

US retail sales, manufacturing data bolster economic outlook

REUTERS, Washington

US retail sales rose more than expected in July as households boosted purchases of motor vehicles and clothing, suggesting the economy remained strong early in the third quarter.

Other data on Wednesday showed manufacturing output rising steadily last month and worker productivity growing at its fastest pace in more than three years in the second quarter, though a drop in labor costs pointed to moderate wage inflation.

Strong domestic demand supports expectations the Federal Reserve will raise interest rates in September for the third time this year, despite volatility in emerging markets that was sparked by an economic and political crisis in Turkey.

"The economy appears to be very well-positioned to continue to grow," said Jim Baird, chief investment officer at Plante Moran Financial Advisors in Kalamazoo, Michigan. "The persistently optimistic consumer sector is doing its part to keep the growth engine going, and retailers are benefiting."

The Commerce Department said retail sales increased 0.5 percent last month. But data for June was revised lower to show sales gaining 0.2 percent instead of the previously reported 0.5 percent rise. Economists polled by Reuters had forecast retail sales nudging up 0.1 percent in July. Retail sales in July increased 6.4 percent

from a year ago.

Excluding automobiles, gasoline, building materials and food services, retail sales advanced 0.5 percent last month after a downwardly revised 0.1 percent dip in June. These so-called core retail sales correspond most closely with the consumer spending component of gross domestic product.

Core retail sales were previously reported to have been unchanged in June. Consumer spending is being supported by a tightening labor market, which is steadily pushing up wages. Tax cuts and higher savings are also underpinning consumption.

July's increase in core retail sales suggested the economy started the third quarter on a solid footing after logging its best performance in nearly four years in the second quarter.

GDP surged at a 4.1 percent annualized rate in the April-June period, almost double the 2.2 percent pace in the first quarter. While the economy is unlikely to repeat the second quarter's robust performance, growth in the July-September period is expected to top a 3.0 percent rate. The Fed increased borrowing costs in June and forecast two more interest rate hikes by December.

The economy's prospects for the third quarter were also bolstered by a report from the US central bank on Wednesday showing production at the nation's factories increased 0.3 percent in July after surging 0.8 percent in June.

That helped to offset declines in mining and utilities output, lifting industrial production 0.1 percent last month.

Manufacturing output was driven by strong increases in the production of motor vehicles and parts as well as computer and electronic goods. There were also gains in the output of apparel and leather, petroleum, chemicals, plastics and rubber products.

The dollar was trading near a 13-month high against a basket of currencies and prices for US Treasuries rose. Stocks on Wall Street fell sharply as the currency crisis in Turkey and ongoing concerns about trade policy hurt sentiment.

Last month, auto sales rose 0.2 percent after edging up 0.1 percent in June. Sales at clothing stores rebounded 1.3 percent after declining 1.6 percent in June. Receipts at service stations advanced 0.8 percent.

Online and mail-order retail sales increased 0.8 percent, likely boosted by Amazon.com Inc's "Prime Day" promotion. That followed a 0.7 percent rise in June. Americans spent more at restaurants and bars, lifting sales 1.3 percent.

"Restaurants are a highly discretionary category, and continued strength suggests that households are not too worried about higher gas prices and that tax cuts are providing a cushion against higher expenses at the pump," said Ellen Zentner, chief US economist at Morgan Stanley in New York.



KINGSLEY ENGINEERING

Md Asiqur Rahman, CEO of Kingsley Engineering Service Corporation in Bangladesh, presents a crest to Darryl Jackson, a consultant on inclusive sanitation, during a discussion on "Inclusive sanitation and current situation of Dhaka city" at Kingsley Engineering's Dhaka office recently.

Chinese oil importers shun US crude despite tariff reversal

REUTERS, Singapore/Beijing

Chinese oil importers are shying away from buying US crude as they fear Beijing's decision to exclude the commodity from its tariff list in a trade dispute between the world's biggest economies may only be temporary.

Not a single tanker has loaded crude oil from the United States bound for China since the start of August, Thomson Reuters Eikon ship tracking data showed, compared with about 300,000 barrels per day (bpd) in June and July.

The United States and China have been locked in a tit-for-tat trade spat over the last few months, but crude was dropped from China's final list of tariffs on \$16 billion in US goods announced last week.

The move underscored the growing importance of the United States as a key global oil producer and critical alternative supply source for top importer China.

However, would-be buyers in China fret the commodity could be used as a bargaining chip in future negotiations with Washington, potentially getting added to tariff lists if the trade conflict takes a turn for the worse.

