

# half yearly business REVIEW 2018

CHIEF GUEST  
**MR. A ROUF CHOWDHURY**  
CHAIRMAN, BANK ASIA LIMITED



BANK ASIA

A Rouf Chowdhury, chairman of Bank Asia, presides over the bank's "Half Yearly Business Review-2018" at a hotel in Dhaka yesterday. Mohd Safwan Choudhury, vice chairman; Rume A Hossain, chairman of Board Executive Committee; M Irfan Syed, chairman of Board Risk Management Committee; Mashiur Rahman, chairman of Board Audit Committee; Dilwar H Choudhury and Enam Chowdhury, directors, and Md Arfan Ali, president and managing director, are also seen.

# Amazon's growth is leaving the shop behind

REUTERS, New York

Amazon's growth is leaving the shop behind. Jeff Bezos's outfit now gets just over half its revenue from its online stores, down from two-thirds two years ago. E-commerce is still growing at a healthy clip, but the businesses Amazon has built around it are expanding faster and producing much more profit. That makes its valuation a little less crazy.

The Seattle-based giant had another astonishing quarter, with revenue of \$52.9 billion. That's an increase of 39 percent from the same period a year ago. The company's net margin was higher than expected, at it churned out \$2.5 billion in income. And once again, the firm poured money into expanding areas such as grocery delivery in new cities, developing machine-learning tools for customers, and new video shows.

Amazon rang up over \$27 billion of sales in its online stores. That's an impressive figure, but it grew only 14 percent from the same period last year, indicating that the company's best opportunities lie elsewhere.

The first consists of selling the expertise and infrastructure it has built to oth-

ers. Revenue from allowing other merchants to flog their goods on Amazon's website, processing and shipping their orders grew 39 percent year-on-year, and now represents around 18 percent of the group's total. Renting out software and server space to other businesses is even more lucrative. Amazon Web Services revenue grew 49 percent to \$6.1 billion and that business provided over half of total operating profit.

The second growth opportunity lies in businesses built atop Amazon's retailing operation. The website has become a popular destination for people looking for information about products, fueling advertising potential. The company is cagey about this but ads are the primary ingredient in its "other" revenue line, which more than doubled year-over-year. Subscriptions, which includes Prime membership for subsidized shipping, grew at the modestly less dizzying pace of 57 percent.

With shares trading at more than 100 times estimated earnings over the next 12 months, Amazon is not priced for disappointment.

# IMF warns China against aggressive stimulus steps

AFP, Beijing

China must resist taking aggressive stimulus steps as it navigates troubled economic waters as they could add to excessive debt levels leading to an "abrupt adjustment", the International Monetary Fund said Friday.

The IMF warning, contained in a policy report, comes after Chinese leaders earlier this week signalled a shift toward looser fiscal policy to help barricade the world's second-largest economy against global economic turbulence.

After more than a year of aggres-

sively cracking down on dangerously high debt levels, China's cabinet on Monday said it would be more "active" in stimulating the economy, citing "external uncertainties".

But the IMF said "a reversion to credit-driven stimulus would further increase vulnerabilities that could eventually lead to an abrupt adjustment".

It urged policymakers to "stay the course" in its longer-term drive to wean China's economy off a dependence on fast growth fuelled by exports and investment, and toward higher-quality, sustainable growth with domestic demand as a

key driver.

The IMF also lauded Beijing's stewardship of the economy, saying growth remained solid, all the more reason to pursue economic reform now and "fix the roof while the sun is shining".

Premier Li Keqiang said on Monday that "fiscal policy should be more active", which analysts have called a clear signal that Beijing would ease up on its credit crackdown to keep economic growth steady.

The government said it also would accelerate plans to reduce taxes by more than 1.1 trillion yuan

(\$160 billion) and to issue 1.35 trillion yuan in local government special bonds for infrastructure projects.

The apparent policy shift had been widely anticipated due to the mounting need to support growth in the face of fears that the trade war with the US could wreak havoc on China.

The IMF, however, expressed confidence that China could balance the competing imperatives and reiterated a 2018 full-year economic growth forecast of 6.6 percent, down from the 6.9 percent recorded in 2017.



GREEN DELTA INSURANCE

Hossain Khaled, outgoing president of Entrepreneurs' Organisation (EO) Bangladesh and managing director of Anwar Group, receives a crest for his contributions to EO Bangladesh from Farzana Chowdhury, new president of the organisation and CEO of Green Delta Insurance, at an annual general meeting of EO Bangladesh at City Bank Centre in Dhaka yesterday. Chowdhury is also the EO Women Ambassador representing South Asia.



Mamun-Ur-Rashid, left, CEO of Standard Bank, and Md Tariqul Azam, additional managing director, attend the bank's "Half Yearly Business Review Meeting-2018" at its training institute in Dhaka yesterday.

# YouTube plans original programming in India, Japan and other markets

REUTERS, California

Alphabet Inc's YouTube is creating scripted series and other original programming for international markets including France, Germany, Japan, Mexico and India to try to draw new customers to its paid subscription service, a senior executive said on Friday.

