

Global consumer confidence dips, Indians most optimistic

REUTERS, London

GLOBAL consumer confidence dipped at the end of last year, a survey showed on Monday, and more than 60 percent of respondents said the next 12 months would not be a good time to spend.

India remained the most optimistic consumer market globally for a second straight quarter, followed by the Philippines, Indonesia and Thailand.

Concerns about US budget talks, which have since eased, and worries about the euro zone crisis weighed on consumer sentiment in the final quarter of 2012, according to the survey by global information and insights company Nielsen.

Sixty-three percent of respondents said it was not a good time to buy discretionary or non-discretionary things over the next 12 months, with spending restraint most notable among Europeans.

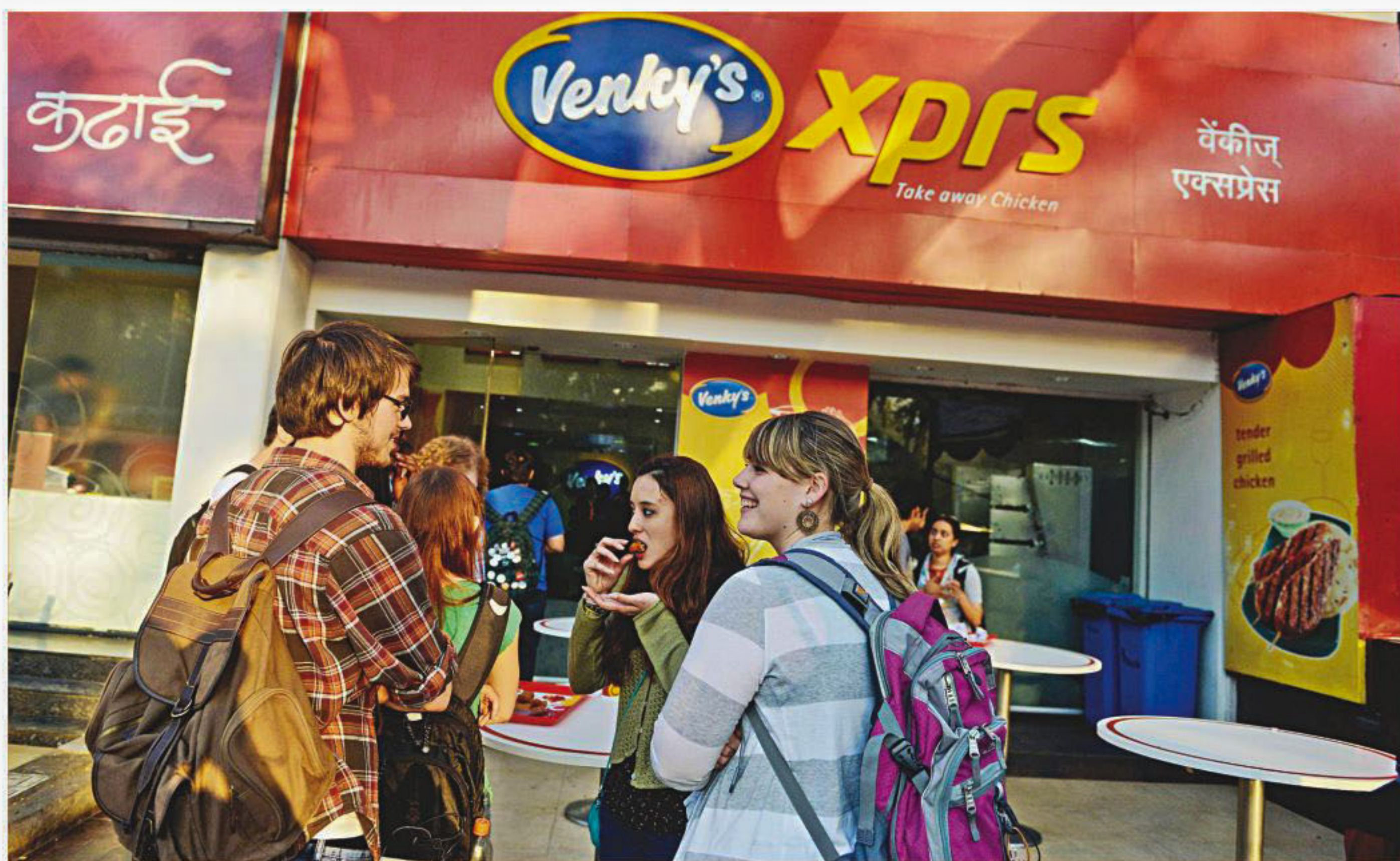
Consumers in the Asia Pacific were most upbeat but even there 59 percent said the next 12 months would not be a good time to spend, the survey showed.

