

French consumer morale resilient after attacks, Brexit

REUTERS, Paris

French consumer confidence picked up in August, shrugging off two Islamist militant attacks the month before and Britain's shock vote to leave the EU, data showed on Friday, a sign the French economy started the third quarter on a stronger footing.

The brighter outlook among consumers, France's traditional growth engine, will reassure the government after official data confirmed the euro zone's second-largest economy ground to a halt in the second quarter.

Coming after brisk growth in the first quarter, the surprise stagnation in April-June was brought about by caution among companies, which drew down their inventories and cut investments, and consumers, who put a brake on spending, in a quarter marked by violent street protests, strikes and floods.

But despite bloody attacks in Nice and Normandy, which took place after the previous consumer confidence poll, and the fallout of Britain's Brexit referendum, this month's survey provided more positive clues about the current quarter.

French households' opinion about

their personal financial situation improved markedly, INSEE said, gaining 7 points to reach the highest level since October 2007.

French consumers, whose high saving rate has frustrated the government's hopes to see them boost spending, also reported to pollsters that their saving capacity had improved but that now was a less opportune time to save.

That is good news for President Francois Hollande's government, which is currently preparing next year's budget bill and mulling whether growth in future quarters will be strong enough to cut taxes less than a year before a presidential election.

The brighter outlook was not limited to France, with consumers' mood also improving unexpectedly in Germany as sentiment hit one of the highest levels in the past 15 years, a survey showed on Friday.

In France, there were also positive signs on the business front, with companies' margins rising to 32.2 percent in the first quarter, the statistics office said separately, the highest level since the fourth quarter of 2008, when the global financial crisis erupted.

Air New Zealand flies to record profit

AFP, Wellington

Air New Zealand announced an operating windfall Friday, posting a record NZ\$463 million (US\$338.01 million) after-tax profit, up 42 percent, as the country benefits from a tourist boom.

It was "the best result ever" in the 76-year history of the New Zealand national carrier, chief executive Christopher Luxon said.

The before-tax profit for the year to June 30 stood at a record NZ\$663 million, up 40 percent, with passenger revenue up 8.9 percent to NZ\$4.5 billion.

The record numbers coincide with New Zealand recording 3.31 million short-term visitor arrivals in the year to June 30, up 11 percent on the previous year.

Luxon expressed confidence in the future, believing the airline was well-placed to meet increased competition ahead.

"There's no doubt customers have more choice but we are confident that we have the right pricing, products and services to stay a step ahead of the competition as we grow our business at home and overseas," he said.

But given the uncertain impact of competition, and based on the current market conditions, Air New Zealand forecast pre-tax earnings for the full year 2017 to be in the range of NZ\$400 million - NZ\$600 million.

The airline is to pay an ordinary dividend of 10 cents per share, bringing the full-year dividends to 20 cents per share, up 25 percent on the previous year.

Employees will also benefit from the record performance with a bonus of up to NZ\$2,500 to be paid to 8,200 staff not covered by other incentive programmes.

Air New Zealand shares dropped 0.45 percent to NZ\$2.22 in Wellington trading following the announcement.

Japan core inflation falls for fifth straight month

AFP, Tokyo

Japanese inflation continued to disappoint in July, according to data released on Friday, with consumer prices dropping for a fifth straight month in the latest blow to Tokyo's faltering war on deflation.

The 0.5 percent decline in July was worse than the 0.4 percent average fall expected by economists.

Friday's data come ahead of household spending numbers next week, which are also expected to be disappointing, and after Japan's July exports suffered their sharpest monthly fall in seven years.

Japanese officials are under intense pressure to deliver, as many economists increasingly write off Prime Minister Shinzo Abe's faltering bid to fire up the world's number three economy, dubbed Abenomics.

Last week, official figures showed the economy registered zero growth on-quarter, falling below economists' expectations for a modest 0.2 percent expansion, as weak exports and a fall in business spending dented activity.

The weak inflation figures will heap more pressure on Japan's central bank for another round of stimulus.

The Bank of Japan disappointed markets at its late July meeting when it opted to leave its 80 trillion yen (\$796 billion) annual bond-buying programme -- a cornerstone of Abenomics -- unchanged.

The BoJ holds its next meeting in late

September.

Tokyo recently announced a whopping 28-trillion-yen package aimed at kick-starting growth, after Britain's June vote to quit the European Union sent financial markets into a tailspin and sparked a yen rally.

Japan's major exporters have seen their bottom line dented by the sharp rise in the currency, which makes them less competitive overseas and shrinks the value of repatriated profits.

The problem was highlighted as many of the country's best-known firms, including Sony and Toyota, reported lower profits in the three months to June.

Wild volatility on global financial markets since the start of the year and Britain's shock decision to leave the EU have stoked demand for Japan's currency, which is seen as a safe investment in times of turmoil.

Abe's plan -- a mix of massive monetary easing, government spending and red-tape slashing -- initially brought the yen down from record highs, setting off a stock market rally and boosting corporate profits.

