



Sellers wait for customers at book stalls in Nilkhet of Dhaka. Many retail outlets in the capital started reopening on August 7 but sales have fallen drastically as most customers are staying home due to the country's volatile situation.

PHOTO: ANISUR RAHMAN

Retail outlets witness sharp decline in sales

SUKANTA HALDER

Sales at retail outlets and brand shops in Dhaka are yet to gain momentum as most customers are staying home in the face of uncertainty following Sheikh Hasina's resignation from the post of prime minister on August 5.

Sales at different stores have declined by at least 50 percent to as high as 80 percent, and now they fear it may take another month or two to return to normalcy because of the changed political scenario.

The outlets started reopening on August 7 after a monthlong student movement seeking reforms to the quota system for government jobs. At the time, businesses were hit by an internet outage and curfew that restricted their operations until the fall of Hasina and her cabinet.

Popular lifestyle brand Apex reopened its outlet on Mazar Road in Dhaka's

Mirpur 1 on August 7, but sales are still nearly 30 percent less compared to any regular day, said Mohammad Monirul Islam, the manager of the showroom.

"We normally sell goods worth Tk 2 lakh every day. But since August 7, our average daily sales have hovered between Tk 1.2 lakh to Tk 1.4 lakh," he added while pointing out that many people are refraining from purchases amid the ongoing economic uncertainty.

Islam also said the managers of several Apex outlets had closed their shops by 6:00pm on August 9 due to security concerns.

Rasel Ahmed, who operates a sari retail outlet at the Mukto Bangla Shopping Complex in Mirpur, said his store is seeing just 30 percent of its previous customer turnout.

"I think it will take more than two weeks for sales to spike," he added.

An official of retail clothing brand Miclo said the average customer turnout

at their Science Laboratory outlet has reached just 20 percent of its previous level since reopening on August 7.

The Science Laboratory area in Dhaka was one of the major places hit hard by the student movement.

Sales at different stores have declined by at least 50 percent to as high as 80 percent, and now they fear it may take another month or two to return to normalcy

"So, buyers are still suffering from some sort of fear. However, the eventual return of the police should ease the situation by helping buyers regain their confidence," the official added.

A salesperson of the Science Laboratory outlet of popular lifestyle brand Aarong said the number of customers is 60 percent less compared to normal times.

Mohammad Akash, the manager of retail clothing brand Giordano, also pointed out the thin presence of buyers since the reopening of their outlet at the Bashundhara City shopping mall on August 9.

"Our sales have seen a drastic 90 percent fall," he added.

Shafiqur Rahman, a salesman at a baby clothing and toy retail outlet at the same mall, said his shop has seen a 50 percent decline in customers over the past two days.

Bashir Ahmed, a buyer at Aarong's Science Laboratory outlet, said he decided to venture out to the shop as the situation has become quite normal now.

But shopkeepers across the country are getting only 30 percent of their regular sales now, said Helal Uddin, president of the Bangladesh Shop Owners' Association.

"We hope the situation will improve from next week," he added.

From PepsiCo to P&G, India becomes next big growth bet as China lags

REUTERS

India has become the next big bet for PepsiCo, Unilever and other packaged goods giants looking to fill the growth vacuum left by an uneven recovery in China.

With India's economy expanding at the fastest pace among major emerging markets, companies are trying to serve its diverse palate by launching new flavors and size variants aimed at attracting the country's vast population and untapped rural market.

"While the last decade had companies focused on selling into China, the next decade is about selling into India," said Brian Jacobsen, chief economist at Annex Wealth Management. "You have to go where the demographic and economic tailwinds are at your back."

Major consumer goods companies based in India, the world's most populous country, are expecting higher government spending, a better monsoon season and a resurgence in private consumption to help consumer spending recover in the coming quarters.

That is expected to boost the combined market share of the top five multinational companies - Coca-Cola, P&G, PepsiCo, Unilever and Reckitt - to 20.53 percent in 2023 from 19.27 percent in 2022, mainly in the baby care, consumer health, cosmetics, beverage and household categories, according to research firm GlobalData.

Their total market share in China is forecast to shrink to 4.30 percent in 2023 from 4.37 percent in 2022, the data showed.

US stocks finished higher Friday, led by gains in the technology sector after a turbulent week for markets.

