

US spending goes up for seventh straight month

REUTERS, Washington

US consumer spending rose for a seventh straight month in September, but income recorded its smallest gain in more than a year, suggesting a moderation in spending in the future.

The Commerce Department said on Monday consumer spending, which accounts for more than two-thirds of US economic activity, increased 0.4 percent last month as households bought motor vehicles and spent more on health care.

Data for August was revised up to show spending advancing 0.5 percent instead of the previously reported 0.3 percent gain.

Economists polled by Reuters had forecast consumer spending increasing 0.4 percent in September. When adjusted for inflation, consumer spending rose 0.3 percent. The co-called real consumer spending climbed 0.4 percent in August.

The data was included in last Friday's third-quarter gross domestic product report, which showed consumer spending accelerating at a 4.0 percent annualized rate, the fastest in nearly four years.

The economy grew at a 3.5 percent rate in the third quarter, a slowdown from the April-June period's robust 4.2 percent pace. September's rise in real consumer spending sets it on a solid growth path heading into the fourth quarter.

But the momentum is unlikely to be

sustained. Personal income rose 0.2 percent in September, the smallest increase since June 2017, after gaining 0.4 percent in August. Wages rose 0.2 percent after jumping 0.5 percent in August.

The saving rate fell to \$975.7 billion last month, the lowest level since December 2017, from \$1.0 trillion in August. The moderation in income and savings comes amid signs that the stimulus from the Trump administration's \$1.5 trillion tax cut has peaked. In addition, stock market turmoil is seen reducing household wealth.

In September, spending on goods surged 0.6 percent. Consumers also spent more on recreational goods. Outlays on services gained 0.3 percent, with spending on healthcare offsetting a decrease in spending on food services and accommodation.

Prices continued to rise steadily in September.

The personal consumption expenditures (PCE) price index excluding the volatile food and energy components rose 0.2 percent after being flat in August. That left the year-on-year increase in the so-called core PCE price index at 2.0 percent for a fifth straight month.

The core PCE index is the Federal Reserve's preferred inflation measure. It hit the US central bank's 2 percent inflation target in March for the first time since April 2012.

OnePlus launches smartphone in US

REUTERS, Hong Kong

A five-year old Chinese smartphone company whose high-end products are little known outside a tech-savvy niche is entering the US market on Monday with the backing of two key local allies: chipmaking giant Qualcomm and mobile operator T-Mobile.

The foray by Shenzhen-based OnePlus comes after US mobile carriers AT&T and Verizon this year backed away from plans to work with China's Huawei on high-end phones in face of pressure from the US government, which considers Huawei a security risk.

But the OnePlus alliance, to be announced today in New York, shows how many US-China business relationships, including those involving the most advanced technologies, are marching ahead despite the US China trade war. OnePlus has quietly become the No. 3 client for Qualcomm's most expensive mobile phone chips, behind Samsung and LG Electronics, according to data from market researcher Canalis.

Qualcomm president Cristiano Amon last week introduced 29-year-old OnePlus founder Carl Pei to center stage at its annual partners' summit in Hong Kong, where Pei told the audience his company would be among the first to a launch a phone fit for fifth-generation (5G) mobile technology using Qualcomm chips.

In an interview, Pei declined to comment on specifics of US carrier relationships. But T-Mobile executives will be part of the Monday event and sources said the company would sell OnePlus phones. Such carrier partnerships are critical to making an impact in the US smartphone market.

"I don't know if it is a good time for anybody else," Pei said of the prospect of entering the US carrier-bundled phone market - the dominant channel for sales there. "It is a good time for us."



PWC BANGLADESH

Arijit Chakraborti, a partner at the PwC, presents a keynote at a dialogue on "Emerging trends in technological advancements" organised by PwC Bangladesh yesterday. Mamun Rashid, managing partner of PwC Bangladesh, was present.

India signs \$75b currency swap agreement with Japan

PALLAB BHATTACHARYA, New Delhi

India and Japan yesterday signed a \$75 billion bilateral currency swap agreement that will help bring greater stability in foreign exchange and capital markets in the countries.

