



MIDLAND BANK

Forkan Hossain, general manager of Bangladesh Bank, and Md Ahsan-uz Zaman, managing director and CEO of Midland Bank, exchanged signed documents on an "Automated Challan System" enabling the former to collect passport fees, VAT, corporate and personal income tax and other government fees. Ahmed Jamal, deputy governor of Bangladesh Bank, AKM Mohiuddin Azad, executive director, Md Zahid Hossain, deputy managing director of Midland Bank, and Md Ridwanul Haque, executive vice-president, attended the programme.



MERCANTILE BANK

Md Forkan Hossain, general manager (accounts and budgeting department) of Bangladesh Bank, and Md Quamrul Islam Chowdhury, managing director and CEO of Mercantile Bank, exchanged signed documents on an "Automated Challan System" enabling customers to pay VAT, tax or other government bills. Ahmed Jamal, deputy governor, AKM Mohiuddin Azad, executive director, Md Mahmood Alam Chowdhury, deputy managing director of Mercantile Bank, and Asim Kumar Saha, senior executive vice-president, were present.

Automobiles restrain US consumer spending

REUTERS, Washington

US consumer spending slowed in July as a decline in motor vehicle purchases due to shortages offset a rise in outlays on services, supporting views that economic growth will moderate in the third quarter amid a resurgence in Covid-19 infections.

But the foundation for the recovery remains solid, with the report from the Commerce Department on Friday showing wages rising and Americans further boosting savings.

Inflation appears to have peaked, which could preserve households' purchasing power. Businesses are also restocking and exporting more goods, suggesting a slowdown in growth this quarter could be temporary.

"There are clear downside risks to spending if more events and trips are canceled and more products are delayed getting to shelves," said Sal Guatieri, a senior economist at BMO Capital Markets in Toronto.

"But it's a bit early to throw in the towel on the economic outlook given supportive wage and saving trends and a likely boost from



Shoppers carry bags of purchased merchandise at the King of Prussia Mall, the largest retail shopping space in the US, in King of Prussia, Pennsylvania, US.

REUTERS/FILE

business investment, inventories, and trade in the third quarter."

Consumer spending, which accounts for more than two-thirds of US economic activity, increased 0.3 per cent last month after advancing 1.1 per cent in June.

Last month's rise was in line with economists' expectations.

Demand is rotating back to services like travel and leisure, but spending has been insufficient to

compensate for the drop in goods purchases, which are also being impacted by shortages.

Goods spending fell 1.1 per cent last month, led by motor vehicles. A global shortage of semiconductors is hampering auto production.

There were also decreases in spending on recreational goods as well as clothing and footwear.

Still, goods spending is 20 per cent above its pre-pandemic level.

Spending on services rose 1.0 per cent, a broad increase led by food services and accommodations.

Outlays on services last month were 1 per cent above their February 2020 level.

Healthcare, transportation and recreation are yet to recoup their pandemic losses.

Credit card data suggests spending on services like airfares and cruises as well as hotels and motels slowed in August amid soaring Covid-19 cases driven by the Delta variant.

Fears about the virus knocked consumer sentiment to a more than 9-1/2-year low in August.

Inflation continued to rise last month, fanned by the unrelenting supply constraints and the economy's move toward normalcy after the upheaval caused by the pandemic. But the pace of increase is slowing.

The personal consumption expenditures (PCE) price index, excluding the volatile food and energy components, climbed 0.3 per cent in July.

That was the smallest gain in five months and followed a 0.5 per cent advance in June.



SOUTHEAST BANK

Alamgir Kabir, chairman of Southeast Bank, virtually presided over its 635th board meeting recently. Vice-Chairperson Duluma Ahmed, directors MA Kashem, Azim Uddin Ahmed, Jusna Ara Kashem, Rehana Rahman, Akikur Rahman, Raiyan Kabir and M Moniruz Zaman Khan (nominated by Bay Leasing and Investment), independent directors Quazi Mesbahuddin Ahmed and Mohammad Delwar Husain, adviser Zakir Ahmed Khan and Managing Director M Kamal Hossain took part in the meeting.