"China went through a long and extended COVID ... they even went through a brief period of negative growth, and after this, growth has been very sluggish. In comparison to that, the growth rate in India hovering around 4 percent seems like a healthy growth for total fast-moving consumer goods," said K Ramakrishnan, Managing Director, South Asia, at Kantar's Worldpanel Division.

Both the urban and rural segments in India have seen growth, but rural has fared a little better, he said.

Consumer goods companies have also been pumping money into India with launches like PepsiCo's Kurkure Chaat Fills, Coca-Cola's packaging upgrades to increase the shelf-life of its products and Nestle's plans to introduce its premium coffee brand Nespresso at year-end.

As a result, Coca-Cola's household penetration in India increased by 24 percent for the 12 months ended June, PepsiCo's by 12.7 percent, Nestle's by 6.7 percent and Reckitt's about 3.8 percent, data from Kantar showed.

Mondelez International is partnering with the Lotus Biscoff cookie brand to sell its products, and plans to launch new Oreo pack sizes this month. The company reported a mid-single-digit percentage growth in the chocolate category in India in the second quarter.

Coca-Cola also posted double-digit volume growth in India, while Unilever recorded sequential improvement in the country. PepsiCo's Africa, Middle East and South Asia region reported a rise, with the company expecting India to be the "big growth space" there.

The results contrast muted volume growth in the region last year for most of these companies.

BSEC lifts floor prices

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But after seeing a huge rise in the key market index after the fall of the Awami League government, the BSEC withdrew the floor prices for three companies.

The remaining three companies - BSRM Ltd, Islami Bank and Meghna Petroleum - will also have their floor prices removed from August 14, as per the BSEC order.

Minhaz Mannan Emon, a former director of the DSE, said the BSEC chairman issued the order while remaining absent from work to prove that he is still in the country.

With this order, the BSEC chairman is trying to stop the market's rise by allowing shares of Beximco, which did not see any buyers amid the recent gaining streak, to sell at lower prices, he added.

Emon elaborated that it will negatively impact the market if the shares of companies with large paid-up capital, such as Beximco, start falling as their price fluctuations heavily influence the main index.

"So, as the BSEC chairman wants to dent investor confidence by lowering the index, he lifted the floor price on

this company even though its shares have no buyers," he said.

Moreover, the BSEC chairman is giving Beximco's owners the chance to sell their shares at a lower price even if they were bought under someone else's name.

Against this backdrop, Emon questioned how the BSEC could lift the company's floor price even though its chairman is absent, and no commission meetings are being held.

BSEC Chairman Islam did not respond to requests for a comment by the time this report was filed.

However, BSEC Spokesperson and Executive Director Mohammad Rezaul Karim said the floor prices were lifted following the same process used previously and it was not a decision of any commission meeting. "As the market is now bullish, the BSEC decided to lift the floor price," he added.

Karim also said company sponsors need to give a declaration if they want to sell shares.

"But Beximco's owners will not face any legal obligation in this regard if they make the sales announcement after the floor price is lifted," he added.

Businesses pick up

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A senior official of a top steel manufacturer said their manufacturing unit was operating in full swing, adding that deliveries had started on a limited scale.

He further said that the steel sector had been affected greatly during the past three weeks as they could not earn any revenue but had to meet their fixed costs such as utility charges, salaries and interest payments.

"How will we recover from these financial and non-financial losses?" he questioned.

According to him, investors will need a long time to make up for losses, but it is possible. "If the situation is stable for a long time, then it will be possible to offset the losses."

A senior official of Apex Footwear Limited said they resumed operations at their factories, but not in full swing.

"We will start operations in full swing considering the situation," he said.

However, business at their retail outlets had started partially.

Rezwan Habib, head of business operations at DBL. Lifestyles, which retails German and USA brand sportswear, said: "As the situation has improved a little, we opened outlets in Gulshan, Banani and Dhanmondi from Thursday. But sales as well as the number of customers are very low."

He opined that business would not return to normal any time soon.

"Basically, people are not yet relaxed. Due to that, their attention towards shopping is still low," he said.

Economists outline

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inflation with strong monetary and fiscal policies as well as improved market management.

The formation of a banking commission is long overdue, he said, adding that the job of such a commission will be to segregate wilful defaulters and normal defaulters.

He also said that presenting correct data is very important to ensuring accuracy in the calculation of economic indicators such as economic growth, exports and imports, and inflation.

