

Oil settles \$1 down as supply set to rise

REUTERS, Houston

Oil prices retreated on Friday as investors weighed expectations of a rise in Opec+ supply starting in October, alongside dwindling hopes of a hefty US interest rate cut next month, following data showing strong consumer spending.

Brent crude futures for October delivery, which expire on Friday, settled \$1.14 lower, or 1.43 percent, at \$78.80 a barrel, marking a decline of 0.3 percent for the week and 2.4 percent for the month.

US West Texas Intermediate crude futures settled down \$2.36, or 3.11 percent, to \$73.55, a drop of 1.7 percent in the week and a 3.6 percent decline in August.

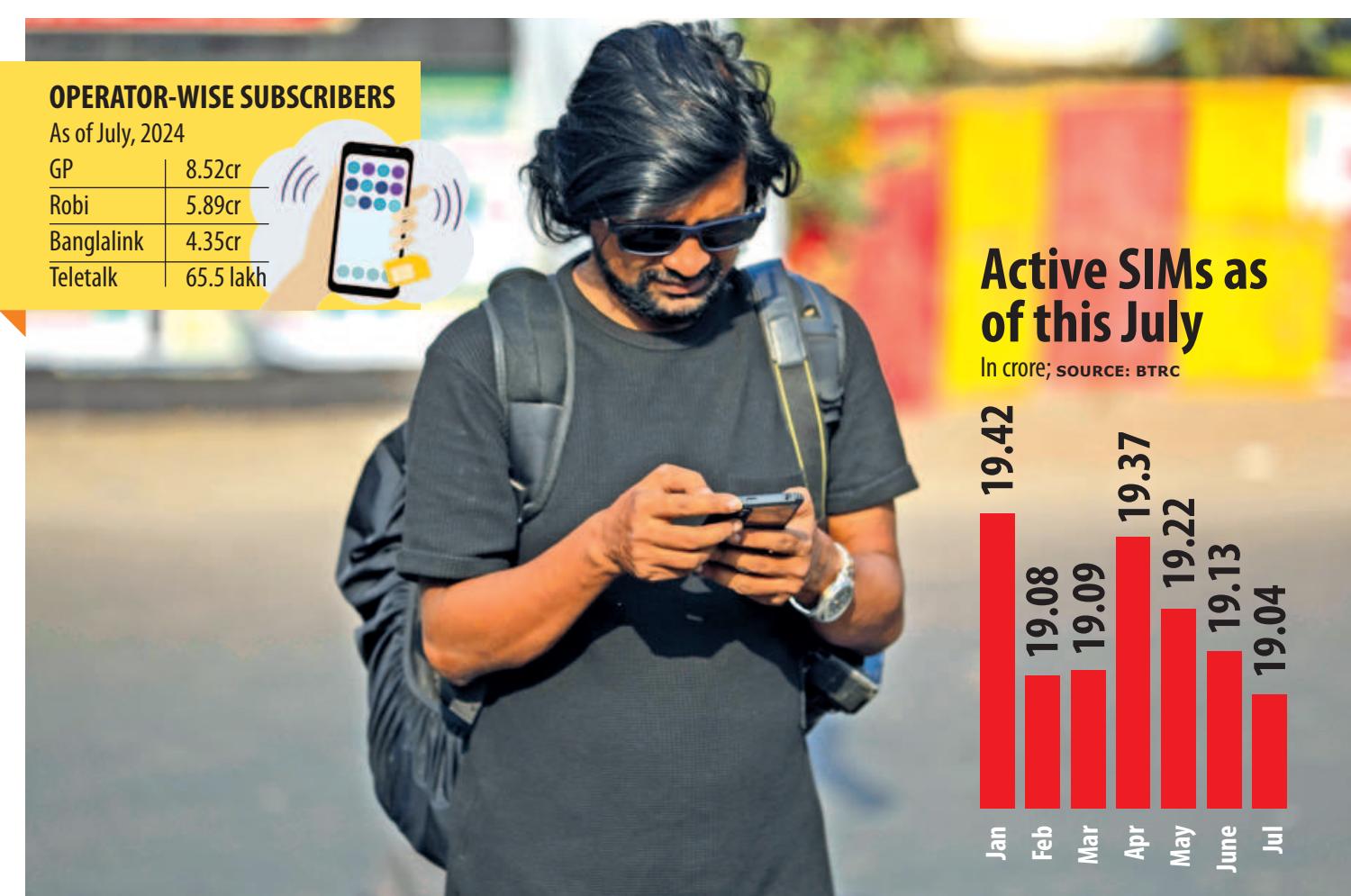
The Organization of the Petroleum Exporting

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Countries and allies, known as Opec+, is set to proceed with a planned oil output hike from October, as the Libyan outages and pledged cuts by some members to compensate for overproduction counter the impact of sluggish demand, six sources from the producer group told Reuters.

"Opec+ talking about going ahead with tapering off production cuts was the headline that really sunk us today," said Phil Flynn, analyst with Price Futures Group.

Meanwhile, investors responded to new data that showed US consumer spending increased solidly in July, suggesting the economy remained on firmer ground early in the third quarter and arguing against a half-percentage-point interest rate cut from the Federal Reserve next month.