Chinese social media platforms to rectify financial self-media accounts

REUTERS, Shanghai

China's top social media platforms, Wechat, Douyin, Sina Weibo and Kuaishou, said on Saturday they would begin to rectify irregular practices of "self-media" accounts that publish financial information, reported state media Global Times.

This follows an announcement by China's cyberspace regulator, the Cyberspace Administration of China (CAC), that it would look into accounts that have repeatedly released financial news illegally, distorted economic policy interpretation, badmouthed financial markets, spread rumours and disrupted network communications.

The term "self-media" is mostly used on Chinese social media to describe independently operated accounts that

produce original content but are not officially registered with the authorities.

Wechat said in a statement on Saturday that from now until Oct. 26, it would investigate and shut down financial self-media accounts that "badmouth the financial market" and "blackmail and spread rumors."

Sina Weibo, Douyin and Kuaishou also released similar statements on Saturday, reported the Global Times, with Sina Weibo and Kuaishou adding that they would severely crack down on accounts that violate the rules.

The announcements come amid a recent crackdown by Beijing on the tech sector, with the latest regulations targeting "chaotic" celebrity fan culture and algorithms that technology companies use to drive their business.



MEGHNA BANK

Sohail RK Hussain, managing director and CEO of Meghna Bank, recently inaugurated its "Agent Banking Operation with the vision of 'To be recognised as an essential institution for the unbanked through zealous participation in the financial inclusion process'" at the bank's head office in Gulshan, Dhaka. Md Ariful Islam Choudhury, head of retail banking, and SM Rasheduzzaman, head of agent banking, were present.

Fed chief signals US economy may be ready for less stimulus by year end

AFP, Washington

The US economy and labor market have healed to the point that the central bank could begin to withdraw its stimulus measures by the end of the year, Federal Reserve Chair Jerome Powell said Friday.

But the Fed chief stressed that there was no hurry to raise interest rates, arguing that current inflation pressures will be temporary.

When Covid-19 hit the world's largest economy last year, the Fed jumped into action to prevent a major recession, slashing the key lending rate to zero and buying huge amounts of Treasury debt and agency mortgage-backed securities to provide liquidity to the financial system. The pandemic recession was "the briefest yet deepest on record," Powell said in his highly anticipated speech to the annual Jackson Hole central banking symposium.

With millions of jobs recovered, he signaled that the Fed may ease the pace of bond buying from its current \$120 billion per-month.

Powell provided no specifics, but instead repeated the Fed's stance that "it could be appropriate to start reducing the pace of asset purchases this year."

"Any move to slow asset purchases would still leave a large amount of stimulus in place, and would not be a signal that an increase in the benchmark lending rate would soon follow, he said. The timing of "rate liftoff" from zero will be subject to a "substantially more stringent test," Powell added.

Widespread vaccinations have allowed businesses across the United States to reopen fully, bringing the unemployment rate down to 5.4 per cent last month, much closer to the pre-pandemic level of 3.5 per cent.



**JEROME POWELL
FEDERAL RESERVE CHAIRMAN**

However, Powell said the recovery has further to go and the fast-spreading Delta variant of Covid-19 adds uncertainty.

He noted that total employment remains about six million positions below its February 2020 level "and five million of that shortfall is in the still-depressed service sector."

"Meanwhile, prices have jumped as the economy restarted, pushing the central bank's preferred inflation gauge up to 4.2 per cent annually in July, well above the long-term target of two percent."

The White House on Friday more than doubled its forecast for consumer price inflation this year, predicting a 4.8 per cent annual increase, up from the two percent forecast in May. But President Joe Biden's Office of Management and Budget expects consumer inflation to slow sharply by the end of next year to 2.6 per cent.

