

## Leading Off

### Banking law advances as key opponent passes

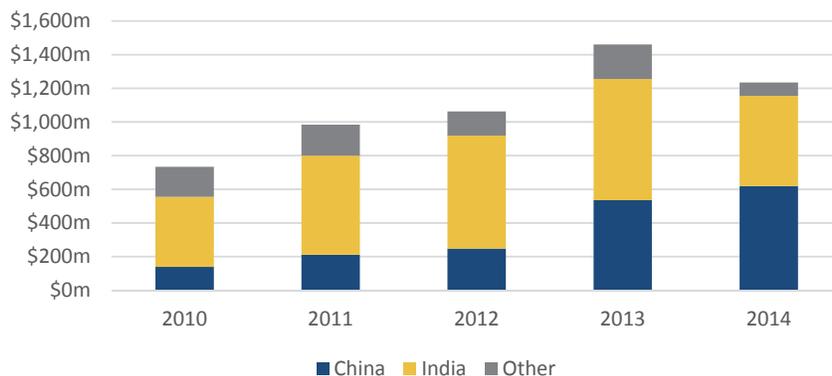
An overhaul of the main law governing banks has advanced as a key opponent, U Aung Thuang, has passed. The chairman of the lower house of parliament's Banking and Financial Development Committee, whose family owns United Amara Bank, had been pushing for changes in the draft Banks and Financial Institutions of Myanmar Law since it was submitted to parliament last year. (He was also the only top figure in Myanmar to be recently sanctioned by the US government, a move thought to be related to anti-Muslim violence.) U Aung Thuang was industry minister from 1997-2011 and highly respected in the ruling party. He passed on July 23, at 74, in a Singapore hospital, where he was flown on July 8 after a stroke. On July 21 the lower house's Bill Committee approved the draft law and submitted it to the full house, according to the Myanmar Times.

The 35,000-word draft, advised by the IMF and ADB, would go a long way towards bringing Myanmar banking law into line with international standards. It would give the central bank a stronger hand in regulating banks, and introduce or tighten many kinds of corporate governance standards. The draft describes how the central bank would regulate a banking sector with greater foreign involvement than currently allowed, including foreign acquisitions of existing banks, although the draft would not itself open up foreign access. The draft also foresees other innovations, such as non-banks licensed to issue e-money. Adoption of the law could also be a step towards reforming related regulations, such as those that ban long-term home loans and lending to companies against cash flow.

### Harsh sentences send message to Chinese not to work with rebels

A district court in Myitkina, the Kachin State capital, sentenced 153 Chinese men on July 22 to 20-year prison terms for illegal logging, setting off a row with China. But Myanmar officials backed the verdict, apparently hoping it will deter Chinese from working with Kachin rebels, who invited the men. The rebels use logging to fund their fight for more lucrative jade business. Rough log exports were banned in April 2014, to slow logging and support local milling. But corruption and rebels have kept logs moving, especially to China.

### Exports of round and roughly squared logs, 2010-2014



Source: UN Comtrade (based on importing countries' data), NCRA Research

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#### Myanmar Overview

Population (2014)	51.5 m
GDP (kyat, fy13)	54,756 bn
GDP (USD, fy13)	\$56.8 bn
GDP per capita (USD, fy13)	\$1,113

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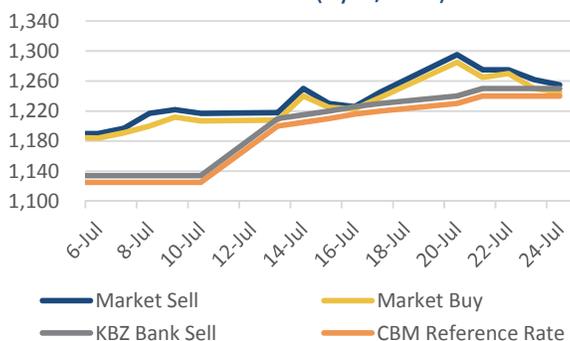
# CHASING DATA

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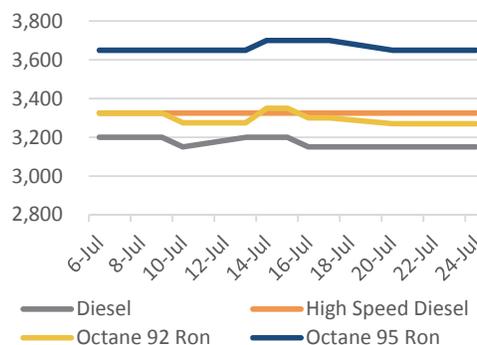
## Kyat stabilizes around 1,250 as banks warned

Last week's currency market opened with the Kyat dropping to 1,295 to buy a dollar on unofficial markets, but its value bounced back to 1,245/1,255 by Friday. For the second time in two weeks, the gap between unofficial and bank rates was virtually eliminated, as the central bank's 1,240 reference rate allowed banks to sell dollars at 1,250. However, an ominous government request to the central bank to ensure commercial banks weren't speculating against the Kyat dampened hopes that authorities would stop fighting the market. We now see the Kyat range-bound between 1,250 and 1,300 for the near term. In import commodities, palm crossed above 1,500 Kyat/viss mark early in the week, but reversed along with Malaysian futures and closed at 1,485. We see trading between 1,465 and 1,525 this week with resistance lines at 1,500 and 1,525 and support lines at 1,450 and 1,400. Diesel prices were stable but prices on Octane 92 Ron and Octane 95 Ron came down about 1.5%. Natural rubber prices rose despite weakness in Japanese futures. In rice markets, high-end Paw San (Shwe Bo), mid-grade Paw San (Phyar Pone) and low-end Ma Naw Thuka declined, while two other grades were stable. We expect stable rice prices in the weeks ahead. *To inquire about other commodity pricing, please contact us at [information@newcrossroadsasia.com](mailto:information@newcrossroadsasia.com)*

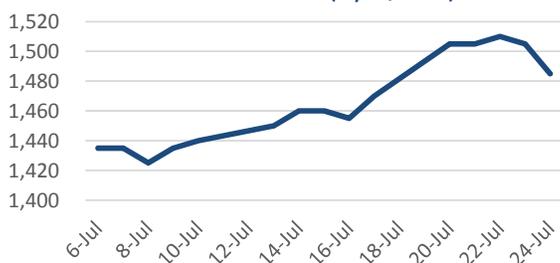
Forex Rates (Kyat/USD)



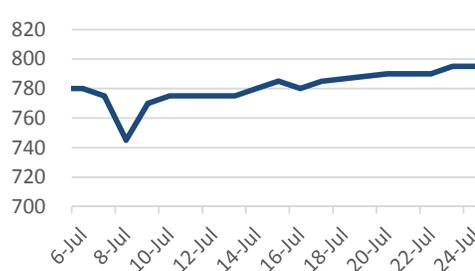
Fuel Prices (Kyat/gallon)



Palm Oil Price (Kyat/Viss)



Rubber Price (Mon RSS 3, Kyat/lb)



Rice Prices (Kyat/pyi)

