

US new home sales race to near nine-year high

REUTERS, Washington

New US single-family home sales unexpectedly surged in July, reaching their highest level in nearly nine years amid robust demand, brightening the housing market outlook and bolstering views that economic growth will pick up in the third quarter.

Housing market strength should offset some of the drag from manufacturing, with other data on Tuesday showing production at factories remaining constrained by weak orders.

"A very rosy picture is beginning to emerge on the housing market, pointing to sustained buoyancy in the sector's recovery, which remains one of the few bright spots for the US economy," said Millan Mulraine, deputy chief economist at TD Securities in New York.

The Commerce Department said new home sales jumped 12.4 percent to a seasonally adjusted annual rate of 654,000 units last month, the highest level since October 2007. It was the fifth straight monthly gain in new home sales.

July's increase, however, likely exaggerates housing market strength as it has not been matched by robust housing starts.

Still, sales were up 31.3 percent from a year ago.

Economists had forecast single-family home sales, which account for about 9.6 percent of overall home sales, slipping to a rate of 580,000 units last month. July's surprise increase pushed new home

sales well above their second-quarter average, pointing to sustained momentum in the market for new homes.

The gain came mostly from homes not yet started or still under construction, suggesting a rebound in residential construction investment, which was a minor drag on economic growth in the second quarter.

Housing market strength, marked by rising home values which are boosting household wealth, is helping to buoy consumer spending, cushioning the blow to the economy from a downturn in business spending as well as an inventory correction.

Tightening labor market conditions, which are steadily lifting wages, as well as mortgage rates near historic lows are supporting housing. Reports last week showed groundbreaking on single-family housing projects rising to a five-month high in July and sentiment among homebuilders increasing in August.

Robust demand for new homes is boosting homebuilders like Toll Brothers, which on Tuesday reported a rise in revenue for the fourth straight quarter. The luxury homebuilder said it had sold more houses at higher prices.

The solid housing market is also supporting purchases of big-ticket electronics such as home theater systems, fattening profits for companies like Best Buy. The largest US electronics retailer on Tuesday reported a higher-than-expected quarterly profit and raised its earnings outlook.

New home sales are likely benefiting from a chronic shortage of previously owned houses available for sale. With sales surging, the inventory of new homes on the market fell to an eight-month low in July. This means builders will need to ramp up construction activity to meet demand.

At July's sales pace it would take 4.3 months to clear the supply of houses on the market, the fewest since June 2013, and down from 4.9 months in June.

"This marginally raises our near-term outlook for the housing market, as tightness in the new home market suggests further impetus to new construction ahead," said Andrew Hollenhorst, an economist at Citigroup in New York.

In the wake of the report, the broader PHLX housing index, which includes builders, building products and mortgage companies, rose 2.07 percent, outperforming the overall US stock market.

Shares in the nation's largest homebuilder D.R. Horton Inc rallied 3.43 percent and Lennar Corp surged 3.89 percent. Toll Brothers vaulted 8.5 percent. The dollar was little changed against a basket of currencies, while prices for US government debt fell.

New single-family homes sales soared 40.0 percent in the Northeast and increased 1.2 percent in the Midwest. Sales in the South, which accounts for more than half of new home sales, jumped 18.1 percent to their highest level since July 2007. Sales were

flat in the West, which has seen a sharp increase in home prices amid tight inventories.

"Momentum is finally shifting back toward the new home market, particularly in the South, which has seen sales and new construction take off this year as job growth and in-migration have strengthened," said Mark Vitner, a senior economist at Wells Fargo Securities in Charlotte, North Carolina.

Separately, data firm IHS Markit said its flash US manufacturing purchasing managers' index slipped to a reading of 52.1 in August from July's nine-month high of 52.9. A reading above 50 indicates expansion in the factory sector.

Manufacturers reported slower order growth this month, with some companies saying that a number of clients had adopted a wait-and-see approach until the outcome of the US presidential election in November.

