



**Md Arfan Ali, president and managing director of Bank Asia, launches the bank's three new retail schemes—Aanchal for women, Nirvabana for senior citizens and Vramon for travellers—at the bank's corporate office in Dhaka on Tuesday.**

## Tesla considers raising prices in China from September

REUTERS, Beijing

US electric vehicle maker Tesla Inc is considering lifting its prices in China from September amid yuan-related uncertainty, two people familiar with the matter said. The people declined to be named as the plan has not been made public. They did not offer detail on the price change.

China allowed the yuan to weaken past the 7-per-dollar level on Monday for the first time in more than a decade, after which the US government labeled China a currency manipulator, raising the stakes in the trade dispute between the two countries.

China firmly opposes the currency manipulator label saying it has not used and will not use the yuan to cope with the US trade frictions.

The sharp drop in the yuan comes days after US President Donald Trump stunned financial markets by vowing to impose 10 percent tariffs on the remaining \$300 billion of Chinese imports from Sept. 1, abruptly breaking a brief ceasefire in a trade war that has disrupted global supply chains and slowed growth.

Tesla currently imports all the cars it sells in China, but it is in the process of building a factory in Shanghai that will manufacture Model 3 cars in the initial phase and help it minimize the impact of the trade war and tariffs.

If enacted, this would be the first case of a planned price adjustment by an importer since the yuan fell this week and points to the growing pressure that importers are facing.

## India central bank makes fourth rate cut this year, revises growth forecast

AFP, Mumbai

India's central bank on Wednesday cut interest rates for the fourth time this year and slashed growth forecasts as New Delhi battles a sluggish economy and high unemployment.

The Reserve Bank of India (RBI) said the benchmark repo rate -- the level at which it lends to commercial banks -- would be reduced by 35 basis points to 5.40 percent, taking rates to their lowest level since 2010.

"The monetary policy committee was of the view that a 25 basis point rate cut was inadequate due to evolving global economic conditions while a 50 basis point cut would be excessive," RBI governor Shaktikanta Das told reporters.

"Hence, 35 basis points was viewed as a balanced level of cut due to the current circumstances." All 36 economists surveyed by Bloomberg News had predicted the central bank would cut rates by 25 basis points.

The Reserve Bank also revised down its growth projection for 2019-20 from 7.0 percent to 6.9 percent, noting that the global economy has been losing pace.

"Domestic economic activity continues to be weak, with the global slowdown and escalating trade tensions posing downside risks," it added in a statement.



**Reserve Bank of India governor Shaktikanta Das (R) speaks during a press conference at RBI headquarters in Mumbai yesterday.**

A fall in domestic demand lowered India's growth rate in the last quarter to 5.8 percent, with unemployment at its highest since the 1970s.

Indian carmakers including Mahindra & Mahindra have halted production and reported falling sales as consumer demand fell throughout 2019.

The cut to borrowing costs comes as central banks around the world adopt a more dovish tone on monetary policy amid the global slowdown.

This is the fourth reduction this

year under governor Shaktikanta Das, an ally of Prime Minister Narendra Modi who was appointed in December after his predecessor quit following a spat with the government over alleged interference.

Modi -- who won a second landslide victory in recent national elections -- faces a massive challenge to create enough jobs for the 1.2 million Indians who join the labour market each month.

The new government that took charge in May faced twin blows when data showed economic

expansion falling to a five-year-low and rising unemployment.

The growth figures had come in at 5.8 percent in the fourth quarter. It meant India had lost its place as the world's fastest-growing major economy to China, which is currently on a 6.4 percent-growth trajectory.

Meanwhile, Finance Minister Nirmala Sitharaman's budget announcements in July created panic with a new tax proposal for the super-rich that also targeted trusts used by a large number of foreign funds.

