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COUNTING THE COST OF WILD WEATHER

QUEENSLAND BUSINESS MONTHLY, OUT FRIDAY

Elegant Outfit solution to a global problem

STEPHANIE BENNETT

WHAT began as a small software project for a client has turned into a fast-growing start-up that has raised $1 million in investment for Brisbane tech entrepreneur Bruce Stronge (pictured).

Mr Stronge's software engineering company NetEngine has been operating for 10 years, with clients such as Queensland-based business Flight Centre.

But three years ago Red Hat, one of its other clients, asked for a way to ensure its brand and marketing materials remained consistent across different platforms.

The software that was created for RedHat turned into spin-off company Outfit, which boasts Queensland University of Technology and Monash University among its clients.

Earlier this year, Outfit attracted a $1 million investment from the Microequities Venture Capital Fund, which will see the start-up create 10 new jobs to further expand its national customer base and break into the US market by the end of the year.

"Outfit is an elegant solution to a global problem," Mr Stronge said. "With Outfit, designers create once and watch their beautiful designs scale across multiple media formats."

Mr Stronge, who was born in Zimbabwe, has also worked in the UK and Slovakia, but now calls Brisbane home.

Read his full story in *Queensland Business Monthly* inside *The Courier-Mail* on Friday

Inflation up but rates set to stay same

THE Reserve Bank of Australia is likely to keep official interest rates on hold this year despite inflation inching higher, economists say.

Consumer prices are expected to have crept up in the March quarter, mainly on the back of higher fuel and food costs, taking headline inflation into the RBA's target band of 2 per cent to 3 per cent for the first time in years.

However, continuing softness in core inflation means the central bank will likely keep the cash rate steady for the rest of this year, economists say.

The Consumer Price Index due for release today, is expected to have risen 0.6 per cent in the March quarter for an annual rate of 2.2 per cent, according to a survey of 12 economists.

Underlying inflation, which strips out the effects of volatile price movements, is forecast to have risen 0.4 per cent in the quarter and 1.7 per cent over the year.

Economists also expect the CPI figures to confirm the slowing consumer demand that has been apparent in recent muted retail sales data.

World rally after vote in France

ASIAN stocks rallied yesterday, tracking a relief rally that swept through US and European markets, after centrist candidate and market favourite Emmanuel Macron won the first round of the French presidential election.

Pro-EU Mr Macron is expected to beat right-wing rival Marine Le Pen in a deciding vote on May 7 according to polls, which were mostly right about the first-round results.

"This alleviates fears that we were going to have to navigate a French exit (from) the European Union," said Brian Jacobsen, chief portfolio strategist at Wells Fargo Funds Management in the US.

"This is a classic relief rally showing up most in financials," he said. "We cleared this hurdle and now it's a little bit more clear running." European banks jumped 7.4 per cent overnight on Monday while banks on the S&P 500 added 2.8 per cent. The Dow Jones Industrial Average added 1 per cent overnight, while the CAC 40 in France rallied 4.14 per cent. In Asia yesterday the Hang Seng and Nikkei both rose more than 1 per cent.

Slow economy takes its Toll on Japan Post

JEFF WHALLEY

JAPAN Post has tumbled into the red after writing billions of dollars off the value of Australian logistics heavyweight Toll Holdings.

The Japanese postal service is taking a $4.9 billion hit on Toll less than two years after buying the freight specialist.

It has also confirmed 1700 jobs will be cut at Toll this financial year, with 300 jobs already axed during the past quarter.

The Toll write-off has wiped out Japan Post's earnings for the past year and dragged the group into the red to the tune of ¥40 billion ($480 million) – its first loss since privatisation a decade ago.

Japan Post had earlier forecast a net profit of ¥320 billion for the year to March.

The group paid $6.5 billion for Toll in May 2015.

It is writing off all the goodwill on its books for the Australian freight company – about $4.5 billion worth – and taking a further $400 million hit on the value of the Toll trademark and fixed assets.

The move comes at a time of fierce competition in the Australian parcel industry. Australia Post tipped $2 billion into its package-handling facilities two years ago as part of an attempt to stave off an assault from offshore players.

Germany's DHL has beefed up operations and Singapore Post has invested heavily in its Couriers Please business in recent years.

Industry insiders said Toll had competed on price for too long, falling behind on service and the reach of its network.

Japan Post installed a new management team at Toll on January 1, charging it with cutting costs and bolstering productivity. The job cuts are understood to be about 4 per cent of Toll's global workforce.

It was unclear last night how many of the 1700 jobs would be cut from Toll's Australian operations, but the group revealed in February that it was cutting up to 200 jobs in Australia, mainly among management and "back office" staff.

Toll has a logistics network spanning scores of countries and about 1200 operational sites in the Asia-Pacific region, North America and Europe.

Japan Post bought the group in a bid to catapult itself into the realm of global logistics titans such as UPS and FedEx. But it has had to contend with deteriorating demand due to a slower Australian economy.

ROADBLOCKS

$4.9b
Write-down Japan Post is taking on Toll

1700
Flagged job cuts at Toll