

# US industrial output gains in October despite drop in autos

AFP, Washington

Auto production and mining slowed sharply in October but not by enough to halt the continued and accelerating output by the US industrial sector, the government reported Friday.

The production gains came despite the impact of back-to-back hurricanes in the past two months that crimped output, according to the Federal Reserve's monthly data, a strong sign for the US economy.

However, economists warn it is increasingly apparent manufacturing has peaked.

Industrial production rose just 0.1 percent last month compared to the prior month, which was well below expectations, while output in September was revised down to a gain of 0.2 percent.

The report said hurricanes dampened output in October and September, trimming about 0.1 percent off production in each month.

But manufacturing remains robust, with an increase of 0.3 percent in the latest month offsetting the less weighty mining and utilities

sectors, which declined 0.3 percent and 0.5 percent respectively.

That fifth consecutive manufacturing gain came despite a 4.6 percent plunge in motor vehicle production, which reversed the rise in September.

Excluding that decline in autos, as well as the drop in auto parts, manufacturing output would have increased 0.5 percent.

The strong showing is a boost to the US economy, as overall output is up 4.1 percent compared to October 2017.

In addition, the annual pace in the third quarter accelerated to 4.7 percent, faster than previously reported due to a stronger estimate of crude oil extraction in August, Fed officials told AFP, which doubled the reported total gain in industrial production that month.

The Fed said overall mining output had gained 24 percent since its low point in 2016 and 13 percent since October 2017, driven by oil and gas, even as drilling had declined in the last two months.

However, there are increasing signs the days of rising output are

coming to an end.

Economist Ian Shepherdson of Pantheon Macroeconomics said manufacturing indicators had peaked or were declining, so "we'd be very surprised to see output growth picking up further from here."

And the pace of production is "not enough to meet the strength of domestic demand, boosted by tax cuts, so the trade deficit will keep rising," he said in a research note.

Gregory Daco of Oxford Economics agreed "momentum is likely to cool further as we head into 2019."

He said, "fading tailwinds from tax stimulus and global demand, plus stronger headwinds from rising trade protectionism, higher interest rates and rising input costs are all likely to make Q3 the growth peak for IP."

Meanwhile, industrial capacity in use gained three-tenths 78.4 percent, which was up from a year earlier but 2.1 points below its long-run average, the report said.

## Visa takes minority stake in Indian payment gateway BillDesk

REUTERS

Payments processor Visa Inc said on Friday it is taking a minority stake in Indian payment gateway BillDesk, as it seeks to grab a bigger slice of one of the fastest growing digital payments markets in the world.

Both companies did not disclose the terms of the deal, but the local media had reported a few months ago that Visa was looking to invest close to \$250 million in BillDesk, valuing the company at around \$1.5 billion-\$2 billion.

The investment follows comments from India's finance minister last week that Visa and rival Mastercard were losing market share to domestic payments networks.

Earlier, Mastercard had complained to the U.S. government that Prime Minister Narendra Modi was using nationalism to promote a local rival.

Visa's investment in BillDesk is expected to have no direct bearing on its existing India business, the company said in a statement.

Mumbai-based BillDesk processes over \$60 billion of digital payments a year and provides customers payment options, including credit cards and online wallets, to carry out purchases.



Dancers perform at the Nabanna Utsab—a festival to celebrate the harvesting of new rice—at Gor-e-Shaheed Baro Moydan in Dinajpur yesterday. Pran-RFL Group organised the three-day event that started on Thursday.

## More women joining labour force: ILO

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In contrast, India's female LFPR was 26.2 percent in 2011-12, down from 32.6 percent in 2004-05, despite the country's strong economic growth.

Many potential causes have been identified for the limitations of women's access to the labour market in South Asian countries.

The main drivers of the decline are increased enrolment of young women in secondary schools, rising household incomes, lack of suitable employment opportunities for women in the non-farm sector and measurement issues, according to the report.

A fifth driver can be added, which is the absence of child care options.