"Since it takes months to get US crude (to China) ... this (not buying US shipments) is a precautionary measure to avoid any distressed selling in case the government puts tariffs on US crude oil," said Sushant Gupta, research director at energy consultancy Wood Mackenzie.

A source with a Chinese refiner said the company was "watching and seeing" how the situation develops before placing new orders

for US oil. He declined to be identified as he was not authorized to speak with media.

That comes after the country's main oil importer, Unipet, earlier this month suspended shipments from the United States.

Another petroleum source familiar with the Chinese market said US crude may have been left off the tariff list to "facilitate clearing shipments" that have already been committed to. "(The government) probably wants to impose (tariffs) when there is no more US crude on the water, so I won't take it as a reversal of the political stance on US crude," said the source.

To replace US oil, China has been turning to the Middle East, West Africa and Latin America, according to shipping data and traders.

That has been helped as a narrow price-spread between Brent and Dubai crude allows Atlantic basin oil to be profitably shipped to Asia. The spread on Wednesday had nearly halved from a month ago to \$1.63 per barrel DUB-EFS-1M.

Although China's biggest oil suppliers are the Middle East, Russia and West Africa, the United States has become an important global supplier since it opened up its market for exports in 2016.

Beyond the short-term complications of finding replacements for American oil, the Sino-US trade dispute also poses risks to economic growth.

"Any further escalation in the trade conflict between them is clearly an important downside risk and could lead to a further slowdown in oil demand growth for 2019, leading to downward pressure on oil prices," said Gupta at Wood Mackenzie.



LAFARGEHOLCIM BANGLADESH

Rajesh K Surana, CEO of LafargeHolcim Bangladesh Ltd (LHBL), and Adeeba Rahman, CEO of Delta Life Insurance Company Ltd, attend a deal signing ceremony at the latter's corporate office in Dhaka on Tuesday. Delta will offer group life and hospitalisation insurance to the LHBL employees and their family members.

Summit's Aziz 34th richest in Singapore: Forbes

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Summit Group is one of the leading private sector conglomerates of Bangladesh, comprising more than 20 business units. It has interests in power, ports, fibre optics, real estate and liquefied natural gas.

A Singapore permanent resident, Khan is planning to list power unit Summit Power International (SPI) on the Singapore exchange.

He ventured into businesses in 1973, at a time when there was hardly any track record of the country producing successful entrepreneurs.

But in the course of the last four decades, Khan has gone on to cement his name among the country's most illustrious businessmen.

He set up Summit Industrial and Mercantile Corporation in 1985, aiming to develop the country's infrastructure.

Today, Summit's subsidiaries are the country's first private sector power generator, a port owner and operator, and provider of information communication connectivity via fibre optic.

Set up in 1997, the SPI is the largest independent power producer in the country.

It has 17 power plants with total generating capacity exceeding 1,644-megawatt.

In July, Summit signed an agreement with Mitsubishi and GE to invest \$3 billion to establish five power plants, two LNG terminals and

one oil terminal.

Summit set up the country's first private off-dock port facility, Ocean Containers Ltd, now known as Summit Alliance Ports Ltd, which handles about 30 percent of the country's export volume and about 10 percent of the country's import volume, according to Summit Power Ltd's audit report of 2016-17.

Summit Communications, the first company to lay a nationwide telecommunication transmission network, covers 70 percent of Bangladesh and connects Bangladesh to India and Myanmar through terrestrial fibre optics.

Summit Group employs more than 5,000 people.

BSEC fines 7 Doreen Power officials for insider trading

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During a meeting, the BSEC also settled on fining a stock broker, Dynamic Securities Consultants, Tk 2 lakh for having a deficit in consolidated customer accounts.

The meeting decided to issue warnings on seven persons and entities for violating securities ordinance in trading. They are Bishwajit Das and his associates, Yakub Ali Khandaker and his associates, Ifad Group, Md Fazlur Rahman Jamali, Prime Islami Securities, Anis Uddin and Mohammad Shafiqul Islam.

The commission also decided to warn United Airways for failing to submit several

quarterly reports on time.

Besides, the regulator approved ADN Telecom Ltd in finding a cut-off price of its shares by the book building method in order to raise Tk 57 crore from the capital markets through an initial public offering (IPO).

With the participation of institutional investors, the selling price of the company's shares will be fixed through the bidding process.

AND Telecom will use the IPO proceeds to develop its infrastructure, set up a data centre, repay bank loans and meet IPO expenses.

Ctg port gets three more gantry cranes

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Currently, four such cranes are in operation at two jetties of Chittagong Container Terminal. They were bought for Tk 150 crore in October 2005.

The purchase process for the 10 began when a New Mooring Container Terminal project was taken up a decade ago.

