

Large US banks eye improving economy after rocky 2020

AFP, New York Large US banks reported Friday a mixed fourth quarter to conclude a turbulent year, but expressed optimism about 2021 thanks to the coronavirus vaccine and additional fiscal stimulus.

have saved a lot of money," Dimon said on a conference call with reporters. "You've got a lot of pent-up demand and hopefully optimism by the fact that we're getting through this mess."

Although US unemployment levels remain elevated and some business sectors like commercial real estate and hospitality are in dire straits due to the pandemic, aggressive fiscal support measures from Washington have mitigated the effect on many households.

Jennifer Piepszak, chief financial officer at JPMorgan, said clients in sectors still have "very very strong" access to liquidity, which has limited the charge offs so far.

At Citigroup, earnings dipped seven percent to \$4.6 billion on a 10 percent drop in revenues to \$16.5 billion.

Results were pressured by a hit from lower Federal Reserve interest rates. Citi's investment banking operations were mixed, due to lower merger and acquisitions advising revenues, offset by gains in market trading.

Mason, the Citi CFO, said US fiscal relief packages have enabled consumers to stay current with bills and that Biden's latest \$1.9 trillion package should extend that trend.

Wells Fargo reported that fourth-quarter profits edged up four percent to \$3.0 billion, while revenues fell 10 percent to 17.9 billion.

The results included one-time costs of \$781 million in restructuring expenses as it aims to gain momentum following a series of scandals and missteps. "Although our financial performance improved and we earned \$3.0 billion in the fourth quarter, our results continued to be impacted by the unprecedented operating environment and the required work to put our substantial legacy issues behind us," said Chief Executive Charlie Scharf.

Shares of JPMorgan fell 2.6 percent to \$137.49 in morning trading, while Citigroup sank 4.6 percent to \$65.87 and Wells Fargo dove 7.6 percent to \$32.12.



AFP/FILE

The JPMorgan Chase headquarters in New York City.

of a wave of defaults due to a much sharper economic downturn.

The banks are still keeping billions of dollars in provisions for bad loans in case the economy takes another turn for the worse.

But executives are generally hopeful about the new year as coronavirus vaccines become more widely deployed and as President-elect Joe Biden advances a fiscal package expected to keep households flush with enough funds to pay their bills.

But "we've got the vaccine coming, we've got fiscal stimulus and people

"Shares of all three banks fell sharply Friday. However, the S&P financials index had risen nearly 32 percent over the last two and a half months.

JPMorgan reported record quarterly profits of \$12.1 billion, up 42.4 percent from the year-ago levels, while revenues rose 3.3 percent to 29.2 billion.

The profits included \$1.9 billion in credit benefits, reflecting that the bank now expects fewer loan defaults compared with last year. But the bank still has \$30 billion in reserves, which "continue to reflect significant near-term economic uncertainty and will allow us to withstand an economic environment far worse than the current base forecasts by most economists," the bank said.



MERCANTILE BANK

Md Quamrul Islam Chowdhury, CEO of Mercantile Bank, opens a relocated branch at MBL Centre on Satmasjid Road in the capital's Dhanmondi yesterday.

Fitch keeps Britain outlook negative, debt at AA-

AFP, Washington Fitch ratings on Friday maintained Britain's AA- debt rating and outlook at negative, but warned rising deficits, the coronavirus surge and its fraught trading relationship with Europe pose risks.

The affirmed negative outlook "reflects the impact of the coronavirus pandemic on the UK economy and the resulting material deterioration in

the public finances," with the agency saying in a statement the deficit widened to 16.2 percent last year.

London's recent trade deal with the European Union following its departure from the bloc "should limit disruption at borders in the short term," Fitch said, but warned "uncertainty remains around how the new trade arrangement will work in practice and how it will affect the

UK's trade with the EU over time. "The rollout of vaccines against Covid-19 could spark a "sustained recovery" beginning in the second half of 2021, and Fitch raised the year's GDP growth forecast to 5.0 percent from its previous 4.1 percent, citing the free trade agreement.

But the agency warned of a "weak" short-term economic outlook, as Britain grapples with surging virus cases.

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Coastal Forest Division, Noakhali Invitation for Tenders 01 Ministry/Division Ministry of Environment, Forest and Climate Change. 02 Agency Forest Directorate, Bangladesh, Dhaka. 03 Procuring entity name Divisional Forest Officer, Coastal Forest Division, Noakhali.

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার অধ্যক্ষের কার্যালয় শেখ হাসিনা মেডিকেল কলেজ, হবিগঞ্জ shmchabiganj@ac.dghs.gov.bd

Moulvibazar's perfume business faces setback amid pandemic

MINTU DESHWARA

The traditional perfume industry of Moulvibazar has come to a standstill due to the Covid-19's fallouts. With almost zero sales, a number of major perfume factories in Sujanagar of Barlekha have had to limit their activities.