The Bilateral Swap Arrangement (BSA) is aimed at enhancing financial and economic cooperation, according to India-Japan Vision Statement.

The statement was issued after the summit-level meeting between Indian Prime Minister Narendra Modi—who is now on an official

visit to Japan—and his Japanese counterpart Shinzo Abe.

The Indian finance ministry said the swap agreement should "aid in bringing greater stability to foreign exchange and capital markets in India...This facility will enable the agreed amount of foreign capital being available to India for use as and when need arises".

Indian rupee has depreciated more than 12 percent in the last few months and the stock market too had witnessed periodic slumps in the last few weeks.



JANATA BANK

Md Abdus Salam Azad, CEO of Janata Bank, poses during a course on "Anti Money laundering and Combating the Financing of Terrorism" for the bank's executives organised by Janata Bank Staff College, Dhaka on Saturday.

China firm keen to invest \$200m

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Of it, 600 tonnes will be PET (polyethylene terephthalate) bottle grade chips while the remaining 300 tonnes polyester staple, which are short lengths of filaments easily capable of blending with other fibres.

In the second phase, a petrochemical plant would be established with local infrastructure and investment, said the entrepreneur. Mostafa said they would eventually require \$2 billion in investment and a minimum of 1,000 acres of land, creating 2,500 jobs directly.

Bangladesh needs to import 4 lakh tonnes of polyester staple and 1.5 lakh tonnes of PET chips annually.

As Bangladesh is vying to generate \$50 billion through exports per year, it needs backward linkage facilities and import substitutes to minimise lead time, Mostafa said.

An agreement will be signed next month to form the joint venture with a view to becoming a pioneer in the export of raw materials for textiles in the near future, making use of Bangladesh's duty-free access to many countries.

With a production capacity of 2 million tonnes of polyester per year, SFX Group's annual sales amount to \$8.62 billion while export earnings standing at \$900 million.

Deshbandhu, a leading corporate house in Bangladesh, earns \$30 million per year exporting edible oil, sugar and sweaters to European countries.



M Noor Uddin elected Delta Life Insurance chairman

STAR BUSINESS DESK

Delta Life Insurance Company Ltd elected its new chairman at its 234th board of directors meeting on Sunday.

In a statement yesterday, the insurer said Chairman Lt Gen (ret'd) M Noor Uddin Khan was an independent director and a former chief of army staff, lawmaker and minister.

Singer Bangladesh posts 23pc rise in profit

STAR BUSINESS DESK

The profit of Singer Bangladesh rose 23 percent year-on-year to Tk 84.05 crore thanks to the record sales during the Eid-ul-Azha festival in 2018.

The company's revenue also increased 26 percent year-on-year to Tk 1,160 crore in the first nine months of the year, Singer said in a statement yesterday.

Operating profit during the period rose by 41.3 percent with higher gross margins at 26.9 percent versus the prior year of 26.5 percent.

"Singer continued to focus on managing operating expenses, which at 15.6 percent of revenue in the period was reduced from 16.5 percent in the prior year," the company said in the statement.

"Singer Bangladesh continued to report strong growth and record festival sales and this was achieved despite heavy rain during summer in many parts of the country which affected our distribution network," said Gavin Walker, chairman of Singer Bangladesh.

"We thank the Singer management and staff for their massive effort and commitment to achieve these great results in this challenging trading environment. The 23 percent increase in Q3 net income is most commendable with improved margins and lower costs."

Farm loan declining: survey

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All 24 provide farm loans at the production stage.

Among them, around 68.18 percent of the banks provide loans to the farmers for marketing purposes while the rest have showed a lack of storage facilities, undeveloped system, lack of demand and information for not taking part in such financing, the survey found.

Analysis of information from the past four years revealed that the majority share of agricultural credit goes to crops.

The number of farm loan borrowers grew to 40 lakh in 2016-17 from 30 lakh in 2011-12.

Although around 52 percent of their borrowers are female, male borrowers got 60 percent of the total agricultural credit.