The Nielsen Global Consumer Confidence Index dipped 1 point in the fourth quarter to 91, after rising 1 point in the third quarter, and was 2 points higher than a year earlier.

A reading below 100 signals consumers are pessimistic about the outlook. Only 10 of the 58 markets surveyed reported a reading above 100.

Confidence was worst in euro zone countries grappling with debt problems, notably Greece, where consumer sentiment fell sharply in the fourth quarter from the previous three months.

"With continuing uncertainty concerning the United States debt ceiling and mandated spending cuts, along with as-yet tentative signs of economic



Customers enjoy chicken snacks at a Venky's fast food outlet in Pune, India remained the most optimistic consumer market globally for a second straight quarter, followed by the Philippines, Indonesia and Thailand.

stabilization in Europe, we can expect continued caution and moderate growth in the first quarter of 2013," said Venkatesh Bala, chief economist at The Cambridge Group, a part of Nielsen.

"The major downside risk continues to be in Europe, where policy missteps within the European Union or within individual countries could damage fragile consumer confidence and take hold globally."

Confidence in China edged up slightly while Norway was the only developed market to be ranked among the top 10 most optimistic consumer

markets globally. In the United States, confidence dipped slightly between the third and fourth quarters but job prospects improved.

Since the survey was conducted US lawmakers have reached a deal to avoid automatic tax rises and spending cuts, although they face more show-downs over fiscal measures in coming months, and economic data has pointed to a sluggish recovery.

"North America is slowly, but steadily heading in the right direction," said Bala. "With continued weakness in Europe and uneven growth in Asia, it

may well be that with a brighter job market, the United States serves as the critical engine of improved global economic activity in 2013."

The US economy unexpectedly contracted in the fourth quarter of 2012 but has got off to an encouraging start this year with manufacturing growing at the fastest pace in nine months in January and employment rising modestly.

The Nielsen survey was conducted between November 10-27, 2012 and covered more than 29,000 online consumers across 58 markets.

End of development aid on the horizon

ANJA BURRI

AFTER four decades of cooperation between Switzerland and Bangladesh, there is an end of classical development aid on the horizon. To achieve the aim that Bangladesh becomes a middle-income country in the next 15 years, Switzerland raises its help.

According to investment bank Goldman Sachs, Bangladesh is among the "Next 11" countries that have the potential to become major economies.

"Our role is to support the country to achieve this goal," Derek Mueller, head of cooperation of the Swiss embassy, told The Daily Star at the Switzerland Bangladesh Development Fair in Rajshahi on Sunday.

Bangladesh will keep being a focus country of Swiss development aid in the next years, Mueller said. He expects the annual budget of the fund to grow from currently \$33 million to possibly \$44 million by 2017.

The majority of the projects supported by the Swiss government will deal with the market and private sector development, local governance, skills development and technical vocational education and training.

At the two-day fair at Rajshahi University premises, more than 30 ongoing development projects funded or co-funded by the Swiss government were shown.

Hundreds of students and interested people came to see the stands and enjoyed a colourful cultural programme consisting of local music and dance but also of three Swiss movies.

The fair marked the last point of the one-year-celebrations to the 40 years anniversary of bilateral ties between Switzerland and Bangladesh.

"We are proud of two main principles that we have followed for the last 40 years," said Swiss Ambassador Urs Herren at the opening ceremony of the fair.

"Over all these years, we have tried to build on-site capacities in order to strengthen our Bangladeshi partners." Furthermore, Switzerland has always tried to form long-time partnerships, he said.

It is difficult to express the effects of four decades of development aid in complete statistics.

Over the last five years, Swiss-funded interventions that contributed 2 percent to 2.5 percent to total annual Official Development Assistance have reached a total of about 15 million people.

Watch what central bankers say, not what they do

REUTERS, London

CENTRAL banking is in a state of flux as policymakers from Tokyo to Washington ditch prevailing orthodoxies to try to grab a bigger share of a slow-growing global economic pie.

That's why the focus this week will be on what European Central Bank (ECB) Governor Mario Draghi has to say about the strength of the euro and what Canadian central bank chief Mark Carney might have in mind when he succeeds Mervyn King at the Bank of England (BOE) in July.

Draghi holds a news conference on Thursday after an ECB policy-setting meeting. On the same day,

Exchange rates have much less of an impact on trade volumes than the state of external demand.

But, with global growth languishing, the relative performance of euro zone exporters will take a hit, said Daniel McCormack, a strategist at Macquarie in London.