Mobile subscriber numbers drop significantly in July

MAHMUDUL HASAN

The number of mobile subscribers in Bangladesh has dropped significantly in July, as all the operators lost customers.

The overall number of mobile subscribers is calculated based on the purchase of new SIMs (subscriber identity modules) minus the number of SIMs whose ownership have become invalid for being left unused for one and a half years.

Mobile network operators — Grameenphone, Robi, Banglalink and Teletalk — collectively lost about 18 lakh customers during the month, taking the total mobile subscriber base to 19.42 crore.

Banglalink alone lost about 9 lakh customers, bringing its customer base to 4.35 crore.

This is still 2.98 percent higher than what it had in the same period last year.

The country's second largest operator, Robi, lost 6 lakh customers, taking its subscriber number to 5.89 crore.

This was also a 3.70 percent year-on-year growth.

The number of subscribers of Grameenphone, the leading operator, dropped to 8.52 crore from the loss of 3.1 lakh customers.

On a year-on-year basis, Grameenphone's customer base grew by 4.16 percent, the highest rate among the operators.

State-owned Teletalk lost about 50,000 customers, taking its total to 65.5 lakh.

On a year-on-year basis, the number of customers of the operator increased by 1.24 percent.

Although the number of mobile subscribers in Bangladesh exceeds the population, the actual number of unique users is significantly low.

This discrepancy arises because the current regulations allow each individual to own up to 15 SIM cards, leading to a higher subscriber count than the true number of users.

According to Bangladesh Sample Vital Statistics, a project run by the Bangladesh Bureau of Statistics, the percentage of individuals aged over 15 who own a mobile phone was lower in 2023 than in 2020.

This was attributed to a persistent decline in ownership since the emergence of the Covid-19 pandemic due to grim economic conditions.

In 2023, only 74.2 percent of individuals aged 15 and older owned a mobile phone, marking a slight decline from the 75.4 percent ownership rate reported in 2020.

During the peak of the pandemic in 2021, mobile phone ownership among these individuals fell by 4.1 percentage points to 71.3 percent.

It then rebounded by 2.5 percentage points in 2022. However, last year saw a modest increase of only 0.4 percentage points as the country struggled with ongoing high inflation.

A significant finding of the Bangladesh Sample Vital Statistics is the gender gap in mobile phone usage.

While 86 percent of males reported owning a mobile phone, only 62.8 percent of females did, revealing a disparity of 23.2 percentage points.

This gap highlights a serious inequality in access to mobile technology between genders, signalling the need for targeted efforts to address the underlying causes and promote equal access to mobile devices across all groups.

Shahed Alam, Robi's chief corporate and regulatory officer, said aside from economic factors, the market for mobile phone users in the country has nearly reached saturation.

"There are around 11 million unique subscribers in the country. We've almost reached full market penetration, which has led to some observed slowdowns," he added.

OpenAI, Meta flex muscles as AI race heats up

AFP, San Francisco

The world's biggest AI companies are releasing new usage data showing significant growth as competition in the generative artificial intelligence sector heats up.

The pressure to show that ChatGPT-style AI chatbots are being adopted by the wider public is significant given the huge costs of delivering the technology.

The numbers could help quiet the small but growing group of naysayers that are asking to see bigger and quicker revenue from AI chatbots and other tools.

OpenAI, the creator of ChatGPT, on Thursday told US media that usage of its iconic chatbot had more than doubled since November to 200 million active monthly users.

The company led by CEO Sam Altman and heavily backed by Microsoft also said that 92 percent of Fortune 500 companies were using its services.

Facebook-owner Meta meanwhile on Friday said that usage of AI features across its platforms had jumped to 400 million monthly users and 185 million on a weekly basis.

The use of AI by Meta's more than three billion users was "growing quickly, and we haven't even rolled out in UK, Brazil, or EU yet," CEO and founder Mark Zuckerberg said in post on Threads.

The company also said that use of its company-built Llama model on the major cloud service providers had doubled between May and July with the release of its latest update.

Most companies using AI models access them through the world's leading cloud providers -- Amazon, Microsoft, IBM and Google -- instead of installing them on their own servers.

Llama, which is available for free,



Visitors look at screens displaying Japanese company Tomorrow Net's navigation-type AI communication tool "CAT.AI" with a ChatGPT function during an expo in Tokyo. OpenAI said that ChatGPT users more than doubled since November to 200 million active monthly users.

PHOTO: AFP/FILE

competes directly with the models that power ChatGPT or Google's Gemini that are also made available to companies for a fee through the cloud providers.

Microsoft, which builds its AI tools from OpenAI's technology, said in its latest earnings call that usage of its Copilot chatbot by business customers had increased 60 percent in just three months.

It added that overall web users have used Copilot to create over 12 billion images and conduct 13 billion chats to date and numbers were up 150 percent since the start of the calendar year.

Google, despite having led the way to develop much of generative

AI's capabilities over the years, has been criticized for lagging its rivals in deploying AI and making gaffes when it did.