A third report from the Richmond Federal Reserve showed factory activity in the region covering Maryland, Virginia, West Virginia and the Carolinas plummeted to its lowest level since January 2013. There were sharp contractions in new orders and order backlogs, and workers saw a reduction in hours.

"This reminds us that good production in the economy isn't going quite as well as housing," said Steve Blitz, chief economist at M.Science in New York.



Zunaid Ahmed Palak, state minister for ICT; Nazrul Islam, chairman of Ujala Paints, and Md Hamidul Islam, managing director, attend the launch of the company's new logo, at Krishibid Institute in Dhaka.

Australian carrier Qantas soars to record profits

AFP, Sydney

Australian carrier Qantas Wednesday posted record annual profits and announced its first payout to shareholders in seven years, staging a turnaround after axing jobs and selling aircraft in an aggressive restructuring.

The results were also boosted by the sharp fall in global oil prices and a less competitive domestic market that has given the firm a stable base of earnings.

Other international airlines such as Cathay Pacific, ANA and Japan Airlines have seen profits plunge amid intense competition from lower-cost rivals and as terrorism fears eat into demand.

Qantas reported a net annual profit of Aus\$1.42 billion (US\$1.08 billion) in the year to June 30, an 80 percent increase from the previous corresponding period.

Underlying profit before tax -- Qantas' preferred measure -- jumped by 57 percent to also hit a record of Aus\$1.53 billion.

The company resumed paying dividends

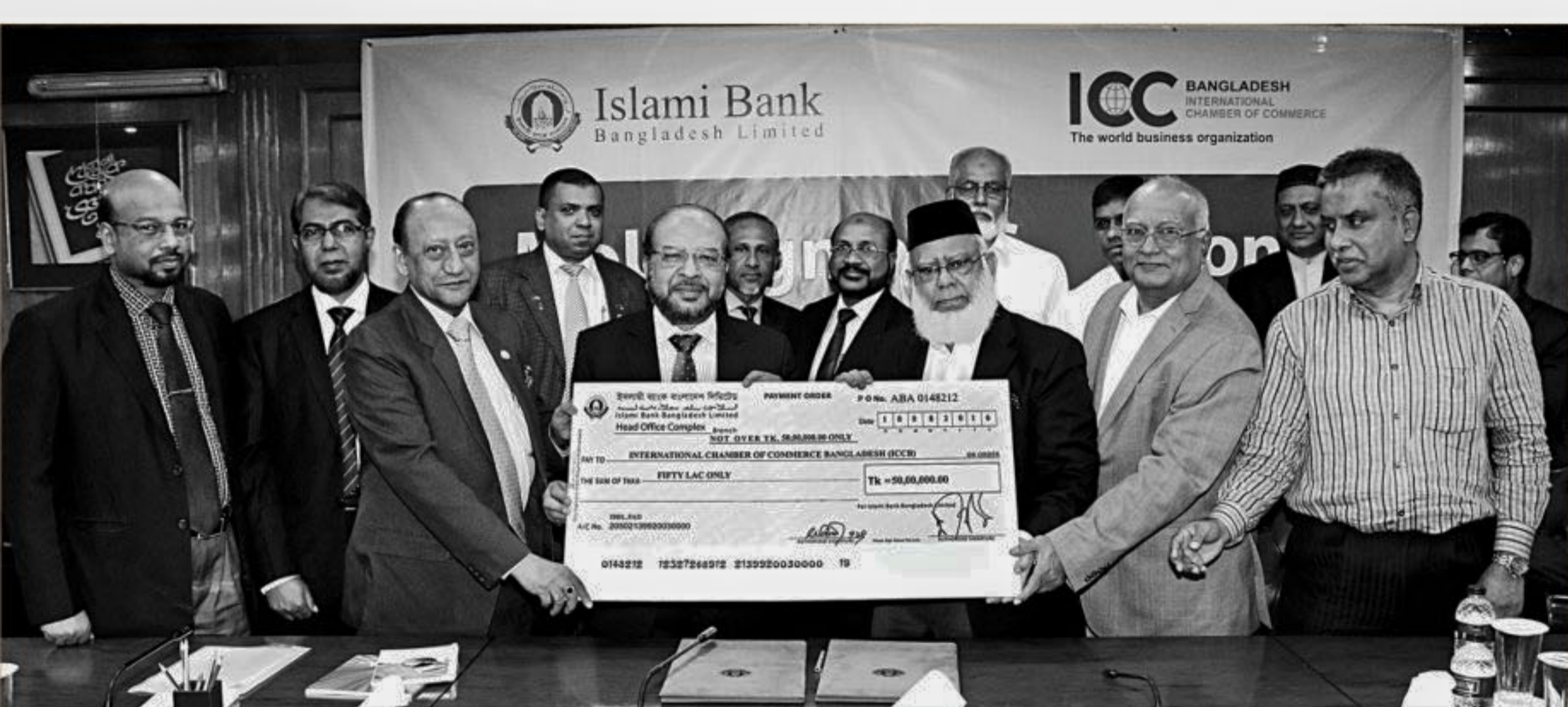
of seven cents per share, the first payout since 2009 and announced a share buy-back of up to Aus\$366 million. Qantas also said it would give a Aus\$3,000 one-off bonus to some 25,000 staff who had signed up to a pay freeze.