"The euro could well be starting to cause a bit of pain already. It's moved up significantly, and in the context of what Japan's doing and the Fed's desire to get the dollar down or keep it low, it will have some impact," he said.

France has already complained about the euro's climb and Germany has blamed Japan for encouraging a weaker yen.

But Goldman Sachs said an ECB

Like the dollar, sterling has also fallen to a 14-month low against the euro.

British policymakers view a weaker pound as part of the solution to reviving the economy, which stagnated in 2012, and Goldman is among those who expect continued depreciation given the prospect of a more innovative and expansionary monetary policy under Carney.

McCormack reckons the shortfall in Britain's potential output that has opened up due to the recession is so great that the BOE might not need to contemplate tightening until 2018 - a full decade after the financial crisis climaxed.

But he said it was debatable whether Carney would prevail with his suggestion of targeting nominal gross domestic product, which implies permitting a temporary overshoot of inflation to allow growth to catch up.

"Most central bankers at the end of the day are in favour of strict inflation targeting. So he'll face a lot of intellectual pushback if he tries to get that through. But clearly there's the potential for some significant policy innovations once he's on board because he'll want to make his mark," McCormack said.

Central banks are not alone in rummaging around for new ways to spur growth.

European Union leaders, who hold a summit on Thursday devoted mainly to the bloc's budget, are expected to call for maximum efforts to reach a series of bilateral free trade pacts to lower tariffs and cut red tape throttling exports.

The prospects for talks with the United States and Canada are still up in the air, but leaders are likely to endorse an early start to talks with Japan, according to diplomats.

Trade figures happen to be the core of this week's global economic releases.

Britain's gaping goods deficit is forecast to show a small improvement, due in part to sterling's weakness.

China's imports are projected to leap, which would bode well for world growth.

BlackBerry searching high and low in India, Indonesia

REUTERS, New Delhi/Jakarta

RESearch in Motion Ltd must chart a tough course in its two key emerging markets of India and Indonesia: quickly launch cheaper handsets to woo lower-end subscribers while restoring its tattered brand among the countries' status-conscious.

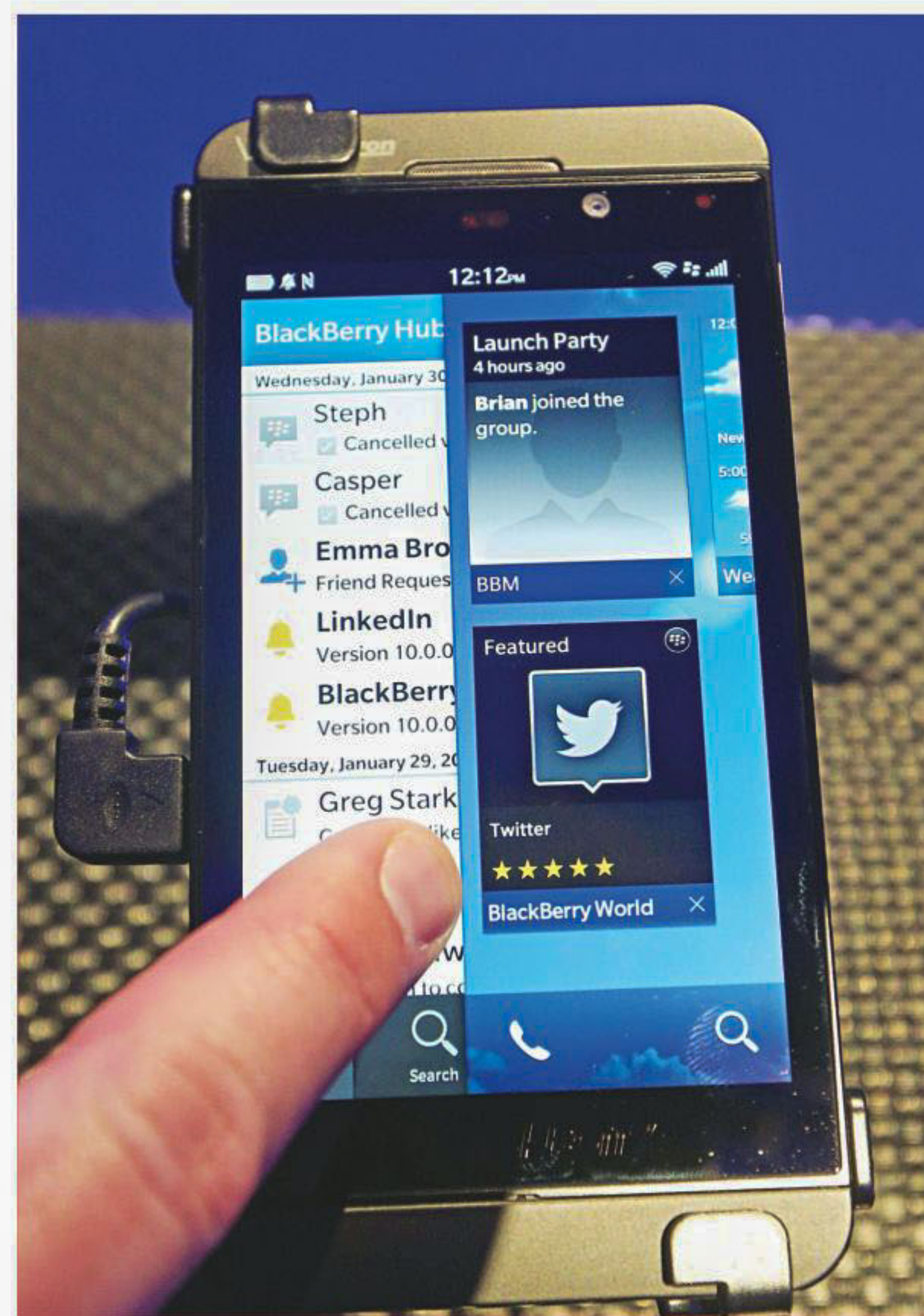
The company, which is rebranding itself BlackBerry after its best-known smartphone, has won millions of followers in these two Asian countries, mostly by selling cheaper handsets and offering service packages as low as \$2 a month. So it's unlikely that the Z10 model introduced last week, which operators in India expect to sell for around \$750, will appeal to the users it must reach if it is to build market share.