"Such factors are frequently noted as those that are somehow quantifiable, unlike areas of social norms, which are difficult to put

into words, let alone measure."

"That said, what is clear is that attitudes matter and that social norms are an important factor—if not the most important factor—behind the low female LFPRs in Southern Asia." The acceptability of women working outside the home to women in the Southern Asian countries comes out well below other countries in the region and the world at large.

In Afghanistan and Pakistan, 41 percent and 52 percent of the women respectively stated they considered it unacceptable for women to have paid work outside the home, even if they desired it.

Many surveyed women did not find it acceptable for women to work outside the home. "Pushing for more female labour force participation will remain an uphill battle in the region as long as women are not pushing for it," the report added.



Ahmed Jamal, deputy governor of Bangladesh Bank; Syed Almas Kabir, president of BASIS; Arfan Ali, president and MD of Bank Asia; Syed Mohammad Kamal, country manager of Mastercard Bangladesh, and Patrick de Courcy, head of Asia Pacific at Payoneer, an online payments solution, attend a programme in Dhaka yesterday. The bank and Mastercard collaborated with Payoneer to process faster payments for freelancers, with Shadhin Card of Bank Asia.

## MTB opens lounge at Ctg airport

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Hedayetullah acknowledged the importance of delivering high quality service in alignment with the bank's vision to become a world-class bank.

Anis A Khan said launching of this lounge will help their clients spend some good time at the airport.

MTB has a network of 114 branches, 73 agent banking centres, 10 Kiosks, 250 plus ATMs and over 3,100 point of sales machines located at prime commercial, urban and rural areas.



Md Hedayetullah, chairman of Mutual Trust Bank (MTB); Wing Commander ABM Sarwar-E-Zaman, airport manager of Shah Amanat International Airport, and Anis A Khan, managing director of the bank, open a lounge of the bank at the domestic terminal of the airport in Chattogram yesterday. Story on B1

## India wants committees to oversee RBI

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The government of Prime Minister Narendra Modi has proposed that the board of the RBI draft regulations that will enable it to set up committees to monitor tasks such as financial stability, monetary policy transmission and foreign exchange management, the report added.

Each panel might consist of two to three members of the RBI's central board, which includes representatives of the finance ministry, senior company executives and some economists close to Modi's ruling nationalist party.

The RBI and India's finance ministry did not immediately respond to requests for comment.

The board meets on Monday, amid government pressure on the RBI to relax lending curbs and hand over surplus reserves to the government.

New Delhi and the RBI are getting close to ironing out some of their policy differences, two sources told Reuters this week, as they seek to defuse tensions that had threatened to unsettle investors.

RBI Governor Urjit Patel is scheduled to appear before a parliamentary committee on Nov. 27 in New Delhi, where he is likely to face questions on the differences with the government, a panel member said, declining to be named.

# Modern retail growing at 15pc a year

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Each year for the next decade, the annual income of about 20 lakh additional Bangladeshis will reach \$5,000 or more.

Consumer's rising purchasing power is increasing the demand for fast-moving consumer goods (FMCG), generating \$3.1 billion in FMCG sales.

"And, it is growing," Ray said.

Even in this landscape, traditional trade, which accounts for 98 percent of total retail sales, will evolve and continue to dominate.

But modern retail, which expanded over the last two decades, will grow in the days to come.

"Modern trade is growing and gaining share in Asia. Convenience is the fastest growing format across Asian markets," he said, adding that changing priorities of shoppers would facilitate modern trade.

Some 51 percent of the shoppers like a wide range of product categories. Some 73 percent would not mind paying little more for higher quality, according to Ray.

Expansion of e-commerce will also contribute to the reshaping of retail.

"Bangladesh is poised to be an e-commerce player on the world FMCG stage, in spite of its relatively nascent

experience is at the best level when they are in our stores," said Mohammed Tareque Aziz, dean of College of Business Administration of the International University of Business Agriculture and Technology.

Shopping is a source of recreation for many in Bangladesh owing to lack of options, said Rezaul Kabir, chief operating officer of clothing retailer Sailo.