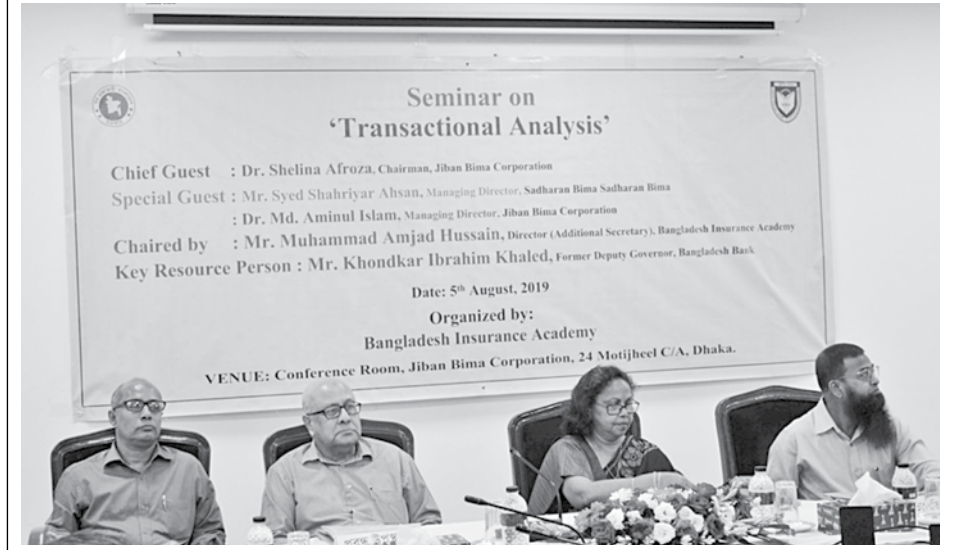
Economists said further cuts could be on the cards.

"RBI has moved its stance to accommodative and inflation is under control. RBI will cut interest rates by 50 basis points incrementally throughout 2019 after this rate cut," Elara Capital economist Garima Kapoor told AFP.

India's inflation rose to an eight-month high of 3.18 percent in June but was within the RBI's target of four percent.

Capital Economics' Shilan Shah warned further policy loosening could be a misstep, and "lead to higher inflation and interest rates in the future".

"The extent of the slowdown is open to debate. Soft surveys show that spare capacity remains limited, while bank lending growth is close to a five-year high," Shah said.



**Khondkar Ibrahim Khaled, former deputy governor of Bangladesh Bank; Muhammad Amjad Hussain, director of Bangladesh Insurance Academy, and Shelina Afroza, chairman of Jiban Bima Corporation, attend a seminar on "Transactional Analysis" organised by the academy at the corporation's conference hall in Dhaka on Monday.**

## Cathay Pacific reports profit but warns of HK protests impact

AFP, Hong Kong

Hong Kong's flagship airline Cathay Pacific warned Wednesday that increasingly violent protests in the financial hub had hit booking demand.

Announcing interim results that showed the airline in the black after huge losses in the first half of last year, chairman John Slosar warned of further impact to the business in response to both the unrest and global trade tensions. "Geopolitical and trade tensions are expected to continue to affect the global economy and, in turn, demand for air travel and air freight," he said.

"The protests in Hong Kong reduced inbound passenger traffic in July and are

adversely impacting forward bookings." The previously troubled airline reported first-half earnings of 1.35 billion HKD (\$172 million), compared with a loss of 263 million HKD in the same period last year.

Despite the uncertainty, Slosar said he still expects to achieve even better results in the second half of the year, as is usual in the aviation industry. Images of clashes between masked protesters and police firing tear gas in the streets of Hong Kong have made continued global headlines, with no end in sight to the unrest.

On Monday, more than 160 flights at the city's airport were listed as cancelled as a general strike caused transport chaos in the city.