"It's clear that not only are India and Indonesia among the largest markets but in terms of future smartphone growth, they're amongst the ones with the most potential," said Melissa Chau, senior research manager at technology research group IDC in Singapore. "But the two devices that have been launched are not well aligned to the needs of these two markets."

While the company does not break down its sales by country, data from IDC shows that Indonesia was BlackBerry's biggest market outside the United States and Britain last year, while India was ninth.

ABI Research said that BlackBerry accounted for nearly half of Indonesia's smartphone shipments in 2012. Compare this with a global share of just 5.3 percent. In India, the world's second-largest mobile phone market, BlackBerry ranks third after Samsung Electronics Co Ltd and Nokia.

In both countries, young people are drawn by low-cost handsets allowing them to communicate for free on the BlackBerry Messaging Service (BMM). Almost all carriers offer services for the device. Indonesia's XL Axiata Tbk PT, for example, saw a 45 percent jump in



BlackBerry subscribers last financial year after offering packages for as little as 20 cents per day.

But this picture is changing rapidly.

The rise of messaging services such as WhatsApp that are not confined to any single operating system and the proliferation of cheap Android devices have diluted the BlackBerry's appeal.

Mickey Nayoan, a 32-year-old product designer in Jakarta, swapped his BlackBerry for a Samsung phone six months ago and isn't missing it.

"I survived without BlackBerry because there's WhatsApp," he said. "More and more people use it and so I don't need BBM any-

more."

At the same time, higher-end users have deserted what is increasingly seen as a low-end brand.

"When they came up with the cheaper versions, that took the allure off the brand for many Indonesians who are very status-conscious," said Ong Hock Chuan, a Jakarta-based communications consultant.

While BlackBerry remained the number one smartphone brand in Indonesia in the second quarter of last year, the most recent period for which rankings were available, Android overtook it as the most popular operating system, according to IDC.



with delicious timing, Carney will be wrapping up testimony to British lawmakers just as the BoE announces the results of its own policy meeting.

The unanimous verdict of economists polled by Reuters is that neither bank will change its stance. The environment, however, is shifting, presenting both with unwanted challenges.

The ECB must keep a close eye on the euro, which has risen to a 14-month peak against the dollar and a 30-month high against the yen, reflecting the Federal Reserve's promise to keep buying bonds until US unemployment falls much farther and the Bank of Japan's plan for a much looser monetary policy.

rate cut in response to a rising euro was still some way off, not least because the currency's vigour was largely due to improving economic and financial news from the euro zone.

The bank's economists did acknowledge, however, that the risks to its forecast that rates will stay on hold in 2013 were skewed to the downside.

"While global growth is picking up and demand growing, concerns about appreciation may be muted. But a strengthening euro in a stagnant global economy is likely to prompt questions about where the 'pain threshold' of German exporters to the level of the euro exchange rate lies," they said in a report.