REHAB fair begins tomorrow in Chittagong

STAFF CORRESPONDENT, Ctg

The Real Estate and Housing Association of Bangladesh (REHAB) will organise a four-day fair at the Radisson Blu Chittagong Bay View in the port city starting tomorrow.

Chittagong Development Authority Chairman Abdus Salam is scheduled to inaugurate it while 59 real estate, building materials and finance companies are to participate, said Md Abdul Kauiam Chowdhury, REHAB vice-president, at a press conference in Chittagong Club yesterday.

He demanded the government facilitate the availability of Tk 20,000 crore as housing loans and make the interest rate a single digit one to give a boost to real estate business and fulfil dreams of low and middle-income people.

Co-sponsored by 21 realtors, the fair will feature 83 stalls and stay open from 10am to 9pm at Tk 50 for single entry and Tk 100 for multiple ones.

Planemakers look at higher output to meet demand

REUTERS, Singapore

The world's largest planemakers signalled a possible increase in output of their most popular passenger jets on Tuesday, highlighting their confidence about growth in demand for air travel.

Although new orders have dwindled following a seven-year boom, executives at the Singapore Airshow suggested Airbus and Boeing have enough business in their bulging order books to speed up their already-record production of narrow-body jets.

"The success of the product is forcing us to look at any opportunities we have to improve the rate. We have not come to any conclusion yet but this is something we are looking at very closely," Airbus sales chief Eric Schulz told a news conference.

Schulz, making his first appearance since being recruited from Rolls-Royce to replace retired sales chief John Leahy, shrugged off concerns about the ability of the supply chain to keep up with higher production rates.

"I think the supply chain will be able to cope and we will be able to raise rates as needed in the market," he said.

His comments match confidence from rival Boeing as the industry responds to growing demand for medium-haul jets.

In an interview with Reuters, a senior Boeing official said the U.S. company was confident in demand for its 737 MAX jet, the latest version of which was rolled out on Monday."There is upward pressure (on production rates) because we are oversold," Marketing Vice President Randy Tinseth said.

"If you want a (737) MAX today, we are talking 2023," he added, referring to long waiting times for new jets.

Just as airlines overbook seats, planemakers typically sell more aircraft than they plan to produce to protect themselves from airlines going bankrupt or failing to take delivery.

These comments show both planemakers are confident they can preserve an adequate buffer, even with higher output.

Engine maker CFM International, which supplies both Boeing and Airbus, said last month that planemakers had begun asking about its ability to support higher production.

Boeing currently produces 47 of its 737 narrow body aircraft per month and is heading towards 57 per month next year.

Airbus is increasing production to 60 per month by mid-2019.

Industry sources have said both companies are looking at increasing production to as much as 70 single-aisle jets a month. But the head of the world's largest aircraft leasing company is yet to be convinced that markets can support such levels.

"Can both of them go to 70? I don't think so. 140 a month, I don't think that is possible at the moment," AerCap Chief Executive Aengus Kelly told Reuters when asked whether the market could support such levels of production.

Even so, he expected Airbus and Boeing, who make up the bulk of the $140 billion a year jet market, to exercise restraint. "If the market can take it, they will give it. If the market won't take it, they won't," he said.

"What is much more important for the manufacturers is not what they say they do, and not what the orders are but what they are delivering," Kelly said. "If you look back over the last 20 years what you see is a very strong correlation between traffic growth and deliveries," he added.

SQUARE TOILETRIES

Anjan Chowdhury, managing director of Square Toiletries Ltd, attends the company's annual sales conference at Hotel Sea Palace in Cox's Bazar on Saturday.

CPA selling off Hanjin's containers 'for arrears'

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The joint venture -- Hanjin Shipping Bangladesh Ltd -- then deposited Tk 7.68 crore on August 28 for bills incurred till the day Hanjin filed for bankruptcy protection.

The Admiralty Court in Dhaka directed the CPA to go for the auction and keep all the money in the account of the court until a verdict is passed. The arrears now amount to around Tk 172 crore, mostly from rent, say sources at the CPA traffic department.

Most of the arrears are said to have been incurred from August 31, 2016 and cannot be claimed as the CPA seized the containers that day and has to take on all liabilities from then on, said Anis Ud Dowla, executive director of Regensea Lines, a concern of Karnaphuli.

Besides, the Tk 7.68 crore came from Karnaphuli's own pockets, he told The Daily Star on Monday, adding that Hanjin has informed all concerned through letters and advertisements to claim whatever it owes.

