GULSHAN SOCIETY

Sakhawat Abu Khair Mohammed, president of Gulshan Society, and Maliha M Quadir, managing director and founder of Shohoz, exchange a memorandum of understanding on signing it at the latter's Dhaka office on Thursday. Under the agreement, "No Parking" signs will be installed around Gulshan with the society providing logistics and Shohoz finance. Shukla Sarwat Siraj, secretary general of the society, and Shezami Khalil, marketing director of Shohoz, were present.

High costs and supply chain woes put brakes on Daimler

AFP, *Frankfurt Am Main*

Mercedes-Benz maker Daimler reported Friday a sluggish start to the year, with first-quarter profits falling back compared to 2018 as a slew of problems hit its different divisions.

Net profit at the group shed nine percent year-on-year, to 2.1 billion euros ($2.4 billion), with executives pointing to slower car sales, supply chain issues and costly outlays for research and development as the reasons for the slump.

Operating, or underlying profit fell even more dramatically, losing 16 percent to 2.8 billion euros, on revenues almost flat at 39.7 billion.

"We cannot and will not be satisfied with this -- as expected -- moderate start to the year," outgoing chief executive Dieter Zetsche said in a statement.

But the flamboyantly-moustachioed auto boss left Daimler's annual targets for this year untouched.

The Stuttgart-based group predicts a "slight increase in unit sales" across its cars, trucks and vans units will help inch up revenue and operating profit compared with 2018.

Looking to the group's different divisions, unit sales dropped seven percent at Mercedes-Benz cars in the first three months, to 555,300 vehicles.

Model changeovers and supply bottlenecks in some markets outside Germany helped brake performance, as well as "intense competition", Daimler said.

Meanwhile the trucks unit upped unit sales and revenue slightly, but spent more on research and development and suffered from higher costs, slicing into profits.

There was a similar picture at the vans division, with higher sales offset by greater costs, while the buses unit suffered falling unit sales and revenues as quality control changes held up deliveries.

"We had a comparatively weak start to the year and face numerous challenges along the entire value chain in all our automotive divisions," finance director Bodo Uebber said.

CEO Zetsche said the group had to take both "short-term cost-cutting measures and long-term strategic decisions" that could mean new costs to turn things around.

US economy surges at start of 2019

AFP, *Washington*

The US economy got off to a roaring start in 2019, breezing past President Donald Trump's extended government shutdown and wiping away fears of a slowdown in growth, at least for now, the government reported Friday.

The unexpected surge was welcome news for Trump, whose record five-week shutdown of the federal government rattled the economy in December and January as he battled with Democrats over funding for a border wall.

It was the hottest first-quarter performance in four years, but the growth estimate will be revised in May and June as more data come in.

And the rosy numbers nevertheless came with important signs of weakness: the data were lifted by a decline in imports and a buildup in business inventories.

GDP expanded at an annual rate of 3.2 percent in the January-March period, leap-frogging economists' expectations and surpassing the 2.2 percent growth in the final quarter of 2018, the Commerce Department said it its initial estimate. Trump reveled in the good news.

"Just out: Real GDP for First Quarter grew 3.2% at an annual rate. This is far above expectations or projections," Trump said on Twitter. And he told reporters earlier the US is outstripping other countries.

"We're number-one economy right now in the world and it's not even close."

However, economists warn that some of the factors that contributed to growth in the early part of the year will become a drag in the coming months.

Diane Swonk, chief economist at Grant Thornton, called the report a "head fake."

"This is one of the weakest 3% growth quarters I have ever seen," she said in a research note. "Underlying momentum in the domestic economy was particularly weak."

The report said growth was driven by a bump in spending by state and local governments, faster inventory building by companies and some recovery in home sales.

And the expansion could have been even stronger without the government shutdown because dip in spending by government workers likely shaved 0.3 percentage points off growth in the quarter, according to the report.

But Swonk said the economy now will have to "deplete inventories that have been built up for the better part of a year. Our forecast holds for a slowdown in 2019."

The White House consistently has rejected concerns the economy is slowing, amid signs of declining retail sales and manufacturing, and has remained steadfast in its predictions that the boost from tax cuts would continue to drive growth. But even so has repeatedly called on the Federal Reserve to cut interest rates to help spur the economy.

As the broad field of Democratic presidential candidates begin honing their messages ahead of next year's elections, resilient US growth could offer Trump some protection from criticism of his economic stewardship.

But there are signs for concern in the data.

Consumer spending slowed sharply from the final quarter of 2018, weighed down by a 5.3 percent drop in purchases of durable goods like light trucks, electronics and metals -- the biggest tumble in more than nine years.

Corporate investments -- a principal White House argument in favor of the 2017 tax cuts -- slowed as well, with firms buying less agricultural machinery amid a protracted trade war with China and less office furniture.

In addition, the government shutdown immobilized major federal services on which much of the economy depended, such as oil drilling permits, food inspection and ice-breaking at commercial ports.

As a result, spending by the federal government was unchanged but state and local government outlays rose 3.9 percent, the largest increase in three years, as states and cities spent more on building highways and streets.

Imports, which subtract from GDP growth, also fell by the largest amount in almost 10 years, as Americans bought fewer foreign cars and took fewer vacations.

AFP

An aerial view from a drone shows the Seaboard Marine cargo ship leaving PortMiami in Miami Beach, Florida on Friday.

