



Shoppers, some wearing face coverings to combat the spread of the coronavirus, shop at a stall in Camden Market in London on January 7 as UK businesses and consumers face mounting fallout from surging inflation, including higher interest rates.

PHOTO: AFP

Omicron slams UK retail recovery

AFP, London

Restrictions imposed in the wake of the Omicron coronavirus variant have “wiped out” much of a recent recovery enjoyed by UK bricks-and-mortar stores, the British Retail Consortium revealed Friday.

It comes as UK businesses and consumers face mounting fallout from surging inflation, including higher interest rates.

Much of the progress made in late 2021 “was wiped out in December as surging Omicron cases and new work-from-home advice deterred many from shopping in-store, particularly in towns and city centres”, said BRC chief executive Helen Dickinson.

“Nevertheless, while UK footfall saw a moderate decline compared to previous months, it remained above levels of other major European economies, as the country avoided some of the more severe restrictions implemented elsewhere,” she added in a statement.

The number of shoppers visiting UK stores slid 18.6 per cent in December compared with two years earlier, or before the onset of the coronavirus pandemic, according to the BRC.

“December footfall capped a

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challenging year for brick-and-mortar stores, which saw footfall down one-third on pre-pandemic levels,” Dickinson added.

The UK, already among the worst hit countries in Europe by the pandemic

with a virus death toll of nearly 150,000, has seen a fresh surge in cases owing to the arrival of the Omicron variant in late November.

More than one in 20 people had Covid-19 in the week ending December 31 – the highest UK infection rate recorded during the pandemic.

British companies are meanwhile suffering a “huge headache” because of continuing supply chain disruptions, soaring inflation and rising energy costs, a business group warned Thursday.

The British Chambers of Commerce said its study of almost 5,500 companies found that a record 58 per cent expect an increase to their prices in the quarter.

“The persistent weakness in cash flow is troubling because it leaves businesses more exposed to the economic impact of Omicron, rising inflation and potential further restrictions,” noted Suren Thiru, head of economics at the BCC.

Despite the unprecedented number

of virus cases in the UK, Prime Minister Boris Johnson has opted not to introduce tougher restrictions in England, arguing the rising levels of hospitalisations and serious illness do not yet require more measures.

But other UK regions have tightened rules, with devolved governments in Edinburgh, Cardiff and Belfast all rolling out post-Christmas curbs on socialising and large events.

The Bank of England meanwhile last month lifted its main interest rate to 0.25 per cent to combat decade-high British inflation.

The BoE raised the rate from a record low 0.1 per cent but left unchanged its massive stimulus package.

It marked the first increase in more than three years and made Britain the first of the G7 nations to lift borrowing costs since the start of the pandemic.

UK annual inflation rocketed in November to 5.1 per cent, more than double the BoE’s 2.0-per cent target.

Samsung forecasts 52.5pc jump in Q4 profits

AFP, Seoul

Samsung Electronics expects operating profits for the fourth quarter to soar 52.5 per cent, the South Korean tech giant said in a statement on Friday, spurred by record sales.

The world’s biggest smartphone maker forecast 2021 fourth-quarter operating profits at around 13.8 trillion won (\$11.5 billion), up from 9.05 trillion won in the same quarter last year.

The firm was boosted by record sales in the quarter, estimated at 76 trillion won, up 23.5 per cent on-year, according to the statement, which added that the forecast reflected a one-time bonus payment to employees.

A spokeswoman told AFP annual sales in 2021 were also expected to be the highest ever.

The operating profit estimate was below analysts’ estimate of 15.2 trillion won, according to Bloomberg News.

“A continued price growth in memory chips that ran three consecutive quarters until October last year has boosted Samsung’s profit margins,” said Park Sung-soon, an analyst at Cape Investment & Securities.

“The most significant source of income for Samsung lies in the memory chip business.

“Samsung Electronics did not provide details Friday on the performance of its various divisions.

The firm is expected to release its full results on January 27.

Analysts and investors are also keeping an eye on the impact of the citywide Covid lockdown in Xi’an, China, which is home to a Samsung semiconductor plant.

Samsung said last week that it had to “temporarily adjust operations” at the Xi’an facilities, without detailing how that would impact production.

While the coronavirus pandemic has wreaked havoc on the world economy, it has helped many tech companies boom.

Pandemic-driven working from home has boosted demand for devices powered by Samsung’s chips, as well as home appliances such as televisions and washing machines.

Analysts had also expected the firm to benefit from the traditionally lucrative holiday season.