Powell downplayed fears inflation could accelerate, noting that supply bottlenecks appear to be resolving and wage increases do not appear to be spilling over into prices.

Inflation is likely to decline as temporary pressures, like skyrocketing prices for used cars, recede, and Powell warned that moving to respond to factors that could prove to be temporary "may do more harm than good."

"The ill-timed policy move unnecessarily slows hiring and other economic activity and pushes inflation lower than desired," he said, warning that with the labor market still healing, "Such a mistake could be particularly harmful."

"The Fed target aims to get inflation running at an average of two percent over time, which in practice means accepting higher prices for a short period."

Powell noted that inflation has fallen short of that goal for decades, but policymakers nonetheless will watch incoming data for signs high prices are becoming entrenched.

Veteran Fed-watcher Mickey Levy of Berenberg Capital Markets said Powell may have disappointed those waiting for a roadmap for the taper program, but his speech doubled down on the bank's focus on job gains.

"Clearly, the Fed is carrying through on its prioritization of maximum inclusive employment established in its new strategic plan, with a very loose interpretation of its tolerance of higher inflation," Levy said in an analysis.

Some Fed officials recently have indicated they want to end the bond-buying program quickly.

Gregory Daco of Oxford Economics said the Federal Open Market Committee making the decision is divided and likely to wait until its November meeting "to make a tapering announcement, and start reducing asset purchases in December or January."

Complying with supply chain due diligence

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These numbers explain how important Germany is for Bangladesh in terms of the country's economy. To keep business relationships up and running, Bangladesh exporters have huge responsibilities.

So, let us now focus on how our exporters should prepare themselves in order to comply with the new regulation. First and foremost is the awareness of the law, its details, and the areas that could impact local suppliers.

Briefly, this legislation emphasises on the social and political rights of workers; more specifically this refers to the right to life, health, fair working conditions, and a decent standard of living; child protection; freedom from slavery and slavery-like working conditions; as well as the right of association, the right to assembly and the prohibition of torture.

In terms of environmental protections, the draft only covers exposure to mercury as defined in the Minamata Convention and persistent organic pollutants as defined in the Stockholm Convention.

The next step would be to define the policies and processes so that all the points stated above are taken care of.

For example, an employment policy which would clearly state that the company cannot hire any child labor and to ensure that anyone applying for employment must submit a birth certificate or National ID as a proof of his or her age.

Once a company defines its policies and adequate processes, the next step is to execute and monitor those on a regular basis so that nothing slips down the line. Another key step would be to have the required documentations updated and preserved as evidence.

Endorsement by a competent third party always adds credibility and therefore, a periodic audit conducted by any reputed and trusted organisation should be part of

the practice.

A concerted effort is required to create the awareness and to build the capacity of our exporters.

Trade bodies like the Bangladesh Garment Manufacturers and Exporters Association, Bangladesh Knitwear Manufacturers and Exporters Association along with the commerce should come together to form a joint committee who will guide exporters and help them become compliant.

This committee should proactively liaise with the German importers to align the export industries with their requirements and expectations. Any endorsement by German government organisations, such as the German embassy in Bangladesh, would help in a big way in terms of building a positive image of Bangladeshi suppliers.

Besides Germany, there are other European countries like France and the Netherlands that have already instituted legal frameworks of their own. The equivalent French law known as "Loi de Vigilance" introduces the principle of civil liability.

The UK Modern Slavery Act, the Swiss Responsible Business Initiative, and similar regulatory measures are in the making in a number of other countries like Belgium and Finland. At the European level, there is a broad consensus behind ambitious legislation on corporate due diligence.

Clearly, in the near future, it is expected that most of the major export destinations for Bangladesh will adopt laws similar to those that have already been passed by Germany. Bangladesh needs to respond quickly to avoid any last moment rush, hiccup, disruptions and more importantly, get prepared well in advance to maintain its hard-earned export trajectory.

The author is chairman and managing director of BASF Bangladesh, and chairman of the German Business Council.