Sri Lanka fears up to $1.5b tourism losses


AFP

People ride past a poster, showing four hands with different religious symbols, put up in honour of the victims of the recent Zion Church suicide bomb attack in Sri Lanka.

AFP, *Colombo*

Sri Lanka fears its lucrative tourism industry could see arrivals drop up to 30 percent, with losses of $1.5 billion this year, after deadly Easter attacks, the finance minister said Friday.

"Tourism will be the worst affected," Finance Minister Mangala Samaraweera told reporters. "We expect a 30 percent drop in arrivals and that means a loss of about $1.5 billion in foreign exchange."

Samaraweera said the country could take up to two years to fully recover from Sunday's attacks, which devastated three luxury hotels and three Christian churches and killed 253 people killed, among them many foreigners.

The government has blamed local Islamist extremists for the coordinated suicide bombings that shocked a nation recovering from a 37-year ethnic war that ended a decade ago.

The Islamic State group said it carried out the attack and the government says it believes local extremists were at least inspired by IS militants.

"Typically, countries that suffer isolated IS-style attacks see tourism recovering within one-to-two years, as long as root causes are addressed and security measures taken are well communicated," the minister said.

He pointed to Belgium, France, Spain and Tunisia as countries which recovered their tourism markets within a short time.

Samaraweera said tourism was emerging as Sri Lanka's success story when Sunday's blast shattered hopes of reaching a revenue of $5.0 billion, up from last year's $4.4 billion.

France to offer tax cuts, without busting budget: minister

AFP, *Paris*

France's finance minister promised Friday that a new round of tax cuts announced by President Emmanuel Macron will benefit low-earners and would not bust the budget because spending cuts will be found.

Speaking Thursday evening, Macron promised further income tax cuts worth 5.0 billion euros ($5.5 billion) as he responded to five months of protests over living standards by anti-government "yellow vest" demonstrators.

"We are not going to let the deficit expand," Finance and Economy Minister Bruno Le Maire told LCI on Friday. "We are not going to let the public debt expand."

Le Maire said that he was hoping 15 million households would benefit from the new measures, which come on top of a package of tax cuts and income top-ups worth 10 billion euros which was announced in December.

He suggested it would be achieved by "softening" the lowest bracket of income tax -- which is set at 14 percent -- saying the current level was "too brutal" and "dissuasive."

The second of France's five brackets of income tax -- set at 30 percent -- would also be adjusted, he proposed.

Cutting public spending to pay for the tax cuts is set to be a major challenge for Macron's centrist government, given the sensitivity in France about any changes to public services.

"On public spending, we will not let anything go," Le Maire promised, without being specific.

Macron suggested that some government agencies could be cut and proposed that more bureaucrats and public officials would be transferred from Paris to provincial France.

The tax cuts are also set to be financed by eliminating tax loopholes for companies, by encouraging people to work more, and by reducing unemployment, which has fallen on Macron's watch to 8.8 percent from 9.4 percent.


AFP

French Economy Minister Bruno Le Maire along with other ministers waits for a press conference of French president in Paris on April 25.

Parvez Ahmed Khan, chairman of Sports World, and King Ping, sales supervisor of KELME, celebrate at Gulshan 2 DNCC Market in Dhaka on Friday on the former bringing over the Spanish sports brand in Bangladesh as an authorised distributor.

SPORTS WORLD

Intel puts modem business up for sale, held talks with Apple

REUTERS

Intel Corp is exploring strategic options for its modem chip business, including a possible sale to Apple or another acquirer, the Wall Street Journal reported on Friday, citing people familiar with the matter.

Intel decided to exit the 5G modem chip business last week, hours after Apple settled a longstanding legal dispute with Qualcomm Inc, a key supplier of iPhone modem chips.

Apple had held talks with Intel around last summer and continued to do so for months until halting recently around the time of its settlement with Qualcomm, the WSJ report said.

Intel has already received expressions of interest from a number of parties and has hired Goldman Sachs Group Inc to manage the process, which was in an early stage, the report said.

Apple, Intel and Goldman Sachs declined to a request from Reuters for comment.

Shares of Apple closed at $204.3, down 0.53 percent.

Shares of Intel which were down as much as 11 percent on Friday afternoon after it cut its full-year revenue outlook yesterday, pared losses to close at $52.43, down about 9 percent.

Kenya secures $666m from China for tech city, highway

REUTERS, *Nairobi*

Kenya has secured 67.5 billion shillings ($666 million) in funding from China to build a data centre in a tech city currently under construction and a highway in Nairobi, the president's office said on Friday.

Kenya has turned to China over the past few years for funds, technology and equipment to develop its infrastructure, including its biggest project since independence, a new railway linking Mombasa to Nairobi, opened in 2017.

The new funding will consist of loans at low interest rates and partnerships with private firms. The tech city will be built in Konza, about an hour's drive from Nairobi.

Chinese telecoms firm Huawei will develop the Konza project at a cost of 17.5 billion shillings, according to the statement from President Uhuru Kenyatta's office. It was issued from Beijing, where Kenyatta is attending the second Belt and Road Forum.

The remaining 50 billion shillings will go to build a highway in the capital linking the main airport with the suburbs, to be carried out by China Road and Bridge Corporation at a cost of 51 billion shillings.

Critics accuse Kenyatta's government of saddling future generations with unbearable debt burdens by borrowing more funds from China. The government says borrowing to build the infrastructure will spur economic development.