

Apple has big AI ambitions - at a lower cost than its rivals

REUTERS

For most of the past year and a half, Apple Chief Executive Tim Cook has fielded questions from Wall Street analysts about his plans for artificial intelligence amid grumbling that the iPhone maker has no AI story to tell. After the company reported quarterly earnings on Thursday, Cook insisted that Apple will have concrete details about its plans for AI to talk about very soon.

"We continue to feel very bullish about our opportunity in generative AI and we're making significant investments," Cook told Reuters in an interview, noting the company has spent \$100 billion over the past five years on research and development.

Apple's Big Tech rivals have spent comparable or even greater amounts on R&D over the same period, but they have also been spending heavily to build data centers to host AI services.

Microsoft shelled out \$14 billion in the most recent quarter on capex, with Alphabet's Google not far behind, at \$12 billion. Meta Platforms told investors last week to expect as much as \$40 billion in capital expenditures this year.

Apple thinks different. Its capital expenditure for all of 2023 was just over \$10 billion.

Apple, which makes most of its money selling consumer devices, has paid a price for that stance most of this year, with its shares falling 10 percent as investors worried the company was falling behind in the AI race.

On Friday, Apple share rose 6.4 percent, recovering some of their recent losses.

Shares of Meta, Google and Microsoft - all of which make money selling software or advertising services - have all soared to record highs as the companies grapple to dominate the emerging AI landscape, though investors have also flinched at skyrocketing price tags for data centers and specialized processors required to train AI models.

Apple hinted Thursday it won't take the same tack. While Apple is expected to unveil new AI features at its annual software conference next month and overhaul its product lines with AI-ready chips, Chief Financial Officer Luca Maestri said Apple investors should not expect a huge change in how the company handles capital expenditures.

Responding to an analyst's question, Maestri noted the company's longstanding practice of splitting the cost of manufacturing tools with its suppliers, which has kept Apple's costs down and its cash generation up for more than a decade.

"We do something similar on the data center side," Maestri said. "We have our own data center capacity, and then we use capacity from third parties. It's a model that has worked well for us historically, and we plan to continue along the same lines going forward."

That could be just as well for Apple, because it remains unclear whether AI features such as chatbots that run directly on a device will spur users to buy new phones, tablets or laptops, which remain Apple's biggest source of revenue and profits.

Ben Bajarin of Creative Strategies said that while better processors could serve as a "line in the sand" for some users who need AI tools for professional use, those features may not ignite a sales boom.

"It'll be something that helps lift sales, but I don't expect it to be super cycle," Bajarin said. "You have to be careful to temper expectations."

DBL to open Adidas outlet in Dhaka



DBL Lifestyles markets three global brands

Puma outlet launched in April 2019

Nike outlet opened in July 2023

Levi's outlet launched in April 2024

Adidas outlet will open soon

Why these brands getting popular

Young people are particularly fond of these brands

Rising purchasing power of a section of customers



STAR BUSINESS REPORT

DBL Lifestyles, a concern of DBL Group, is going to launch an outlet of German sportswear and footwear giant Adidas in Dhaka, offering a range of shoes, sportswear and accessories, to attract the growing affluent class.

"The Adidas outlet, located just opposite of the Apex flagship outlet and next to the Hotel Renaissance on Gulshan Avenue, is nearly ready to launch," said Rezwan Habib, head of business operations at DBL Lifestyles.

DBL Lifestyles is the franchise partner and distributor of Nike, Puma and Levi's branded products in Bangladesh.

"Now, we are going to start marketing Adidas officially," he added.

In terms of market assessment, Habib said the demand for sportswear and clothing, particularly of globally renowned brands, is growing substantially.

He said there is a class of people, especially among the younger generation, who have the passion and capability to purchase quality branded products.

DBL Group first launched an outlet of globally renowned sports brand Puma in April 2019. Now, it has five Puma outlets in the country - four in Dhaka and one in Chattogram.

After the successful endeavour with Puma, DBL Lifestyles secured franchise partnerships one after another.

The young generation is more aware of quality and so they prefer global brands. As a result, the demand for these branded products is rising fast, says an official of DBL Lifestyles

In mid-2023, DBL Group opened a Nike outlet in Banani, offering a wide range of footwear, apparel and accessories.

Just a month ago, DBL Lifestyles launched an outlet of American clothing company Levi Strauss & Co, offering its

range of products under the third franchise deal.

"DBL Group's expertise in collaborating with international sportswear brands ensures a seamless shopping experience, reinforcing Dhaka's position as a hub for fashion-forward and sports lifestyle enthusiasts," the company said.

According to Habib, the young generation is more aware of quality so they prefer global brands. He also said the demand for these branded products is rising fast alongside a growing affluent class.