But Abe's promises to cut through red tape have been slower, and his plan to buoy Japan's once-booming economy have looked increasingly unrealistic.

His spend-for-growth policies have set Japan apart from some of its rich nation counterparts, including Germany, which has been reluctant to endorse them, seeing it as an ineffective way to stimulate the economy.



Juan Carlos Ariola, head for milling technology at Canadian International Grains Institute; Elaine Sopiwnyk, head for milling technology; Yvonne Supeene, head for baking technology, and Ashok Sarkar, senior advisor for technology, visit a factory of Teer Whole Wheat Atta of City Group on August 22.

Citycell users ask for compensation

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"We have taken preparations and will take action in line with the court order," said BTRC Chairman Shahjahan Mahmood.

BTRC has also formed a committee that will shut down Citycell's network immediately after getting orders from authorities.

On July 31, the regulator issued a public notice and asked Citycell subscribers to switch to any other operator by August 16; the government later extended the time till August 23.

Nayem Nowroz, another user, bought his Citycell connection 20 years ago, at Tk 13,000. "I had wanted several times to leave the operator because of weak network. But I did not do so fearing my contacts will not find me."

Recently he switched to another operator. "It was a hassle," he said.

Both Ghatak and Nowroz think authorities should consider compensating the users for their losses.

Senior executives of Citycell said they have already taken connections from other operators; Robi has a campaign to grab the Citycell customers.

Citycell's subscription had 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.

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

In the first week of August, Citycell

sought time until December 31 to clear its dues.

Insiders said Citycell has around Tk 4,000 crore in loans and dues with different banks, financial institutions, National Board of Revenue, BTRC, vendors and other operators.

Singapore's SingTel owns a 44.54 percent share in Citycell, Pacific Motors 37.95 percent and Far East Telecom 17.51 percent.

Shareholders have been trying to sell the company for the last few years, but they did not find any interested party.

The operator's revenue was Tk 139.77 crore in fiscal 2014-15, according to the BTRC.

Its revenue was Tk 230.52 crore in fiscal 2013-14 and Tk 267.64 crore in 2012-13.

Banks often troubled by influential defaulters

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"Such techniques work only when they are applied in truly deserving cases without repetition. Once you start rescheduling the rescheduled loans, a Pandora's box opens."

Repeated rescheduling reduces the perceived cost of not repaying loans in time, thus encouraging and deepening the default culture, he said.

"Bangladesh Bank's regulatory guidance not to reschedule loans if banks have sufficient doubt about the borrower's willingness and ability to pay has clearly not been followed."

To ensure sustainable and prudent credit operations, more innovative approaches along with a judicious use of rescheduling and write-offs are needed to end the default culture.

"The wilful defaulters have to be held accountable, not rewarded through rescheduling. Poor enforcement of laws relating to settlement of NPLs, followed by insufficient debt recovery measures on the part of the banks, has aggravated the financial malaise."

No Brexit blues for German consumers: survey

AFP, Frankfurt

There was little sign of Brexit uncertainty in a monthly survey of German consumers on Friday, with the public's mood almost unchanged in August compared with July.

Market research company GfK's headline consumer sentiment index fell slightly to 10.0 points in August, after a 10.1-point reading in July.

The score was slightly higher than expected by analysts surveyed by Factset, who had forecast a larger fall to 9.9 points.

Sentiment "developed positively overall, and apparently digested the Brexit shock well," the pollsters wrote in a statement.

Consumers' expectations for the whole economy were lower than in July.

GfK said the fall in that sub-index could partially be due to three violent attacks in Bavaria -- two of them claimed by jihadist group Islamic State -- that "could have caused slightly increased uncertainty."

But the respondents' expectations about their own income leapt upwards, rising to 58.3 points in August compared with July's 49.7. There was a smaller rise in consumers' readiness to spend money.

Germans "are almost euphoric regarding their own financial situation," the researchers wrote, with an appetite to buy "unbroken in the face of the Brexit decision and the danger of terrorism." "Signals are all on green for consumption," they went on, pointing to recent positive data on incomes, employment and inflation.

Loan growth in eurozone private sector improves: ECB

AFP, Frankfurt

Loans to the private sector in the euro area edged up slightly in July, European Central Bank data showed on Friday, in welcome news for the ailing eurozone.

For the ECB, the statistics are a key indicator of the economic health of the single currency area, as borrowing is a main financing source for corporate investment which in turn should boost the eurozone's currently weak economy.

In July, approved loans rose 1.3 percent from a year ago, slightly faster than growth of 1.2 in June, an ECB statement said.

When certain strictly financial transactions are stripped out, the growth in loans also increased, with credit accorded to households and companies up 2.0 percent

in July after a rise of 1.9 percent in June.

The ECB has launched a raft of policy measures to get credit flowing, most significantly a massive programme to buy public sector bonds to pump liquidity into the system.