According to Rahman, another priority is to stop money laundering by empowering financial intelligence agencies, which will in turn augment the inflow of remittances through formal channels. Additionally, the government should stabilise the foreign exchange market and check under- and over-invoicing so that the central bank's foreign currency reserves increase, he also said.

The finance adviser should also streamline the stock markets and ensure quality implementation of projects under the annual development programme (ADP).

Debt management and publishing a whitepaper on the banking sector are two other important priorities for the new finance adviser, Rahman added.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh (PRI), echoed Rahman's sentiments.

Mansur said the finance adviser's first task should be bringing stability to the banking sector and immediately appointing a governor and deputy governors at the central bank.

A 100-day priority work plan should also be outlined, detailing the reforms that the finance adviser wants to bring and how much time he will take to implement them, Mansur said.

"The action plan should be like an index of a book. Financial reforms should include reforms in the revenue sector, including taxation, VAT and customs, as well as restructuring for trade facilitation and LDC graduation," Mansur said.

Such reforms will also increase revenue generation, which will enable

greater spending on education and health.

Mansur suggested creating two separate commissions or taskforces: one for the banking sector and another for stock market, bond market and the insurance sector.

The banking commission will monitor the balance sheets and audit reports of every bank, he added.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, said filling vacancies in key financial institutions such as the central bank should be the finance adviser's first priority.

Removing inefficient and corrupt individuals alongside those who were recruited through political considerations is another priority, he added. He further said preventing extortion in the essential commodities market could lower prices of goods. Hussain also suggested prioritising the introduction of the proposed prompt corrective action (PCA) framework.

Selim Raihan, executive director of the South Asian Network on Economic Modelling (Sanem), said: "From a broader perspective, restoring law and order is the immediate challenge, which is the job of not only the finance adviser but of the entire government."

Restoring the supply chain, boosting economic recovery and controlling inflation are other priorities, he said.

Bringing back confidence among private sector entrepreneurs is also very important as investment, exports and imports were severely dented by the latest spell of unrest.

The finance adviser needs to hold regular meetings with private sector entrepreneurs because foreign investors are very concerned, Raihan added.

He also said the finance adviser should be given charge of the commerce ministry as it plays a big role in stabilising commodity markets.

Lastly, he said the proposed budget needed to be overhauled. "This is the golden time for an objective budget and to take realistic steps as the budget was given with some unrealistic figures."

US retailers rush holiday imports

REUTERS, New York

Retailers are fueling a summer rush of imports to the United States this year as companies guard against a potential strike by port workers and ongoing shipping disruptions from attacks in the Red Sea ahead of a shortened holiday shopping season.

Container imports and freight rates surged in July, signaling an earlier than usual peak season for an ocean shipping industry that handles about 80 percent of global trade.

July is expected to be the peak for US retailers, which account for about half of that trade, and August is expected to be almost as robust, analysts said.

Companies that import toys, home goods and consumer electronics have brought forward holiday promotions to capture customers who are shopping earlier each season. "Retailers don't want to be caught back-footed," said Jonathan Gold, the National Retail Federation's (NRF) vice president for supply chain and customs policy.

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Many shippers expedited holiday goods orders, with some putting Christmas items on the water as early as May, said Peter Sand, chief analyst at pricing platform Xeneta.

The influx is not a result of consumer spending, which has been tethered by stubborn inflation and high interest rates, experts said. Rather, it is a precaution against a potential US port strike and the late Nov. 28 date for Thanksgiving this year, squeezing the peak shopping and delivery season running to Christmas Eve.

In July US container imports registered the third-highest monthly volume on record with 2.6 million 20-foot equivalent units (TEUs), up 16.8 percent from a year earlier, in part owing to record imports from China, according to supply chain software provider Descartes Systems Group.

The NRF, which is chaired by the CEO of Walmart's US business and includes the CEOs of Target, Macy's and Saks on its executive committee, said it also expects strong August imports. Walmart, the nation's largest container shipping importer, reports second-quarter earnings on August 15.

STOCKS		WEEK-ON-WEEK
DSEX ▲	CASPI ▲	
11.08% 5,924.81	11.11% 16,799.76	

COMMODITIES		AS OF FRIDAY
Gold ▲	Oil ▲	
\$2,431.1 (per ounce)	\$76.99 (per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 1.04% 79,705.91	▲ 0.56% 35,025.00	▲ 0.37% 3,261.83	▼ 0.27% 2,862.19	