

Japan's exports extend declines

REUTERS, Tokyo

Japan's exports fell in August for a second straight month, weighed by declines in China's demand for steel and heavy oil and stoking fears of a downturn in the face of elevated global interest rates.

Ministry of Finance (MOF) data showed on Wednesday exports fell 0.8 percent year-on-year in August, slower than economists' median estimates of 1.7 percent decline and following a 0.3 percent drop in Japan's overseas shipments. It was the second straight month of annual declines.

By destination, Japan's shipments to China, its largest trading partner, fell 11 percent year-on-year in August, marking a third straight month of double-digit drops.

"The growth of the Chinese economy itself is weak, or at least that is what is being reflected," said Takeshi Minami, chief economist at Norinchukin Research Institute.

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Progressive policies that encourage innovation and adoption of new technology are crucial to furthering mobile adoption and strengthening a competitive and thriving digital economy in Bangladesh, said an official of Telenor.

PHOTO: STAR/FILE

Germany weighs curbs on Huawei

REUTERS, Berlin

Germany's interior ministry is planning to force telecoms operators to slash their use of equipment from China's Huawei and ZTE, a government official said, prompting an angry response from operators who warned of likely disruption and legal action.

The ministry wants to impose the changes to 5G networks after a review highlighted Germany's reliance on the two Chinese suppliers, as Berlin reassesses its relationship with a country it dubs both a partner and a systemic rival.

The ministry has designed a staggered approach to try to avoid too much disruption as operators remove all critical components from Chinese vendors in their 5G core networks by 2026, the official said.

The operators should also reduce the share of Chinese components in their RAN and transport networks by October 1, 2026, to a maximum of 25 percent, said the official, who declined to be named.

Operators swiftly criticised the proposals, while Huawei Germany rejected what it called the "politicisation" of cyber security in the country.

"Such an approach will have a negative impact on the digital transformation in Germany, inhibit innovation and significantly increase construction and operating costs for network operators," it said in a statement. "As a result, German consumers will have to pay the additional costs."

Deutsche Telekom called the 2026 deadline unrealistic, comparing it to Britain's drawn-out attempts to impose restrictions on Huawei, and warned of a possible drop in the quality of service to customers. Telefonica Deutschland said it would consider seeking damages from the German government as well as legal action.

Huawei currently accounts for 59 percent of Germany's 5G RAN networks, according to a survey by telecommunications consultancy Strand Consult.

In especially sensitive regions like the capital Berlin, home of the federal government, Chinese tech should not be used at all, the official said - a distinction that Stand Consult said was "arbitrary".



97% smartphone users concerned over privacy, security issues: study

MAHMUDUL HASAN

A staggering 97 percent of mobile internet users in Bangladesh are concerned about the privacy and security issues while using their phone, found a report by global telecom company Telenor.

The report titled "Telenor Asia Digital Lives Decoded" is based on a study of over 8,000 people across eight countries in Asia, including Bangladesh, Indonesia, Malaysia, Pakistan, Philippines, Singapore, Thailand and Vietnam.

The aim of the study is to decode behaviors and attitudes towards mobile connectivity and demonstrate how it is reshaping the way people in Asia live, work and play.

Among the eight countries, Bangladeshis are the most concerned about keeping pace with rapidly changing technology, with about 97 percent expressing concern that their digital skills may not be sufficient to get the most out of technology in the coming years.

Bangladeshis (about 57 percent) also ranked among its regional peers as one of the most optimistic about new income streams that smartphones have opened up.

Around 91 percent of respondents in Bangladesh said mobile use improved their quality of life, while about 73 percent expected to increase their use of

smartphones in the next 12 to 24 months.

More women (about 59 percent) than men (about 50 percent) opined that mobile phones had significantly improved their quality of life. About 51 percent of women

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found a better quality of life from enhanced access to services and apps for healthcare, financial services and education while only around 37 percent of males said it contributed to a better quality of life.

About 74 percent of Bangladeshi respondents believe that digital access is very important for them to lead greener lives in the future by reducing paper and waste and offering more efficient communication.

About 48 percent of Bangladeshis

said they were using technology in a productive way.

Around 73 percent of Bangladeshi respondents believe their company is currently missing out on revenue opportunities because of underdeveloped usage of mobile technology.

According to users, barriers to fully utilising mobile technology at work in Bangladesh include privacy and security concerns (61%), lack of skills and knowledge (60%) and a lack of trust in technology (49%).

Manisha Dogra, Head of External Relations at Telenor Asia, said: "Our Digital Lives Decoded study highlights that mobile connectivity improves people's quality of life, opens up economic opportunities and brings better access to essential services like education and health."

"Progressive policies that encourage innovation and adoption of new technology are crucial to furthering mobile adoption and strengthening a competitive and thriving digital economy in Bangladesh. We need to continue co-creating together, leveraging each other's strengths and expertise to tap into future possibilities and achieve the potential of a Smart Bangladesh in a way that benefits all."