"These are fantastic results that we've had in the last year, as I said, record results for the group," chief executive Alan Joyce told reporters.

"We do see the strong performance of the company continuing. This business has taken a lot of cost out and improved revenue dramatically. The transformation programme has changed the business completely, delivering over Aus\$1.66 billion in performance improvements. Without that, we wouldn't be where we are today."

Qantas shares closed 1.47 percent higher at Aus\$3.45 in Sydney trading.

Global ratings agency Standard & Poor's said the result had no immediate impact on Qantas' rating, which is currently at investment grade 'BBB'.



Mahbubur Rahman, president of ICC Bangladesh, receives a cheque for Tk 50 lakh as contribution for the capacity building of the chamber from Mohammad Abdul Mannan, managing director of Islami Bank Bangladesh, at a programme at Islami Bank Tower on Tuesday.

Strong demand for Samsung's Galaxy Note 7 tests supply chain

REUTERS, Seoul

Better-than-expected demand for Samsung Electronics Co Ltd's new Galaxy Note 7 is causing supply constraints globally, the South Korean tech giant said on Wednesday, suggesting strong initial sales for the new premium smartphone.

While robust demand could help deliver another solid quarter of earnings, Samsung also risks missing out on potential sales if it cannot boost supply quickly. Rivals such as Apple Inc are poised to launch new phones which could pull customers away from Samsung if a shortage persists.

"As pre-order results for the Galaxy Note 7 have far exceeded our estimates, its release date in some markets has been adjusted," Samsung told Reuters in a statement without commenting on where launch delays could occur.

Production problems for the curved displays for the Galaxy S6 edge phone resulted in disappointing sales last year, and some investors fear a repeat if the world's top smartphone maker does not move quickly to meet Note 7 demand.

Samsung shares were down 2 percent as of 0339 GMT Wednesday after hitting a record high on Tuesday, while the broader market was down 0.3 percent.

Samsung said it was trying to boost production at the secret locations where the Notes are made, and aimed to meet demand "as early as possible". It gave no further details.

A person familiar with the matter told Reuters there was no production issue for the curved screens used on the Galaxy Note 7 and that the shortage would not be a long-term problem.

"The party got more visitors than Samsung expected, so they just need to put more food out," said Nomura analyst C.W. Chung, who said the supply situation was not a major risk given that Samsung made key parts such as displays and chips in-house.

Solar energy dims as grid power expands

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"There is a parallel market where sellers offer solar home systems for almost half the price that our partners can offer -- this has also affected the market," Pavel said.

A significant number of solar home systems are sold by businesses not connected with Idcol, said Shahriar Ahmed Chowdhury, director of Centre for Energy Research at United International University.

All the factors have affected the instalment payments from recipients of the units, with the rate of recovery of Idcol's loans declining in recent times. Many households that installed

solar home systems started to become irregular with payments after getting electricity connections, officials said.