However, smaller factories have outright shut down and as a result, many workers involved in this industry have lost their jobs while the traders are also in trouble.

When this correspondent visited Sujanagar, Adib Majid, director of Amena & Fatema Agar Wood & Perfume, was seen observing four workers finishing a fragrant agarwood product. In his words, the crisis of the agar-perfume industry has come to the fore.

The production of Agar-atar is mainly a Middle Eastern business, according to Majid.

"But I sent very little last year as the demand had been reduced by as much as 25 per cent," he said.

"It is also uncertain when the situation will return to normal. I have unsold products worth around Tk 7-8 lakh. I stopped the production as it is still left unsold. So, workers will have to be paid the cost of production but if it is not sold, the loss will be multiplied."

"In my factory, there were 10-12 people who used to do agar wood finishing work. Big traders are at a higher loss as many of them have unsold agar-atar worth crores of taka," he added.

Abdul Kuddus, director of Sujanagar Agor-Ator Company, said the demand for the product was increasing day by day in the country as well as in the world market.

Agar-Atar is exported to several destinations, including Saudi Arabia, Qatar, Kuwait, Bahrain, Malaysia, Oman and Yemen.

Bangladeshis have several agar-perfume factories in Kuwait, Saudi Arabia, Thailand, Malaysia and Dubai in the UAE, the raw materials for which are sent from Moulvibazar.

"My agar perfume has not been sold for a few months due to which, I have not been able to sell agar-atar worth around Tk 2 crore yet," he said.

"I would have benefited if I could sell these. Now I am not able to pay the workers properly. That is why I have reduced the number of workers," Kuddus added.

Bakul Ahmed, vice-president of the Agor-Ator Manufacturers and Exporters Association in Barlekha, said those who used to trade in



The traditional perfume industry of Moulvibazar based on extractions from Agar wood has come to a standstill due to the Covid-19's fallouts. With almost zero sales, a number of major perfume factories in Sujanagar of Barlekha have had to limit their activities.

agar perfume with loans have been unable to make repayments.

"So how will they run their business? At present we are very irregular," Ahmed said.

According to local sources, at least 20,000 people of Moulvibazar are directly associated with the Agar-Atar business.

According to the forest department, there are 176 registered factories but the actual number is more than 250.

Traders have around Tk 200 crore worth of perfume unsold due to the reduced demand amid the ongoing coronavirus pandemic, according to data from the Bangladesh Agar and Perfume Manufacturers and Importers Association.

In 2019, 7,000 litres of perfume were sent abroad from the district through luggage routes. The average price per liter is around Tk 6 lakh with a total market value of about Tk 420 crore.

Meanwhile, agar wood has a market value of about Tk 200 crore. Agar-atar is made more or less throughout the year, however, the export season starts from January.

Ansarul Haque, president of the Bangladesh Agar and Perfume Manufacturers and Importers Association, said an estimated 7,000 litres of perfume and 10,000 kilograms of agar wood were exported every year.

In 2019, Haque exported around 2,500 litres of perfume but not much Agar could be exported due to the coronavirus outbreak.

"Agar sales will increase, especially if flight facilities with the Middle East and other countries become normal," he said.

Yusuf Mia, a worker at a perfume factory in Sujanagar, said thousands of workers in the area have become unemployed and were living inhumane lives due to the lack of orders.

A factory used to employ around 250 people every day but now, there is a quiet silence throughout the facility, Mia said.

Al Imran Shamim, Barlekha upazila nirbahi officer, said the problems faced by traders amid the ongoing pandemic has been reported to the higher authorities.

Moulvibazar Deputy Commissioner Mir Nahid Hsan said a committee has already been formed, headed by the additional deputy commissioner (general), to save the industry and traders from losses.

The committee will take the necessary steps to provide financial assistance to victims. Besides, a team led by a joint secretary of the ministry has already visited the area, he said.

Govt aims to cut groundwater dependency for irrigation

STAR BUSINESS REPORT

The government is targeting to increase use of surface water for irrigation to 30 per cent of the country's total irrigation area by 2030 in order to reduce dependence on groundwater, according to a statement from the agriculture ministry issued yesterday.

The ministry also aims to reduce ground water usage for irrigation from the existing 73 per cent to 70 per cent of the total irrigated land, it said.

"We are giving importance to increase the use of surface water for sustainable use of water and efficient management of water resources," said Agriculture Minister Mohammad Abdur Razzaque

at a seminar on digitalising groundwater monitoring.

The event was organised by Bangladesh Agricultural Development Corporation (BADC) at Shech Bhaban in Dhaka.

The government has implemented many initiatives, including the excavation and re-excavation of rivers and canals, construction of rubber dams and reservoirs with a focus on efficient water use.

As a result, the use of surface water is increasing and this initiative will continue, Razzaque said, adding that the cost of irrigation has reduced.

The BADC data shows that the irrigation area expanded by 10.50 lakh hectares over the last 10 years.