Bata is also an official dealer of Adidas and has been offering its branded products in Bangladesh for the last few years.

However, a senior official of Bata said their business would not be hampered by DBL Group selling Adidas products.

Just a few years ago, TK Group opened an outlet of French sporting goods retailer Decathlon in Uttara. But the outlet was closed recently as Decathlon was uninterested in continuing operations in Bangladesh, according to TK Group sources.

US hiring slows more than expected

AFP, Washington

US job growth was markedly below analyst expectations in April while unemployment crept up, government data showed Friday, signaling that the labor market is cooling.

But with the world's biggest economy adding 175,000 jobs last month according to the Department of Labor, hiring appears still resilient despite the lower reading than 315,000 in March.

Analysts had expected growth of 250,000 jobs, according to Briefing.com.

The jobless rate edged slightly higher from 3.8 percent in March to 3.9 percent last month.

"The Great American comeback continues," said US President Joe Biden. He noted that unemployment has been under four percent for 27 months in a row.

But "there's more work to do," he said, adding that he wants to lower the costs of rent and homeownership, and make healthcare more affordable.

While hiring has decelerated, the number of jobs added in April remains well above 100,000 - the average level that some economists say is needed to keep the unemployment rate steady.

The latest figures could prove encouraging for policymakers looking to cool the economy gradually.

Apart from an easing in hiring figures, officials are also looking to a slowdown in pay gains as they seek to bring inflation lower in the long run.

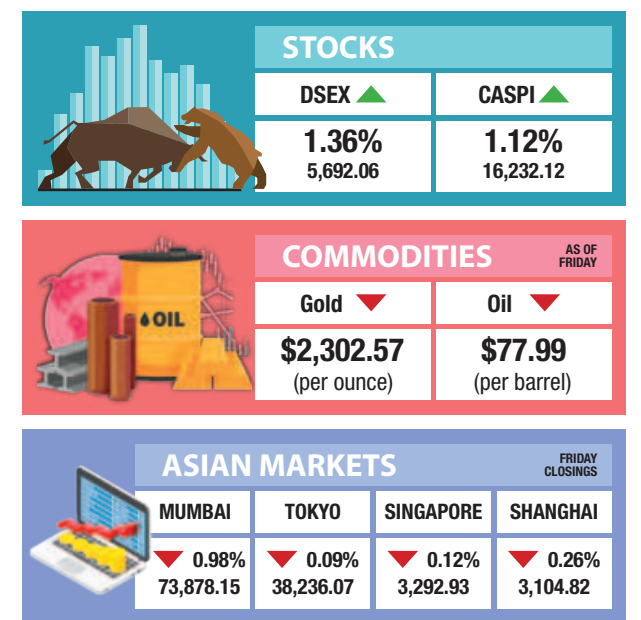
In April, wage growth came in at 0.2 percent on a monthly basis from 0.3 percent in March, Labor Department data showed.

From a year ago, average hourly earnings were 3.9 percent higher in April - slipping below 4.0 percent for the first time since 2021.

The latest figures confirm that "a broad cooldown in labor market conditions is underway," said EY senior economist Lydia Boussour.

"We foresee softer labor market conditions with cooler hiring, localized layoffs, and a continued moderation in wage growth," she said.

Analysts noted that government hiring looked to be slowing while a similar trend in the private sector is spread across both goods and services.



Rancon Motors launched six different models of Mercedes Benz electric vehicles at a function in the capital's International Convention City Bashundhara on Saturday. Group Managing Director Romo Rouf Chowdhury, Divisional Director Imran Zaman Khan and CEO Redwanul Zia were present at the event. Price starts from Tk 1.3 crore for EQB.

PHOTO: RANCON MOTORS

Decent jobs, quality education

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Among those who prioritised decent jobs, 44 percent want reduced unemployment, 36 percent increased job opportunities, 11 percent an allowance for unemployed and 8 percent increased youth employment.

In case of quality education, almost half sought enhancement of the quality of education while 25 percent want student stipends.

"This is the wisdom of the people which is reflected in this survey," said Debapriya Bhattacharya, convener of the Citizen's Platform for SDGs, Bangladesh.

People have now become more conscious and prioritise their needs clearly, he said.

"From their own situation, the communities which have been left behind have set their priority for the upcoming budget. But employment, education and social protection were common priorities," Bhattacharya said.

However, the communities suggested decentralising both budget preparation and implementation,

ensuring regular monitoring involving the civil society and engaging local communities in the budget formulation process.

The government should invest in midday meals for children and subsidised food for workers, taking it as an investment instead of only spending, said Prof Mustafizur Rahman, a distinguished fellow of the CPD.

"It has a long-term positive impact and return," he added.

The country has already entered a second phase of the existing challenges.

People now expect quality education rather than only education and long-term social security instead of disbursements of small funds under social safety nets, he said.