And, customers keep in mind the service they receive from sales associates, he said.

Payment through digital channel is increasing but for that to flourish more very good mobile network support is needed, he added.

Many refrain from making payment through bank cards for fear of fraud, said Mohammad Ashrafur Islam, chief operating officer of Aarong.

The retail scenario will change in the next 10 years, said Arafatur Rahman, head of marketing of Pran-RFL.

At the inaugural session of the event, Sohel Tanvir Khan, business director of ACI Logistics, and Shariful Islam, founder and managing director of BBF, spoke among others.

"We have to ensure that customers'

## Australia PM hits out at trade protectionism at Apec

AFP, Port Moresby

Trade wars benefit no one and must be solved by negotiation rather than tit-for-tat tariffs, Australia's prime minister said Saturday ahead of an APEC summit likely to be dominated by US-China trade tensions.

The world is facing a "rising tide of trade protectionism" and financial market volatility, Scott Morrison warned in a speech to business leaders ahead of the two-day summit of Asia-Pacific leaders.

"The solution is not throwing up protectionist barriers," he said. "Tit-for-tat protectionism and threats of trade wars are in no one's interest economically and undermine the authority of the global and regional trade rules that benefit us all." APEC members the US and China have become embroiled in a trade war which experts warn could be catastrophic for the global economy, with the world's top two powers going head to head.



Obaidul Quader, road transport and bridges minister, speaks at a seminar titled "Introduction seminar of CITIC construction" organised by Orchard Developers and Construction Ltd at the Westin Dhaka yesterday.

## Footwear export fetched \$438m

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Islam said the purpose of the show is to turn Bangladesh into a sourcing hub by bringing in buyers, global retailers and international sourcing agents at the expo.

Efficiency of the Chittagong port should be increased to boost export of leather and leather goods, Kazi Aminul Islam, executive chairman of Bangladesh Investment Development Authority, said at the event.

"A port cannot be operated by bureaucrats. It should be handed over to the professionals to reduce lead time of exporters to increase the export volume of the leather sector."

He suggested adoption of modern technologies to stay competitive in the global market.

To raise competitiveness, attention should be given to compliance and quality of the leather products along with maintaining low prices, he added.

It is a matter of great concern for the environment that the tanneries in Savar have not yet established any solid waste plant in the zone, said Shubhashish Bose, senior secretary of the commerce ministry.

"The government is formulating necessary policies and laws to help the sector develop further. Now the entrepreneurs will have to ensure compliance and quality to compete in the global market."

There is no entry fee for the exhibition, which will remain open for the visitors from 10 am to 6 pm.

Foreign guests and around 30 brands and buyers from Hong Kong, Germany, Australia, Italy, Japan, France, the USA, the UK, Sweden, India, and Ethiopia will participate in the expo.

Sandeep Das, country managing director for Intertek Bangladesh, and Yu Cheng Hsing, managing director of Blue Ocean Footwear, also attended the press meet.

## US-China trade war a blessing: study

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"If we want to attract Chinese sunset industries to Bangladesh we need to stress infrastructure development, skill development and technology based industry capacity."

Regarding the devaluation of the taka against the dollar, he said it will be a risky step as devaluation of the taka may increase inflation.

"The industrial revolution is ahead of us, so we need to focus on manufacturing robotics, software and machinery." For this, the public and private sectors will have to work hand-in-hand.

"Because of this trade war, our backward linkage industry will flourish more," Bose added.

M Masrur Reaz, a senior economist of the World Bank, stressed trade liberalisation, cost competitiveness, skills development and trade reforms.

"The trade war will give us some opportunities, but the country is not yet ready to get the benefits," said Humayun Rashid, former senior vice-president of the DCCI.

He also called for the facility to open letters of credit accounts in the Chinese currency.

"Due to lack of infrastructure we are falling behind in manufacturing electronic products," said Mostafa Abid Khan, member of the Bangladesh Trade and Tariff Commission.