**Khorsheed Anwar, head of retail and SME banking at Eastern Bank Ltd, and Mark Nosworthy, CEO of Bproperty.com Ltd, sign the documents of an agreement in Dhaka recently for providing quality home loan services to the latter's customers.**

## Samsung seeks alternatives to Japanese suppliers in trade row

AFP, Seoul

South Korean tech giant Samsung Electronics, the world's biggest smartphone and memory chip maker, is seeking alternatives to Japanese suppliers for some key materials, it said Wednesday with Seoul and Tokyo embroiled in a bitter trade dispute.

The row has seen the Japanese government impose restrictions on chemical exports crucial to chipmaking and last week Seoul and Tokyo removed each other from their "white lists" of trusted trading partners.

Two of the Japanese chemicals targeted, hydrogen fluoride gas and photoresists, are essential to making memory chips, while the third chemical, fluorinated polyimide, is used for high-spec TV screens and smartphone displays, including hotly-anticipated folding models from Samsung.

Tokyo's move has also raised international concern about the effect on global supply chains and possible price hikes for consumers worldwide.

A Samsung spokesperson told AFP the firm was "seeking ways to diversify" supplies of materials and components where it relied heavily on Japanese imports.

Analysts have warned the restrictions -- and reduction in the availability of the materials -- would "significantly impede" chip producers.

Japan holds a 60-70 percent share of the global hydrogen fluoride market, according to Taipei-based market



**A visitor looks at a Samsung Galaxy S10 smartphone at its showroom in Seoul on August 2.**

## New Zealand interest rates slashed to record low

AFP, Wellington

New Zealand's central bank slashed interest rates to a record low of 1 percent Wednesday, warning that the economy faced rising headwinds.

It did not rule out a further reduction later in the year, saying stimulus was necessary to meet employment and inflation targets.

The surprise cut in the Official Cash Rate (OCR) to 1 percent from a previous low of 1.5 percent set in May had an immediate impact on the housing market with mortgage rates falling while the New Zealand dollar dropped to US\$0.63 cents.

Many analysts had tipped a 25 basis point cut.

The Reserve Bank of New Zealand said employment was close to its maximum sustainable level, inflation was below the 2 percent mid-point of the target range and "growth headwinds are rising".

"In the absence of additional monetary stimulus, employment and inflation would likely ease relative to our targets," the central bank said in a statement.

The bigger-than-expected cut "does not rule out any further action" later in the

year, Bank governor Adrian Orr said.

Prime Minister Jacinda Ardern said the decision brought New Zealand's official cash rate in line with neighbouring Australia, adding it was positive news for home owners. "We are in an environment where unemployment is low, we see wages are increasing, and this cut will ultimately mean New Zealanders should face lower interest rates," she said.

The bank noted a number of central banks around the world were easing monetary policy in the face of a weakening global economy.

"Global long-term interest rates have declined to historically low levels, consistent with low expected inflation and growth rates into the future," the bank said. "In New Zealand, low interest rates and increased government spending will support a pick-up in demand over the coming year." New Zealand's four major banks immediately lowered home loan and saving rates.

ASB Bank reduced its floating mortgage rate by half-a-percent and forecast a further cut in the official cash rate by 25 basis points later in the year.

## China to remove import quotas for soybean, rapeseed, palm oils

REUTERS, Shanghai

China plans to remove soybean oil, rapeseed oil and palm oil from its import tariff quota management, its commerce ministry said.

The news comes after the ministry said on Tuesday Chinese companies had stopped buying US agriculture products in response to US President Donald Trump's decision last week to impose tariffs on another \$300 billion of Chinese imports, sharply escalating a tit-for-tat trade dispute between US and China. The commodities were removed from a draft tariff quota management list posted on the official website of the commerce ministry.



**Mahtab Uddin Ahmed, CEO of Robi, and Zia Choudhury, country director for CARE Bangladesh, attend a ceremony marking the signing of a memorandum of understanding at the former's corporate office in Dhaka recently. The non-profit organisation will provide smartphones and seed-capital to 100 girls in Kurigram to enable them to retail talktime, data packs and SIM cards and provide mobile financial and other value-added services on behalf of the telecom operator.**