The search engine giant last month said its Gemini chatbot was now included across all its products (such as Gmail or Google Maps) and on Thursday said it was again making its AI image generator available to Gemini's premium and business customers.

Google earlier this year suspended generating images of people after Gemini was discovered to be creating diverse but historically inaccurate images, such as Asian Nazis during World War II or a George Washington who was Black.

Industrial output growth slows to four-year low

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However, it has been slowing each year since.

The industrial sector accounts for roughly 38 percent of the country's economy, which grew by 5.82 percent in FY24, the second consecutive year it fell short of 6 percent, according to BBS data.

"This slow growth was not completely unexpected as the last fiscal year was entangled in economic pressures and mismanagement," said M Masrur Reaz, chairman of Policy Exchange of Bangladesh.

Import restrictions affected the arrival of raw materials and intermediate goods, which contributed to sluggish industrial growth, he added.

"As a result, the production capacity of factories reduced."

At the same time, domestic demand slowed due to high inflation and rising interest rates, Reaz added.

Annual inflation rose to 9.73 percent in FY24, the highest since FY12, according to the BBS.

"A contractionary monetary policy was needed to address inflation. But it was unwise to fight inflation by only using the monetary policy," he said.

Pointing to the causes of persistent inflation, he said: "The interest rate has been high for a long time. There is no focus on the supply chain. There is no focus on market manipulation. That is why it has happened."

Mohammad Hatem, president of the Bangladesh Textile Manufacturers and Exporters Association (BTKMEA), blamed policy constraints and the lack of a service-first mentality among bankers and public servants, including those at the National Board of Revenue (NBR), for the sluggish growth in

industrial production.

"Entrepreneurs are currently in trouble as banks are not cooperating with us to import raw materials," he said.

Providing an example, he said: "Around 18 days ago, I applied for a letter of credit for over \$700,000 but banks are yet to complete the process."

Besides, policy inconsistencies are hindering entrepreneurs from making new investments or going for factory expansion, he added.

Criticising the NBR's role and hoping the new NBR chairman would take proper action, Hatem said: "Some officials often harass businessmen. They don't catch the big fish. Instead, they harass compliant taxpayers."

Reaz added that private sector credit growth had slowed due to the contractionary monetary policy, adding: "Addressing the long-term fundamental constraints in our policy environment and our economic strategies would help spur a faster rate of industrialisation."

Reaz opined the interim government should focus on ensuring medium- and long-term solutions.

"First and foremost, we need an economic growth strategy which clearly identifies the role or importance of industrialisation and how Bangladesh will go about spurring or stimulating it."

"That would involve necessary reforms in infrastructure, business regulatory environment, skills and technology adoption, and logistics services and logistics infrastructure," he said.

He further said efficiency must be ensured.

"Even if there is infrastructure, there must be efficiency. The biggest example of this is our electricity sector."

Abu Ahmed becomes chairman of ICB

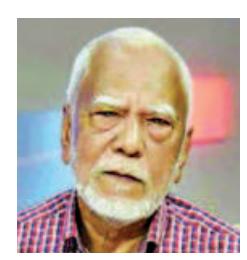
STAR BUSINESS REPORT

Prof Abu Ahmed, a former chairman of the economics department of the University of Dhaka, has been appointed as the chairman of Investment Corporation of Bangladesh (ICB) for the next three years.

Prof Abu Ahmed

The Financial Institutions Division of the finance ministry issued a notification in this regard last week.

Prof Ahmed will replace Subarna Barua, who resigned recently citing personal reasons following the ouster of Sheikh Hasina-led Awami League government on August 5.



STAR BUSINESS REPORT

Md Nazrul Islam Swapan, a businessman and industrialist, has been elected as the chairman of Exim Bank.

Md Nazrul Islam Swapan

The decision was taken at a meeting of the bank's board of directors on Friday, the bank said in a press release.

Prior to this new charge, Swapan had been serving the bank as a member of the board.

He has extensive expertise in real estate and aviation with 44 years of experience in the readymade garment sector.



What investors want as new BSEC

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the BSEC from deviating from its primary objectives, he said.

Khan also said the BSEC should not take on the role of stock exchanges and brokers to bring investors to the market, rather it should ensure that the latter abide by rules and regulations in getting good companies listed through IPOs.

To bring in good companies, the BSEC should revise the book building method. If good companies cannot get good prices in IPOs, they will not come to the market, Khan added.

Khan informed that the conservative calculation method was introduced in 2021 to prevent IPOs from having inflated prices, but it also hurt investors.

The regulator should ensure that floor prices are never imposed as it spoils the market's natural flow, he said.

If investors get any hint that this system will be imposed again, they will not invest in the market, added Khan, who is also chairman of EDGE AMC Limited.

Govt may trim budget

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Professor Selim Raihan, executive director of the South Asian Network on Economic Modeling, said the budget should be revised considering the existing economic challenges.

"However, to what extent it may be trimmed cannot be said on an ad-hoc basis. What is required for this is a proper exercise to finalise the figure," he added.

Raihan also said the current budget had been formulated based on "wrong assumptions".

"Now, the interim government needs proper projections on GDP growth, inflation, export earnings and remittances to redesign the budget," he added.