

Rancon Motors gets new CEO



STAR BUSINESS DESK

Mohammad Sultanuzzaman Sazan has recently been appointed as CEO of Mercedes-Benz Bangladesh (Rancon Motors Ltd). The company is the general distributor of Daimler AG in Bangladesh. Prior to the appointment, Sazan worked as the head of operations at Rangs Ltd, the general distributor of Mitsubishi Motors Co in Bangladesh.

Consumer companies try price hikes as US wages climb

REUTERS, Chicago

Consumer goods companies, emboldened by a strong US economy, are rolling out price increases on everyday products and groceries after several years of haggling with big retailers that needed cheaper products to attract customers.

Walmart Inc, Target Corp and other grocers have kept prices low over the past two years to fend off growing challenges from Amazon.com Inc's Whole Foods Market, German discount supermarket Aldi Inc, and others.

Companies including Procter & Gamble Co, Kellogg Co and Hershey Co have told grocers in recent months that they need to raise prices on some products, as commodities costs surge and truck fleets hike rates. Tariffs resulting from international trade disputes have also pushed the cost of some raw materials higher.

But now, retailers are more open to price hikes because they believe consumers are willing to pay more for certain goods, said Jerry Storch, chief executive officer of consultancy Storch Advisors.

"They are finally able to take the price now because the economy is hot. Consumers have money and wages are finally up," said Storch, the former CEO of Hudson's Bay Co and ex-vice chairman of Target.

US job growth rebounded sharply in October and wages recorded their largest annual gain in nearly a decade, rising 3.1 percent, according to data from the Labor Department on Friday.



REUTERS/FILE

A shopper is seen on the aisle of a Walmart store in Woodstock, Georgia, US.

Raising prices can be risky, but shoppers with more money in their pockets and more confidence in the economy may be willing to pay more for some snacks, candy, diapers and toothpaste, data from analysts at Bernstein shows.

In October, the mix of household and personal

products sold by US retailers rose 1.8 percent, according to a Bernstein analysis of Nielsen data. Sales volumes were flat during the month, a sign consumers were willing to pay more.

Many companies, including P&G, Kimberly-Clark Corp and Kellogg, have invested in product

improvements and in making them more attractive to consumers with increased disposable income to justify higher prices.

Hershey, which makes Ice Breakers mints and KitKat candy bars, raised prices this summer for some multi-pack products, including chewing gum after negotiations with Walmart about surging costs. Hershey said it had not raised prices in nearly four years.

"Our teams sit down together and look through what it (higher cost) means and we push back hard. We have good honest debate and discussion about how to manage costs together," Walmart Chief Merchandising Officer Steve Bratspies told Reuters last week in a joint phone interview with Hershey CEO Michele Buck.

P&G, the largest consumer products company, plans to raise prices on Dawn dish detergent, Crest toothpaste, and Old Spice deodorant next year by around 5 to 10 percent.

Kellogg told retailers last month it will hike prices on products, including Eggo waffles in the United States, and cereal in Asia and Latin America.

"It's been a tough environment the last seven or eight years, but we see a more inflationary environment going forward," Kellogg CEO Steve Cahillane said in an phone interview.

Burt Flickinger, managing director at Strategic Resource Group, said price hikes may also be attributed to increased shareholder activism at consumer companies. P&G's board, for example, includes activist investor Nelson Peltz.



IBA

Md Akhtaruzzaman, vice chancellor of the University of Dhaka; Md Shafiul Islam, president of the Federation of Bangladesh Chambers of Commerce and Industry, and Syed Ferhat Anwar, director of the university's Institute of Business Administration (IBA), attend a graduation ceremony for six batches at Bangabandhu International Conference Center in Dhaka on Friday.

BMW brings plug-in hybrids

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"We look forward to providing our customers with the opportunity to better the environment while experiencing an entirely new dimension of pure driving pleasure with the power of electro-mobility," he added.

All iPerformance models come with five years of free service, parts, maintenance and repair.

Md Bazlul Karim, director of after sales, Executive Motors Ltd, alongside top officials from BMW Asia was present.

Job cut fear grips GP employees

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"If GP can implement the CDC project in Bangladesh, only a handful of people will be required in the operator's technology team and more than 600 people will lose their jobs," said Masud.

GP, however, said in an increasingly complex business environment, it needs to sharpen operational focus and embrace new operating models from time to time to extract the full benefit of new technologies.

"Jobs are constantly being redefined in the industry based on what the company needs to prepare for future business opportunities," said the operator in a statement.