The programming will come in the form of multiple genres such as music documentaries, reality series, talk shows and scripted series. Susanne Daniels, YouTube's global head of original programming, said in an interview. It will be produced in local languages and subtitled or dubbed for other markets.

Some of the programming will appear on

YouTube Premium, the monthly subscription service formerly called YouTube Red. Other content will be available on YouTube's free service with advertising.

"We are targeting markets where we believe we have a tremendous upside in potential subscribers," Daniels said.

YouTube already has released a handful of original shows in South Korea and one in India, a talk show in Hindi about cricket. Called "UnCricket," the show has performed "beyond expectations," Daniels said.

Daniels also said a reality show starring South Korean pop band Big Bang had boosted subscriptions, and that 50 percent of the new customers came from outside of Korea.

# Trump hails US economic growth spurt, promises more ahead

AFP, Washington

US President Donald Trump on Friday hailed roaring US economic growth as a "miracle," and said the quickest expansion in almost four years was a vindication of his economic agenda.

With the size of the American economy now surpassing \$20 trillion, GDP expanded by 4.1 percent in the April-June quarter, making the United States the fastest-growing of advanced countries, according to a government report.

"We're on track to hit the highest annual average growth rate in over 13 years," Trump said in remarks at the White House. "Everywhere we look, we're seeing the effects of the American economic miracle."

The second quarter acceleration came in part after the injection of stimulus and Republican tax cuts.

But economists warned it could be a blip caused by temporary factors, including a one-off bounce produced by Trump's trade confrontation with China.

The robust results put growth in the first half of the year at just over three percent, matching a White House target and faster than the trend in previous years.

Trump said the United States was "the economic envy of the world," and "As the trade deals come in one by one, we are going to go a lot higher than these numbers and these are great numbers."

His jubilation did not extend to



US President Donald Trump

Wall Street, where stocks closed down markedly as investors feared the economy has peaked and amid disappointing earnings and trade war fears.

In the April-June period, consumer spending had its biggest bounce in nearly four years, with Americans buying more cars and spending more liberally on health care, housing, utilities, restaurants and hotels, according to the Commerce Department report.

Purchases of goods jumped 5.9 percent -- with the largest contribution coming from booming auto sales -- while services rose 3.1 percent.

But the report got another boost from an unusual source: strong exports which leapt 13.3 percent,

driven higher by foreign sales of oil and soybeans, which now face stiff Chinese tariffs.

Analysts said that increase was due to stockpiling by Chinese importers before Beijing's retaliatory tariffs on US goods hit in July, which means trade is likely to fall off in the third quarter, dragging down the growth rate.

But Trump nevertheless focused on the sudden drop in the US trade deficit as another triumph for his tough trade policies.

"Perhaps one of the biggest wins in the report, it is indeed a big one, is that the trade deficit, very dear to my heart because we've been ripped off by the world, has dropped by more than \$50 billion," Trump said.

The report showed imports rose

only 0.5 percent, the smallest increase in two and a half years.

Also contributing to economic growth, spending by state and local governments rose 1.4 percent.

The report fell short of the most bullish forecasts of five percent or higher, with which Trump had teased audiences at events in Iowa and Illinois as recently as Thursday.

The White House is counting on faster growth to pay for December's sweeping tax cuts by generating higher revenues. But federal tax receipts are already plummeting, widening the federal budget deficit, just as the costs of borrowing increase due to mounting interest rates.

Ian Shepherdson of Pantheon Macroeconomics said swings in inventories and trade, as well as the fading effects from the income tax cuts could put third-quarter growth at three percent.

"The message, then, is that if you borrow enough money from your grandchildren and throw it at the economy, it will grow faster, for a while," he wrote in a research note.

Diane Swonk, chief economist at Grant Thornton, said the growth rate was likely to meet the White House's three percent target for the year and noted that a sudden drop in business inventories in the second quarter could point to a rebuild in the latter half of 2018.

"The question is, how much are firms willing to stock up with the threat of a trade war?" she said in a research note.

Md Nurun Newaz Salim, chairman of NCC Bank, cuts a ribbon to open the bank's 115th branch on Sonargaon Janapath Road at Uttara in the capital on Thursday. Mosleh Uddin Ahmed, CEO, was present.



# Panel proposes 'India only' policy for critical data

REUTERS, New Delhi

All critical personal data on people in India should be processed within the country, a government panel said on Friday.

The recommendation comes at a time when data breaches are becoming common globally and there is heightened scrutiny by governments on how companies handle user data.

The panel, headed by former Supreme Court judge B.N. Srikrishna, also presented a draft bill that will go before parliament designed to enhance data protection. The legislation could affect how global companies store data in India.

requirement of being processed "only in India", according to its 213-page report released on Friday.

"The central government should determine categories of sensitive personal data which are critical to the nation," the panel said, adding that there will be a prohibition against cross-border transfer of such data.

The panel recommendations were keenly awaited by US trade groups and global technology companies, who fear any stringent data localisation directive by the government could alter their business models and raise costs. Nehaa Chaudhari, a technology policy expert at Indian law firm TRA, said the recommendation was strong as it showed the government wanted to see some kind of data localized.