The report said embracing mobile connectivity is key to achieving the potential of Bangladesh.

Misconception about investing in unit funds

KAZI AHSAN MARUF and SHUVA SAHA

The unit fund is a kind of mutual fund that does not trade in stock exchanges. The journey of unit funds started in the 1980s but it is yet to be popular in Bangladesh. Due to a lack of awareness, many misconceptions prevail in the minds of investors. The big five misconceptions are:

After investment, one needs to find another buyer to sell: This is not true. A unit fund is like a company i.e. formed as a trust. The fund will buy the unit certificates from the investor and transfer the sale proceeds to the investor's bank account. This is a convenient, simple, and continuous transaction.

Share market is very risky, Investors should keep away from unit funds: Unit funds not only invest in shares but also in fixed-income options like government securities, corporate bonds or FDR (fixed-deposit receipts).

Moreover, there are unit funds that do not invest in shares at all in Bangladesh. Those funds invest only in fixed-income instruments and do not bear the risk of the share market. In comparison with equity funds, fixed-income funds are less risky.

If unit funds do not provide cash dividends, they are bad: The total return from the fund is relevant. Cash dividends from the unit funds are taxed but capital gains are not. For example, a unit fund has a total return of 10 percent a year. If it declares a 10 percent dividend, this dividend will be treated as the total taxable income for a person. If the same fund does not declare a dividend

Investing in unit funds is risky. However, if one can diversify well in line with their need and can select a few good funds, they might get returns commensurate to risk

and after a period, the same investor sells the whole fund, this will be treated as capital gains. Therefore, it will not be taxed as per the Income Tax Act 2023.

Return will be higher from funds with low net asset value: Investors' total return will be calculated on their total money invested. The number of unit holdings is irrelevant. If the underlying investment of the fund has return-generating potential, the investor will make a profit from the investment.

On the contrary, a fund with a lower NAV might be risky because the underlying investments may not have return generation capacity.

The financial condition of asset manager will determine the return: Unit funds itself are a bankruptcy remote entity. It can work like an artificial person opening a bank account, buying and selling securities under its name. It will also prepare separate financial statements.

The asset manager is just an agent of that fund. When an investor purchases unit certificates, the money directly goes to the fund's bank account, not in the account of the asset manager.

There is a separate board of trustees who are the guardians of the fund and a custodian who safe-keeps all the assets of the fund. Unit funds are governed under the Mutual Fund Rules 2001 of the Bangladesh Securities and Exchange Commission, which is the prime regulator of all funds. If an asset manager takes loans and defaults, the fund assets can't be used to settle the liabilities of the manager. Asset managers' investment skills and securities' performance will determine the return of the fund.

Investing in unit funds is risky. However, if one can diversify well in line with their need and can select a few good funds, they might get returns commensurate to risk.

The authors are chartered financial analysts of Ekush Wealth Management Limited

ADB ON DEVELOPING ASIA

China's property crisis weighs on growth outlook

REUTERS, Manila

Economic growth in developing Asia this year will be slightly lower than previously expected as the weakness in China's property sector and El Niño-related risks cloud regional prospects, the Asian Development Bank (ADB) said on Wednesday.

Updating its regional economic outlook, the ADB trimmed its 2023 growth forecast for developing Asia to 4.7 percent, from 4.8 percent projected in July.

But the growth forecast for next year for the grouping, which consists of 46 economies in the Asia-Pacific and excludes Japan, Australia and New Zealand, was revised slightly upwards to 4.8 percent from 4.7 percent previously.

"We see resilient growth in the region really based on pretty strong domestic consumption and investment, and despite reduced external demand, which is a dampener on export-driven growth," Albert Park, ADB's chief economist, told a press conference.

The ADB tempered its growth forecasts for East Asia, South Asia, and Southeast Asia this year, with China and India expected to grow 4.9 percent and 6.3 percent, respectively, slightly lower than the July growth projections of 5.0 percent and 6.4 percent.

China's property crisis "poses a downside risk and could hold back regional growth," the ADB said in its report.



Shoppers walk past stores in Camden Market in London. Despite a drop, British inflation remains the highest in the G7 group of rich nations, after peaking at a 41-year high of 11.1 percent in October last year.

PHOTO: AFP/FILE

UK inflation drops to 18-month low

AFP, London

British inflation unexpectedly slowed in August, data showed Wednesday, hitting an 18-month low and sparking hope this week's widely-forecast interest rate hike by the Bank of England could be its last for now.

The Consumer Prices Index dropped slightly to 6.7 percent from 6.8 percent in July, the Office for National Statistics (ONS) said in a statement on the eve of the BoE's latest monetary policy decision.

That was the lowest since February 2022 and confounded expectations for an acceleration to 7.1 percent on higher energy prices.

Wednesday's news sent the pound sliding almost 0.4 percent to \$1.2347 in morning deals, with the US Federal Reserve set to hold rates later in the day.

Finance minister Jeremy Hunt said his Conservative

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