The operator said it would continue to train its employees to prepare them for a digitally transformed industry and

workplace.

"The business is such that where we redefine jobs on the one front we create new job opportunities on the other. In an increasingly digital eco-system, Grameenphone has created hundreds of job opportunities through Tonic, Shoparu, GPAY, B2B, and GPAccelerator, to name just a few."

The union said the operator was moving ahead with a new plan to implement another project named "2020", which will bring down GP's workforce to less than 1,000 from the around 2,300 at present.

Since 2007, GP has terminated jobs of about 3,000 employees while several thousand have also left the company. Fazlur Rahman, GPEU president, was also present at the press conference.

Boeing eyes services M&A, small or big, in tussle with Airbus

REUTERS, Seattle

Boeing Co is looking for future deals "small or big" now that it has absorbed parts distributor KLX Inc, an executive told Reuters, as the world's largest planemaker tries to beat out rival Airbus in the highly profitable market for aircraft parts and services.

Boeing last month closed the KLX acquisition for \$4.25 billion, including about \$1 billion of net debt, its largest deal since merging with McDonnell Douglas in 1997.

Now it expects further purchases to help it triple the revenue of its year-old Global Services division to \$50 billion in a decade, the unit's chief executive Stan Deal told Reuters in an interview.

"When we come up with selective, complementary investments, whether it's small or big, we will make it," Deal said.

Compliance pays off

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Kauch Mia, owner of the popular chewing tobacco brand Hakimpuri Zarda, retained his spot. Six individuals of pharmaceutical firm Drug International were also included in this year's list.

In the physician category, Pran Gopal Dutta and Zahangir Kabir were the top taxpayers for the third year in a row. Sheikh Fazle Noor Taposh, also a lawmaker, and Ahsanul Karim are going to be honoured for the third year in the law profession.

Mahfuz Anam, editor and publisher of The Daily Star, Matiu Rahman, editor and publisher of the Prothom Alo, and MA Malek, editor of the Dinik Azadi of Chittagong, would be honoured in the journalist category for the third consecutive year. Shykh Seraj, director and head of news of Channel i, and Noyeem Nizam, editor of the Bangladesh Pratidin, will also get the card.

Three cricketers Shakib Al Hasan, Tamim Iqbal and Mashrafe Bin Mortaza will be given the tax card for the third year in a row in the sportsmen category.

Under the broad category of company, Islami Bank Bangladesh, Standard Chartered Bank and HSBC Bank have been included in the list of top taxpayers banks.

IDLC Finance and Uttara Finance and Investment will be honoured in the non-bank financial institution category.

Grameenphone will take home the honour in the telecommunication category and BSRM Steels in the engineering category.

In the food and allied sector category, Nestlé Bangladesh retained its position as the highest taxpayer since 2016, followed by Olympic Industries. Transcom Beverage, which was one of the top taxpayers in the same category since 2016, has once again secured its position.

Other companies that will get tax cards include state-run Titas Gas, Janata Jute Mills, Coats Bangladesh, Unilever Bangladesh, Bay Developments, Rifat Garments, That's IT Sportswear, British American Tobacco, American Life Insurance Company, Walton Micro-tech Corporation, Walton Plaza and ASBS.

The Daily Star's owning company Mediaworld Ltd, its printer Transcraft Ltd, Prothom Alo's owning company Mediastar and East West Media Group Ltd have been getting tax card since 2016 in the print and electronic media category.

Canada's jobless rate slips to 5.8pc in Oct

AFP, Ottawa

Canada's unemployment rate continued its downward trend in October, thanks to higher-than-expected job creation, Statistics Canada reported Friday. The economy created 11,200 new jobs in October, about 1,200 more than the consensus of analysts had expected.

The gains caused the jobless rate to slip 0.1 percentage point from September to 5.8 percent. Over the past year the unemployment rate has ranged from 5.8 percent to 6.0 percent, StatsCan said.

About 33,900 new full-time jobs were created in October, while 22,600 part-time jobs were lost.

"More people were employed in business, building and other support services; wholesale and retail trade; and health care and social assistance," the report said.

Use of electronic fiscal device to be delayed

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This prompted the NBR to come up with EFDs and Electronic Fiscal Printers (EFPs), with which the scope to evade VAT paid by customers will be less.

The EFDs and EFPs would be connected to a central server at the NBR, which would generate real time data of sales at shops.