CPA Secretary Md Omar Faruq said they have not received any such notification.

The auction will bring in around Tk 9.65 crore, said CPA Director (Traffic) Golam Sarwar. From April to December last year, 969 containers were auctioned off to seven firms for Tk 7.40 crore.

The remaining ones are refrigerated and the CPA is currently evaluating bids of seven firms, two of which in unison offered the highest Tk 2.25 crore for the lot.

ACE AUTOS

Hafiz Ahmed Mazumdar, chairman of Bangladesh Red Crescent Society, and Azharul Islam, CEO of Ace Autos (Pvt) Ltd, the exclusive distributor of Haval SUV in Bangladesh, launch the latter's showroom and after sales service centre west of Shahi Eidgah in Sylhet recently.

India's 2018 gold demand may remain below 10-year average

REUTERS, Mumbai

Gold demand in India is likely to remain below its 10-year average for a third year in 2018 as higher taxes and new transparency rules on purchases may cap last year's rebound in buying, the World Gold Council (WGC) said on Tuesday.

India is the world's second-biggest gold consumer and lower demand there could rein in global prices that have risen 8 percent since mid-December, although a drop in imports of the metal would help India reduce its trade deficit.

Gold consumption in 2018 will likely be between 700 and 800 tonnes versus 727 tonnes last year, Somasundaram PR, the managing director of WGC's Indian operations, said on Tuesday. Indian demand has averaged 840 tonnes over the last 10 years.

Gold demand will lag because of a higher goods and services tax (GST) on bullion purchases imposed in 2017 and measures to track gold purchases, he said.

In July, the GST on gold was raised to 3 percent from 1.2 percent. India has also made it mandatory for customers to disclose their tax code, or Permanent Account Number (PAN), for high-value gold purchases.

The government moves have disrupted the business of the small jewellers that account for nearly two-thirds of India's total sales, Somasundaram said.

"More changes are coming in like hallmarking, responsible gold sourcing, all this will continue to disrupt the industry ... It will take two years for India to reach normal demand level," he said.

Gold is a mainstay of Indian culture, serving as the primary vehicle for household savings for hundreds of millions of people in Asia's third-largest economy.

German wage deal should give some comfort to ECB

REUTERS, Frankfurt

A landmark wage deal in Germany is likely to be greeted by the European Central Bank as a sign that pay is finally ticking up, easing some negative risks in its projections and keeping it on track to curb stimulus further despite the recent market rout.

German labour union IG Metall and a key employer group agreed late on Monday on a 4.3 percent wage rise spread over 27 months, setting a benchmark for millions of workers across Europe's largest economy.

The deal comes against the backdrop of solid economic news, but also of the biggest market rout in years, which if it persists may complicate any decision by the bank when it considers reducing support for the economy.

While the deal is well below initial demands, it is broadly in line with the ECB's projection for slowly building wage and consumer inflation pressures, comforting policymakers who have faced negative surprises year after year as the labour market adjusted to unexpectedly large slack.

Having bought over 2 trillion euros' ($2.5 trillion) worth of bonds to keep borrowing costs low, the ECB is now looking to end the buying as the economy motors ahead. Weak wage growth has been the biggest obstacle in lifting inflation back to the bank's target rate of almost 2 percent.

"It's a step in the right direction for the ECB... they can be moderately happy about it," Commerzbank economist Michael Schubert said. "It might create very mild upside risks to projections but certainly not enough for us to change our assessment; the ECB will remain cautious and patient."

"They'll be cautious not because it's just a first step but also because they look at everything else, like the euro appreciation and the equity market selloff," Schubert added.

Global equity markets have lost $4 trillion since their peak just over a week ago with the CBOE Volatility index .VIX, a closely followed "fear-index" measure of expected near-term stock market volatility, jumping to its highest level since August 2015.

Falling bank shares over a longer period could raise the cost of capital and curb lending, while higher bond yields may limit government spending, both potentially concerning for the ECB.

"Should central banks respond? In short, no," Berenberg economist Kallum Pickering said. "Softer equity markets, which for now reflect no more than a correction of the little excess on the upside in recent months, need not change the economic or central banking calculus much."

Indeed, a short-term rout is unlikely to sway the ECB, especially since euro zone households are much less exposed to stock markets than those in the United States and economic data continues to surprise on the upside.

Data on Tuesday showed that German industrial orders rose more than expected in December despite a surging euro, indicating that output may be above already heightened expectations.

But the ECB is going to move only very slowly to tighten policy as many of the recently created jobs tend to be lower quality and add little to wage pressures, suggesting that it may be years before inflation rises back to target.