Among the borrowers working at different stages of the agricultural value chain, farmers have a large share in the existing agricultural credit facility, according to the report.

Small and marginal farmers got 69.06 percent of the agri loans last fiscal year while 11.41 percent went to the sharecroppers.

Banks provide agri finance mainly to comply with the mandatory rules of Bangladesh Bank, said SM Moniruzzaman, deputy governor of

the banking watchdog.

The banking sector now badly needs the diversification of areas of business and inclusion of a new class of borrowers, he said.

"So, value chain financing may be one significant area for further growth of the banking industry."

Banks should have a comprehensive agri loan model so that all stages of the value chain—from growers to consumers—come under the credit facility, said Helal Ahmed Chowdhury, supernumerary professor of BIBM.

The model of value chain financing will make the price of agricultural products competitive, he added.

No FTAs before LDC graduation

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The United Nations Conference on Trade and Development estimated that exports may fall 5.5 percentage points to 7.5 percent after graduation.

In 2016, the value of exports from Bangladesh to the countries granting preferential trade treatment was \$24.7 billion, which accounted for

72 percent of the total exports of the country.

Regional trade agreements and bilateral initiatives cover about 90 percent of the exports, the report said.

Bilateral FTAs have been becoming instrumental in the global trading system as the prospects of multi-

lateral trading systems under the World Trade Organisation are decaying gradually. There are more than 200 such deals worldwide.

Even neighbouring India has already signed an FTA with the Association of South East Asian Nations and was trying to sign another with the EU.



STANCHART

Naser Ezaz Bijoy, CEO of Standard Chartered Bangladesh, cuts a ribbon to open a business development office of the bank at Uttara Export Processing Zone in Nilphamari recently to better serve corporate clients.



MARCEL

Actor Amin Khan opens an exclusive distributor showroom of Marcel—Khan Motors & Electronics—at Phulpur in Mymensingh on Sunday.

Govt on pre-poll project spree

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The other projects pertain to: construction of a 20-storey new office building at the secretariat; building nine residential towers for police; setting up polytechnic institutes in 23 districts; and construction of nine government secondary schools.

Last week the Ecneec approved 21 projects involving Tk 19,778 crore.

One of the projects involving Tk 3,885 crore is for acquisition of land and shifting of utility facilities from Kanchpur in Dhaka to Tamabil via Sylhet, paving the way for the expansion of the highway into a four-lane.

Local indigo goes global

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Following the shipment, Living Blue has already started working with growers to cultivate indigo next year.

The social enterprise now works with 3,000 indigo farmers and more than 200 artisans and dyers. It buys indigo leaves from growers to make natural indigo dye and high-end textile.

However, locally made indigo has to compete with indigo producers from other countries.

India and El Salvador are the two biggest producers of natural indigo. There is also presence of cheap chemical indigo and impure indigo mixed with synthetic dyes.

"Many dyers themselves are using adulterated impure dye in the name of natural indigo, either knowingly or unknowingly."

Living Blue is now considered globally as one of the very few producers of authentic, true Bengal Indigo dye, according to Ahmad.

"Our market is opening and we will have to increase our production capacity in future."

Ahmad said farmers in the northwest district had been growing indigo even before Living Blue started making indigo dye.

Locals were unaware that this was indigo plants. They gave a different name to it and grew the plant for green manure for crops.

Banglapedia said historical records suggest that indigo was produced in Bengal for use as a dye even in ancient times.

But then it was cultivated more for catering to domestic and ritual needs than to serve as a commercial commodity. Its cultivation for commercial purpose appears to have begun in the 18th century.

Indigo production and its export was a booming business in the early part of the 19th century.

But it fell in the 1840s and as a result profit from indigo production became uneconomic at the peasant level, it said, adding that by the late 19th century farmers preferred to cultivate rice and jute since indigo was no more a profitable crop.

When coerced by planters to cultivate indigo, farmers organised a resistance movement during 1859-60. As a result indigo cultivation gradually disappeared from Bengal.