies by providing regulatory security as well as perks like tax breaks.

While there is no guarantee of success, cryptocurrencies represent a rare chance for these states or territories to grab a slice of an emerging market, potentially attracting investment and creating jobs, at a time when big financial hubs are adopting a more conservative, "wait-and-see" approach.

"There are jurisdictions in the see-no-evil, hear-no-evil camp," said Jesse Overall, a lawyer at Clifford Chance in New York specializing in crypto regulation. "On the other end there is the US, UK, EU. In the middle, that's the juicy part of the spectrum."

Overall said both countries and companies could benefit from the emergence of frameworks specifically for cryptocurrencies. But states that get the rules wrong could fall foul of global rules to stamp out illicit use of digital coins, he added.

Indeed, there are major questions over whether these nations will be able to consistently prevent the hacks and illegal activities, such as money laundering, that plague the opaque sector and could hammer their reputations as secure centers.

Another risk of building rules for an unpredictable and rapidly evolving industry is that they could soon become outdated.

REUTERS/FILE

A copy of bitcoin standing on PC motherboard is seen in this illustration picture.