Immigration from the east also eases labour market stress and a broader measure of slack - which includes part-time workers seeking more hours and people excluded from the labour market for administrative reasons - may be twice as high as the official projections, ECB data shows.

Brexit 'uncertainty' drags Tata Motors profits

AFP, Mumbai

Indian carmaker Tata Motors, the owner of Jaguar Land Rover, said Monday "Brexit uncertainty" in Britain had affected overall quarterly profits as its earnings came in well below analysts' expectations.

The Mumbai-based manufacturer reported an almost 13-fold increase in quarterly profits year-on-year owing to strong JLR sales in China and a particularly low earnings report 12 months ago due to the effect of a shock Indian banknote ban.

Tata Motors said consolidated net profit for the three months ending December was 11.99 billion rupees ($187.15 million), up from 937.7 million rupees a year earlier when Indians were dealing with the fallout of demonetisation.

A survey of 15 analysts by Bloomberg News had predicted profits of 23.5 billion rupees this time around.

The car giant said concerns over soaring oil prices and a weaker showing in Western markets, including in Britain, had limited the extent of the increase.

"China and overseas markets were up while the UK, US and European markets were lower, reflecting more challenging conditions with cyclical weakness in the UK and US, increasing diesel uncertainty in the UK and Europe, and Brexit uncertainty in the UK," Tata Motors said in a statement.

It said Jaguar Land Rover deliveries to North America had declined by 2.4 percent and by 3.4 percent to Europe. But JLR chief executive officer Ralf Speth gave an optimistic forecast for the future.

"This is a milestone year for Jaguar Land Rover as we prepare to launch our first ever electric car, the Jaguar I-Pace, and Range Rover plug-in hybrids," Speth said in the statement.

"We expect a stronger all-around performance in the fourth quarter driven by new models, seasonality, and improved profitability."

National Bank asked to improve financial health

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During the period its loss-making branches went up to 36 from 33.

"NBL is one of the largest banks in the banking industry considering the volume of its assets and liabilities. So, the bank's sound health is highly important for the entire banking industry," the BB official said.

At the meeting, which was presided over by BB Deputy Governor SM Moniruzzaman, NBL was categorically asked to contain its default loans and SMAs and exercise due diligence while sanctioning fresh loans.

It was also asked to ensure corporate governance. NBL's Managing Director Choudhury Russel Ahmed, Additional Managing Director MA Wadud and Deputy Managing Director ASM Bulbul attended the meeting.

They responded positively to the central bank's instructions and agreed to prop up the bank's financial indicators by this year, according to the BB official.

"We have already started the process to improve our financial indicators in line with the central bank's suggestions," said a top official of NBL on condition of anonymity.

The central bank had called the meeting considering the indictors as of September, but NBL's financial health has rebounded remarkably towards the year-end, he said.

He went on to cite the bank's SMAs at the end of December 2017 as a case in point. It was less than Tk 250 crore, according to the NBL official.

Defaulter textile millers to be blacklisted

FROM PAGE B1

The textile sector has helped build a backward linkage industry for the garment sector, the highest export earner in the country.

Over 15 lakh people are involved in the textile sector, which is currently suffering from electricity and gas crisis, Khokon said. "The problems should be solved to help the sector as well as the country grow further."

Last year, participating companies of the DTG received $250 million worth of spot orders, he said. "We believe the amount will increase this year."

The DTG is Bangladesh's one of the leading trade fairs with the best growth momentum, said Judy Wang, president of Yorkers Trade and Marketing Service Co Ltd. Since the event's inception, the number of exhibitors has increased seven times in the last 15 years, Wang said.

"This significant growth in exhibitors indicates the promising future of Bangladesh's textile and garment industry," she said.

"We are proud to build this true sourcing platform for all the industry players to seek innovative products, collect latest market information and develop more business opportunities and partnerships."

A seminar will also take place on sustainable technologies and processes on the first day of the fair.

PKSF

Md Jashim Uddin, deputy managing director for administration at Palli Karma-Sahayak Foundation (PKSF), and Shahriar Kamal, managing director of Concord Engineers & Construction Ltd, exchange documents after signing a deal at the PKSF Bhaban in Dhaka on Sunday. A 13-storey building will be constructed for PKSF to market products of marginal farmers.

BTMA

Mohammad Ali Khokon, acting president of Bangladesh Textile Mills Association, speaks at a press conference at the association's office in Dhaka yesterday. (Story on B1)