The ECB beefed up that programme earlier this year and also launched a scheme of ultra-cheap loans to banks on condition they lend them on to households and businesses. Growth in the overall money supply, known as M3, slowed slightly to 4.8 percent in July, down from the 5.0 percent recorded in June, the ECB said.

The ECB regards M3 money supply as a barometer for future inflation.

Analysts said the report could ease pressure on the ECB to take further action to boost the economy at its governing council meeting next month.

Ex-directors of People's Leasing move to repay loans amid pressure

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Later, as the prices of those shares declined sharply, Miah incurred huge losses.

Motiuur Rahman, the other accused, took about Tk 50 crore loans for companies, where he has ownership or interests.

Hossain, the former chairman, took nearly Tk 124 crore for buying a piece of land for the company on Green Road in the city, according to the BB report and company officials. But People's Leasing is yet to get the land.

According to company officials, Hossain was one of the owners of the land. Paramount Properties, a real estate firm, where he was a director, also owns the land.

Hossain refuted the allegations. "I did not take loans from People's Leasing. Some directors took the money in their own names and fictitious names," he told The Daily Star.

"I was acting as an attorney to help my company get back the money," he said.

Hossain also claimed he had requested the BB to allow People's Leasing to register the land in its name. But the central bank did not give the permission, he said.

An official of the financial institutions department of the BB said: "We have done our job by detecting the irregularities. Now the issue is with the ACC and Bangladesh Financial Intelligence Unit."

Tata Motors Q1 net profit halves

REUTERS, Mumbai/New Delhi

Foreign exchange losses after Britain's decision to leave the European Union and higher expenses offset strong sales growth at India's Tata Motors, more than halving its net profit in the April-June quarter.

Tata Motors' profit was hit by forex losses of 22.96 billion rupees (\$342.43 million) mainly due to pound depreciation post-Brexit vote and adverse commodity derivatives impact of 1.67 billion rupees in the quarter, it said in a statement on Friday.

Chief Financial Officer C Ramakrishnan said while the company cannot predict whether the foreign exchange impact will continue, it will be cautious and closely monitor and assess market conditions in Britain and the EU.

"We need to be careful ... that is why we have a fairly robust hedge book so we are not subject to so much volatility," Ramakrishnan said, adding that major events that suddenly trigger significant currency movements tend to be a surprise.

The majority of the forex loss was at its British luxury unit Jaguar Land Rover where profit after tax fell to 304 million pounds from 492 million pounds in the year ago quarter, despite a 9 percent increase in revenue thanks to strong sales of its Jaguar XE compact saloon and Discovery Sport SUV.

"The operating performance in the quarter reflects the overall higher wholesales, offset by adverse foreign exchange impact of 207 million pounds including revaluation of 84 million pounds, mainly euro payables resulting from depreciation in the pound following the Brexit vote," Tata said in a statement.

As a result, operating margins at JLR fell to 12.3 percent during the quarter from 16.4 percent in the year ago quarter.

Margins were also impacted by lower local market incentives earned in China this quarter compared with a year ago and a change in the product portfolio to include more high-volume-low-margin vehicles like the Jaguar XE.

Tata Motors, India's top automaker by revenue, said consolidated net profit for the quarter fell to 22.36 billion rupees compared with 52.31 billion

rupees in the year-ago quarter. Analysts on average expected a profit of 24.2 billion rupees, according to Thomson Reuters data. Total income from operations rose 9 percent to 670.56 billion rupees.

Profit was helped by a one-time gain of 4.78 billion rupees in an insurance payment for damage caused to JLR cars in an explosion at Tianjin port in China last year.

Shares in Tata Motors, valued at \$23.7 billion, ended the day 2 percent higher after rising as much as 4 percent in a weak Mumbai market.



An employee writes on a register inside the Tata Motors car showroom in Ahmedabad, India.

Entrepreneurship held back by poor access to finance: analysts

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Wahid Sharif, vice-president of Bangladesh Association of Call Centre and Outsourcing, said huge opportunities exist in the outsourcing sector, which has a \$500 billion market worldwide. Neighbouring India generates \$140 billion in revenue from outsourcing, while Bangladesh's is only around \$180 million, he cited.

"We need policy support from the government that it gives to the garment industry." Addressing the discussion, State Minister for ICT Junaid Ahmed Palak said the government is setting up an 'Innovation Design and Entrepreneurship

Academy' this year to facilitate the IT companies and start-up businesses.

"We are also working to help the ICT industry earn \$1 billion in software exports and outsourcing by 2018, and take the figure to \$5 billion by 2021."

Lila Rashid, general manager of Bangladesh Bank, SM Shaheen Anwar, general manager of SME Foundation, Nurul Islam, president of the American Chamber of Commerce in Bangladesh, Md Sabur Khan, chairman of Daffodil International University, and Prof Yousuf Mahbubul Islam, vice-chancellor of Daffodil International University, also spoke.