"Lack of nutrition is one of the reasons that the country is falling behind in the education sector," said Rasheda K Choudhury, executive director of the Campaign for Popular Education.

She emphasised increasing coverage of midday school meals through reducing wastage and

corruption in government spending. Rural people want uninterrupted electricity, bridges, drinking water, sanitary latrines and social safety, said former planning minister MA Mannan.

Cost cutting measures are necessary and there are huge scopes for reducing the wastage prevailing in almost all sectors, said Mannan, also chairman of the standing committee on the Ministry of Planning.

The government was compelled to downsize the budget last year while some ministries were unable to utilise allocations, said Anisul Islam Mahmud, deputy leader of the opposition in parliament and a Jatiya Party lawmaker.

"The current budget is also going to see the same fate," he added.

"Why has the economy started to degrade suddenly? Export and remittance are growing. Even a huge import reduction could not help preserve foreign exchange reserves," Mahmud, also a former environment and forest minister.

BB to loosen interest rate

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Mentioning the debate around printing money to inject into the economy, the BB governor said they are currently going for zero devolvement of government securities, which means the central bank is not buying treasury bills or bonds.

While speaking about the external aspects, he said exports are increasing and non-essential imports are being controlled to preserve foreign exchange reserves.

Remittances have also increased while the current account is in the positive, he said, adding that the financial account is still in the negative.

"Currently, we have two issues. One is high inflation and the other is the falling trend of forex reserves," he said, adding that the central bank had already taken a number of measures to address the issues.

Regarding the issuance of bonds, the BB governor explained that the government had issued bonds to pay outstanding dues to the power and fertiliser sector.

"If the government did not issue the bonds, then importers' loans would be classified, especially because banks could not provide

funds due to the liquidity crisis," he explained further.

He further claimed that no new money was being created through the issuance of bonds.

WHAT DO OTHER EXPERTS SAY?

Meanwhile, former Bangladesh Bank governor Salehuddin Ahmed made three suggestions.

They were to not undermine growth in order to curb inflation, to not formulate an ineffective monetary policy, and to use the central bank's autonomy to ensure discipline in the financial sector.

"The time has come for the central bank to take a strong stand, defying political influence and influences of a certain quarter," Ahmed said.

While moderating the discussion, another former BB governor, Atiur Rahman, said consumers are feeling the heat of high inflation rate, which stood at 9.81 percent in March, and that it needs to be tamed.

He added that the contractionary monetary policy needs to be continued to bring the inflation rate to 7 percent. However, Rahman warned, "The monetary policy cannot do so alone; the fiscal policy also is needed here."

Former finance secretary Mohammad Tareque suggested improving the government's spending to GDP ratio, which has been hovering at around 16 percent for the past few years.

In fact, it declined to 15 percent last year.

But in countries such as Vietnam, government spending amounts to around 30 percent of the GDP, he said, adding that Bangladesh may face difficulties in future if the government's spending capacity is not bolstered.

Comptroller and Auditor General of Bangladesh Mohammad Muslim Chowdhury said the monetary policy should be truly contractionary because the fiscal policy has an immediate effect while the monetary policy takes more time to have an impact on the economy.

During the Covid-19 pandemic, the monetary and fiscal policies worked together in Bangladesh, said Fazle Kabir, a former finance secretary and a former BB governor, adding that it was no longer the case.

"The monetary policy and fiscal policy should go hand in hand, but unfortunately that is not happening in Bangladesh," Kabir said.

Complex global policy emerges

FROM PAGE B1

strong public support and can be scrutinised through public discussions.

But if the government is not legitimate in the eyes of the people, then it is not possible to freely discuss, criticise, or debate any of its economic policies, particularly involving foreign negotiations, he added.

Speakers at the event also said that upskilling and increasing productivity are important for the country's development.

Joe Devine, associate pro-vice chancellor (research) at the University

of Bath in the UK, said the facilities provided by the government in certain areas of Bangladesh are not seen as human rights, but favours.

"And although poverty is decreasing in some districts, others are gradually getting poorer. The main reason for this is that government facilities are not given as rights, but as privileges," he added.

Waseqa Ayesha Khan, state minister for finance, said Bangladesh has made significant progress compared to many Asian countries despite the global economic crisis.

She said the current government

has been able to implement various mega-projects, such as the Padma Bridge. Significant progress has also been made in increasing per capita income, she added.

Shirin Sharmin Chaudhury, speaker of the National Parliament, was present as chief guest at the event, which was chaired by ASM Maksud Kamal, vice-chancellor of the University of Dhaka.

Mushtaq Khan, a professor of economics at the University of London in the UK, and RR Ganzevoort, rector of the International Institution of Social Studies in New Zealand, also spoke.