Customers would be able to know if the VAT they paid went to the state coffers: they will receive a code generated by the NBR's central server, according to officials. Last year, the NBR identified 8,007 entities eligible for the electronic sales devices.

Asked whether the NBR is taking a go-slow stance regarding the enforcement of the EFD use, Md Rezaul Hasan, NBR member of VAT policy, answered in the negative.

The specification for EFDs has been finalised, and a tender has been floated calling for firms to apply for getting listed as an EFD supplier, Rahman said.

"The listing of firms is under process. It is the back-end system that is yet to be established," he added.

The list of the EFD suppliers will be finalised by November, according to Kazi Mostafizur Rahman, commissioner of VAT Commissionerate Dhaka South.

"Until then, we will ask businesses to continue to use the ECRs," he added.

A senior official of VAT Commissionerate Dhaka West said the field office has asked businesses to use the ECRs and points of sale until the use of EFDs started and the EFDMS was established at the NBR.

Most listed banks' profits tumble in Q3

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As of June, total default loans, including non-performing and written-off ones, is Tk 131,666 crore, which is equivalent to 73 percent of the country's development budget this fiscal year and more than double the government's borrowing target from external sources.

More importantly, private banks' default loans soared 32.58 percent to Tk 38,975 crore in the first six months of 2018.

"Some banks do not get deposits at 6 percent interest but they have to give out loans at 9 percent, so the interest income declined in the quarter. Credit growth also fell during this time, so interest income

was hit by the lower growth rate too," said Rahman, also the managing director of Dhaka Bank.

Credit growth stood at 14.67 percent in September, the lowest since December 2015 when the growth was 14.19 percent, according to data from the central bank.

This growth was more than two percentage points less than the central bank's target of 16.8 percent for the first half of the fiscal year. On the other hand, 12 banks saw their EPS to grow.

Dutch-Bangla Bank posted the highest EPS this quarter among the banks (Tk 5.17), while Mutual Trust Bank's EPS soared the most (345 percent).



NRB BANK

Md Mehmood Husain, CEO of NRB Bank, opens an agent banking outlet at Manoharpur Bazar in Jashore recently.

Apparel exports to US rise 6pc

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The forecast estimated that holiday retail sales in November and December will be up between 4.3 percent and 4.8 percent over 2017 for a total between \$717.45 billion and \$720.89 billion.

Consumers will spend in three main categories during the holidays - gifts, at \$637.67; non-gift holiday items such as food, decorations, flowers and greeting cards, at \$215.04; and other non-gift purchases that take advantage of the deals and promotions throughout the season, at \$154.53, according to the NRF statement. The overall export to the US also increased during this time.

In January-September period, overall export to the US increased by 6.34 percent year-on-year to \$4.69 billion, according to data from the US Census Bureau.

"We are expecting 10-15 percent growth in garment export to the US as the economy is rebounding there. Some 5 to 6 percent apparel export growth to the US is a normal growth," said Siddiqui Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association.

Rahman said Bangladesh has been sending garment items facing 15.62 percent duty whereas the duty for other garment exporting nations was relatively low. "Still, we are competitive in the US markets," said Rahman.

For many years, the US was the single largest garment export destination for the country, but last year Germany became the number one destination. However, if the export growth of the garment items continues at this pace, there is a chance of the US again becoming the largest apparel export destination for Bangladesh, Rahman said.

Poor return raises concern for insurers

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The return from the investment was almost 2 percent in the January-March quarter, according to the IDRA.

The development has left the regulator concerned as it is hurting policyholders' interest and eroding the capacity of insurers to meet claims. The regulator has asked insurance companies to invest policyholders' money wisely and boost the return on investment (ROI).

Despite the negligible ROI in fixed assets, insurers have continued to put in money in them, said Gokul Chand Das, a member of the IDRA. They are so keen on fixed assets that two life insurers have even invested beyond the permissible limit, he said. Insurers can invest a maximum 20 percent of policyholders' funds.

The earnings from fixed assets are very low as building construction and maintenance cost are much higher than the income from renting them out, said Farzana Chowdhury, managing director of Green Delta Insurance.

Still, insurance companies are parking their funds in fixed assets for want of diversified investment products, she added. Insurance companies are also increasing their exposure in the capital market.

The life insurers have an investment of Tk 2,420 crore in the stock market and the return was Tk 13 crore, or 0.54 percent, in the first quarter.

The ROI in the stock market is very low as many insurance companies are still recovering from the crash in 2010, Chowdhury said.