"It appears that the overall market has almost become saturated -- the prospect of fresh sales is not much," Chowdhury said.

But Pavel said there is still some scope for expansion. There are some areas, such as river islands, where BREB would not go because of a lack of viability, he said.

The government's ongoing move to give solar home systems under Test Relief and Food For Work, two social safety net programmes, will also provide scope for businesses for some

more years.

But the sole dependence on solar home system might not be enough for the businesses to survive in the long run.

Operators will have to go for solar-based irrigation and establish solar-based grid to survive, said industry insiders.

"Those who will be able to diversify businesses will survive," said Chowdhury.

Bangladesh has installed 45 lakh units of solar home systems so far, which generate nearly 200MW of electricity, according to Sustainable & Renewable Energy Development Authority.

BTRC seeks to remove bar on Citycell shutdown

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The operator did not pay the second and third instalments -- amounting to Tk 229 crore -- of its spectrum renewal fee, which were due in 2012. The operator renewed its licence for another 15 years in 2011.

Besides, it owes annual spectrum fees totalling Tk 27.14 crore from 2013 through to 2016; revenue sharing proceeds of Tk 27.84 crore from 2014 to 2016; social obligatory fund contributions of Tk 8.92 crore from 2011 to 2016; value-added taxes of Tk 39.92 crore; and Tk 135 crore in penalty.

In the first week of August, Citycell sought time until December 31 to clear its outstanding charges with the telecom regulator.

In a statement on Monday, Citycell said the BTRC's August 17 notice was identical to the one it had sent in February 2014, which the operator had responded to.

"Pacific Bangladesh Telecom Ltd received no further update in this regard and therefore the reply was to the satisfaction of BTRC."

Citycell said re-issuing the notice that

"was duly responded to shows the malafide intention of the BTRC" and it is considering challenging the latest notice "in the appropriate form".

Meanwhile, since last week, Citycell's employees have been forming human chains outside the operator's head office to urge the prime minister to save their jobs.

They also placed a seven-point demand to the Prime Minister's Office.

Citycell began operations in 1993, making it the country's first mobile phone service provider.

Citycell's subscription reached a peak of 19 lakh in 2011, but it has been a minor player in the market for at least 10 years now. Currently, it has about 1.5 lakh active connections.

The operator's revenue was Tk 139.77 crore in fiscal 2014-15, while its investment was zero, according to the BTRC's annual report.

Singapore's SingTel owns 44.54 percent shares of Citycell, local Pacific Motors 37.95 percent and Far East Telecom 17.51 percent.

BuzzFeed splits

REUTERS

Online media outlet BuzzFeed will split itself into two new departments that will focus on news and entertainment, CEO Jonah Peretti wrote in a memo sent to employees.

The move to create two departments - BuzzFeed News and BuzzFeed Entertainment Group - comes at a time when online media companies are grappling with the balance between covering news and politics, and lighter fare like social media, entertainment and lifestyle.

BuzzFeed will integrate some existing groups like the health team and video news into BuzzFeed News, which will be run by Ben Smith, editor in chief of BuzzFeed.

"In this new structure, video won't be the job of just one department."

Exports by EPZ factories rise 9pc

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In 2015-16, the enterprises based in Chittagong EPZ accounted for the biggest share of exports -- \$2.42 billion -- followed by Dhaka at \$2.18 billion.

There are eight EPZs under Bepza

where more than 430 factories are located. These factories account for about 20 percent of the total national exports.

The factories have invested \$3.75 billion as of 2015, employing more

than 439,512 people, according to the Bepza website.

Some 58 percent of these enterprises are wholly foreign-owned, 14 percent are joint ventures and 28 percent locally-owned.



Jasim Md Al-Amin, managing director of Zeil's Shop Ltd, and MA Quader, executive director, open a new shop of the company at Gulistan Shopping Complex in Dhaka.

Mustakim Billah Faruqi, deputy commissioner of Mymensingh, opens the 34th branch of IDLC in Mymensingh yesterday. Arif Khan, managing director of IDLC Finance, was also present.



IDLC