The one-kilometre terminal with five jetties was constructed in 2007. It became operational in 2015 for delays in the appointment of a private operator.

The port authorities have been encourag-

ing the use of geared vessels for self-loading/discharging, which can handle a maximum of 15 containers every hour.

Port users say the new cranes will double the rate.

It currently takes 72 to 96 hours to complete container handling of vessels with 1,000 twenty-foot equivalent units capacity, said Ahsanul Huq Chowdhury, chairman of Bangladesh Shipping Agents Association.

The new cranes will reduce the time to 48 hours if they are provided with enough space in the port yards, he said.

Mega steel plant in the works

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Meanwhile, two preliminary agreements were signed in November last year between BEZA, KISC and SIDC.

Ahmed said this would be a mega project comprising a port, a coal-fired power plant and a cement factory and the members of the consortium would invest in the plant as partners.

The project needs depth of the sea as they would anchor the mother vessel iron ore that would be used as raw material for the steel plant, said Paban Chowdhury, executive chairman of BEZA.

Subsequently, the China-Bangladesh joint venture sought 1,000 acres from the Bangladesh Economic Zone Authority in the Moheshkhali economic zone.

KISC is conducting feasibility study in two sites, Chowdhury said.

It wants to establish a cement factory to use the fly ash of the steel plant and a power plant to utilise the heat of the steel plant.

Indonesia central bank hikes rates as Turkey crisis bites

AFP, Jakarta

Indonesia's central bank hiked interest rates Wednesday in a bid to shield the slumping rupiah from a selloff in emerging market currencies as Turkey's financial crisis roils global markets.

Bank Indonesia raised its benchmark rate to 5.50 percent from 5.25 percent, its fourth hike since May, after the rupiah this week dropped to its lowest level against the dollar since 2015.

Investors have been dumping emerging market currencies, including the rupiah, as rising US interest rates prompt them to flock to dollar-denominated assets in search of better returns.

But a plunge in the Turkish lira has sent shivers through global markets and heightened more pain on emerging units.

Concerns about the health of Turkey's economy were already pressuring the lira, which slumped on Friday and Monday as US President Donald Trump announced Washington was ramping up aluminium and steel tariffs. Indonesia's central bank said its latest rate hike was partly driven by the Turkey crisis.



REUTERS

Bank Indonesia's governor Perry Warjiyo speaks during a media briefing at Bank Indonesia headquarters in Jakarta yesterday.

happening in Turkey," bank governor Perry Warjiyo said after the rate announcement. "Global economic uncertainty has been rising due to the ... turmoil in Turkey."

The rupiah slumped to its lowest point since 2015 on Monday after Indonesia reported its biggest current

account deficit in nearly four years. The current account is a broad measure of a country's trade with the rest of the world.

The rupiah was trading at 14,576 against the dollar Wednesday, down more than seven percent since the start of the year.

All development projects should be approved by Sep

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The directive came on Monday from a meeting of the Executive Committee of the National Economic Council (Ecne) with the planning minister in the chair.

High officials of all ministries and divisions were present at the meeting, which was held to expedite the implementation of the annual development programme this fiscal year.

Some Tk 180,869 crore has been earmarked for development projects this fiscal year. Of the amount, the allocation for unapproved projects is Tk 9,550 crore.

The allocation for already approved projects is Tk 130,073 crore, which is 71.91 percent of the total ADP outlay.

The meeting urged the secretaries to take initiative from the start of the year to implement the approved projects,

which should not face any obstacle.

Usually ADP implementation is hindered in an election year. The secretaries have been advised to remain alert so that the ADP implementation is not hampered by election activities.

"Election is a normal process. It will go on alongside the development activities," Kamal said.

Among the approved projects, the highest allocation of Tk 23,995 crore was given to the local government division. It was followed by the power division (Tk 22,632 crore), road transport and highways division (Tk 20,163 crore), science and technology ministry (Tk 11,559 crore), and railways ministry (Tk 10,766 crore).

The bridges division got Tk 9,092 crore, health and family welfare ministry

Tk 8,796 crore, water resources ministry Tk 5,423 crore, and secondary and higher education division Tk 5,735 crore.

Allocation to the remaining ministries and divisions' approved projects ranges from Tk 1,000 crore to Tk 2,000 crore, according to the planning ministry report.

The meeting was told that since the projects were already approved there should not be any obstacle in their implementation.

The high officials of the Implementation Monitoring and Evaluation Division and the line ministries were advised to monitor project implementation at the field level.

It gave directive to appoint efficient officials as project directors and ensure that they stay in the project area.