The world’s biggest memory chip maker, Samsung Electronics has aggressively stepped up investment in its semiconductor business as the world battles chip shortages that have hit everything from cars and home appliances to smartphones and gaming consoles.

In November, it announced a new microchip factory in Texas, a \$17 billion investment. The plant is expected to be operational by the end of 2024. It joined rivals TSMC from Taiwan and US firm Intel in expanding chip manufacturing capacity in the United States, which sees the sector as an area of strategic competition with China.

The firm is also investing in the development of advanced technologies such as artificial intelligence, robotics and 5G/6G communications.

A continued price growth in memory chips that ran three consecutive quarters until October last year has boosted Samsung’s profit margins

Fed will tackle inflation, says Biden

AFP, Washington

With US inflation high and the Federal Reserve expected to hike interest rates within months, President Joe Biden said on Friday he had faith in the central bank’s ability to manage price increases.

“I want to be clear: I’m confident the Federal Reserve will act to achieve their dual goals of full employment and stable prices,” the president said.

Shipping Corp’s share prices double

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BSC logged higher profits in the financial year 2020-21 as well with its profits jumping more than 73 per cent to Tk 72 crore compared to the year before.

Based on the higher profits, the company announced 12 per cent cash dividend on December 26 for shareholders.

However, many analysts are saying that the company’s share price is rising too fast and the regulator should investigate whether there is any wrongdoings from manipulators.

The government holds a 52.1 per cent stake in the company while institutional investors hold 24.3 per cent and the general public holds 23.6 per cent, as per data from the Dhaka Stock Exchange.

BEYOND RMG: paths to industrialisation

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Second, incentives and targeted policies for the potential non-RMG industries can help upgrade technology and up-skill labour force to attain the similar goals.

Both paths can reinforce each other – the spillover effect of FDI can help other sectors through the diffusion of technology and knowledge. High local capacity of the industries can also attract FDI and build large joint ventures.

But how will it take place?

It is evident that the only apparel exports can’t lead us to a higher growth trajectory to the extent that we can achieve high-income status by 2041. There is no doubt that we have to diversify our exports to a high value baskets. But the million dollar question is: diversify to what? Should we let only the market to pick the industry?

History suggests that the government has an important role to play. Prof Justin Lin, a former chief economist of the World Bank, suggests to identify the role model. There are ample historical evidences of such emulation.

Currently, many rich countries in their catching up phases emulated the industries of the then leading countries which

has similar endowment structure. For example, Britain targeted the Netherlands’ industries in the 16th and 17th centuries; Germany, France, and the US targeted Britain’s industries in the late 19th century; Japan followed US’s path; and Korea, Taiwan, Hong Kong, and Singapore targeted Japan.

Which country will Bangladesh follow?

This can be a combination of countries in different time periods. For example, South Korea in the 1970s and 1980s, China in the 1980s and 1990s and Vietnam in the 2000s.

Korean success in industrialisation is intertwined with their success in education and skill development policies – mass scale industrialisation will only take place when a country has a large pool of engineers and technicians of the global standard.

China’s Township and Village Enterprises (TVEs) and Special Economic Zones (SEZs) are worth emulating. Vietnam’s strategies in attracting FDIs and diversifying exports through a series of bilateral and multilateral trade agreements are something we can learn from.

The author is a senior research fellow of the Bangladesh Institute of Development Studies.

Rancon’s retail electronics company is now RANGS eMART

STAR BUSINESS REPORT

Rancon Group has unveiled its retail electronics company with the new name “RANGS eMART”.

Quazi Ashiq Ur – Rahman, executive director of RANGS eMART, announced the new name at a ceremony at the company’s showroom in Dhaka’s Uttara on January 5.

All of its 35 showrooms across the country have also been rebranded on the same day, said a press release.

“In this new journey we emphasise towards giving the best customer experience from all of our outlets around the country,” said Rahman in his statement.

“Apart from upgrading our showrooms, we had proper training for all our sales executives. Our main three objectives are to provide our customers with authentic products from world-class brands, ensure the best experience for our customers, and superior service,” he said.

Currently, RANGS eMART is the official distributor of global electronics brands like Samsung, Hitachi, Toshiba and Panasonic.



PHOTO: RANCON GROUP

Officials of RANGS eMART cut a cake at a ceremony while announcing the new name of the company at its Uttara showroom in Dhaka recently.



PHOTO: PADMA BANK

Md Ehsan Khasru, managing director of Padma Bank, inaugurated an automated challan system at a Mirpur branch in Dhaka on Tuesday. Zabed Amin, chief operating officer, and Muzahidul Islam, head of internal control and compliance division, were present.