A total of 9,456 kilometres of canals have been re-excavated while 13,351 kilometres of irrigation canals have been developed and 10 rubber dams and one hydraulic elevator dam have been constructed, according to the press release. As a result, the irrigation area increased to 56.28 lakh hectares. READ MORE ON B3

Syncing local, int'l laws crucial for LDC graduation

Experts say at ICAB discussion

STAR BUSINESS DESK

Experts have suggested strong collaboration among banking regulators to bring consistency among local laws and regulations and International Financial Reporting Standards (IFRS) and thereby do away with discrepancies faced in the preparation of financial statements.

They also identified a number of differences regarding components and presentation, cash and cash equivalents, cash flow statement, investment in debt securities, initial recognition and reclassification, provisioning loans and advances, recovery against impaired loans, etc.

The differences prevail because in cases of conflict, the general consensus is for the local laws from primary regulators to prevail, they observed in a press release.

A regulators' 'task force' could be formed

to review and identify the gaps and new standards and understand implications while engaging various regulatory bodies with a view to developing an implementation plan of the standards, they said.

Credible and compliant financial statements are critical for Bangladesh at this stage of its graduation from a least developed country (LDC) into a developing one, the experts said.

The Institute of Chartered Accountants of Bangladesh (ICAB), Financial Reporting Council, Bangladesh (FRC) and other regulators could develop a roadmap to align accounting practices in Bangladesh with the IFRS, they suggested.

The views came at a virtual conference on the "Implementation status of IFRS in Banking Sector in Bangladesh", organised by the ICAB for its members last Saturday.

READ MORE ON B3

Google Play is unsportsmanlike

US states likely to argue in potential lawsuit

REUTERS, Washington

State attorneys general are planning a third lawsuit against Alphabet Inc's Google, this one focused on the search and advertising giant's Play Store for Android phones, according to two sources familiar with the matter.

The lawsuit is expected to be filed in February or March, the sources said, and it would follow complaints about Google's management of its Play Store even though the company was originally seen as more open about its app store than Apple Inc.

Including a US Justice Department lawsuit filed against Google in October, the possible new action would be the fourth government lawsuit brought against the Silicon Valley company since late 2020. All allege that Google abused its dominance of the internet search business or otherwise broke antitrust law.

Google bans apps with objectionable content from its store, and further requires that some apps use the company's payment tools and pay Google as much as 30 per cent of their revenue.

Those and related policies prompted criticism from app developers, particularly when Google said last year it would ramp up enforcement. Google's Play Store is far more widely used than similar products from Amazon.com Inc, Samsung Electronics Co Ltd, Huawei Technologies Co Ltd and others.

Samsung's Jay Y Lee on cusp of stepping out of father's shadow

REUTERS, Seoul

For years, legal troubles have cast a cloud over Samsung Electronics Vice Chairman Jay Y. Lee as he stood on the cusp of stepping out of his father's shadow and making a name for himself as the leader of the global tech giant.

On Monday, he faces sentencing on a bribery charge that could sideline him from the world's largest smartphone and memory chip maker just as it looks to overtake rivals in areas such as chip contract manufacturing and artificial intelligence (AI).

"Samsung is at a crossroads," said Park Ju-gun, head of researcher CEO Score. "COVID-19 has accelerated change, and other third-gen (Korean) business leaders are aggressively breaking into new business."

Park cited Hyundai's EV push and LG's joint venture with Magna as examples of ambitious initiatives led by the grandsons of those conglomerates' founders.

"But Samsung hasn't really seen big changes in new business such as AI since its 2016 Harman acquisition, except increasing the foundry business, because of continued legal risk. The next few years will decide whether Samsung will become, say, a global



Samsung Electronics Vice Chairman, Jay Y Lee, leaves the Seoul high court in Seoul, South Korea. READ MORE ON B3

platform company or remain a hardware company," he said. Lee, 52, has been the de facto head of Samsung Electronics since his father, Lee Kun-hee, was hospitalised after a heart attack in 2014.

The elder Lee died in October, but the chairmanship he held has yet to be filled, and uncertainty cast by his son's legal troubles was the chief reason, analysts said.

Vice chairman since 2012, Lee has yet to make a mark - as his father did - by building the semiconductor business, which now brings in half of Samsung Electronics profits.

Amid the moves meant to ensure his succession, Lee has fought against allegations of legal wrongdoing, including a year in prison in 2017-2018 over a bribery case involving impeached President Park Geun-hye. One of Lee's focuses is Samsung's non-memory chip business, including chip contract manufacturing, calling on the staff to "create another legend."

Samsung plans to invest 133 trillion won (\$121.47 billion) in non-memory chips through 2030 to become No. 1, including in chip contract manufacturing, where its 17 per cent market share is a distant second to current No. 1 TSMC's 54 per cent, according to TrendForce.

GLOBAL BUSINESS