

Stocks drop below the 4,000-mark

STAR BUSINESS REPORT

Dhaka Stock Exchange's benchmark index, DSEX, yesterday dipped below the psychological 4,000 point-mark for the first time in one and half months, as institutional investors adopted a go-slow policy.

The index closed the day at 3,968.79 points, after dropping 1.11 percent or 44.58 points.

"It was a weak start to the week as the tenure of current government has almost come to an end but no significant progress has been made concerning imminent election," LankaBangla Securities said in its analysis.

The uncertainty had a big negative impact on the stock market, the stockbroker said.

Mutual funds caught investors' focus yesterday as most of them were "trading below their respective net asset value", said IDLC Investments in its analysis.

As a result, eight mutual funds appeared in the top ten gainers' list with increased turnover, the merchant bank added.

Turnover, the most important indicator of the market, advanced 9.60 percent from the previous day to Tk 332 crore.

A total of 0.99 lakh traders were executed, with 9.68 crore shares and mutual fund units

changing hands on the Dhaka bourse.

Of the 291 issues that traded on the DSE floor, 81 advanced, 195 declined and 15 remained unchanged.

Amid the major sectors, engineering lost 2.97 percent, textile 2.36 percent, cement 2.07 percent and non-life insurance 1.81 percent.

However, banks gained 0.01 percent and life insurance 0.01 percent.

Bangladesh Submarine Cable Company was the most traded stock during the day; its transaction stood at 11.31 lakh shares worth Tk 25.86 crore. The company also plunged 10.22 percent and along the way topped the losers chart as well.

Prime Finance First Mutual Fund, which increased 9.95 percent in value, was the biggest gainer of the day.

The Chittagong Stock Exchange also declined yesterday, with its selective category index, CSCX, dropping 107.94 points to close at 7,730.47 points.

Losers beat gainers by 152 to 52, with 10 issues remaining unchanged on the port city bourse that traded 1.06 crore shares and mutual fund units at a turnover of Tk 30.57 crore.

However, Northern Jute Manufacturing Company has been halted for rest of the day by DSE management for unusual price hike of shares.

China launches free trade zone in Shanghai

AFP, Shanghai

China Sunday launched a major free trade zone seen as a testing ground for long-awaited market reforms in the world's second largest economy.

Commerce Minister Gao Hucheng attended the opening ceremony for the zone, which covers 29 square kilometres (11 square miles) in the country's commercial hub Shanghai.

Reforms in the zone will be closely-watched as a test of China's ability to make structural changes as it tries to realign its economic model in the face of slowing growth.

"The establishment of the Shanghai free trade zone is a significant move for China to conform to new trends in the global economy and trade, and implement a more active opening-up strategy," Gao said in a statement.

The government will allow free yuan convertibility under the capital account on a trial basis, according to a statement released by the State Council (cabinet) on Friday.

Market-set interest rates, seen by analysts as a key reform for China's economy, will also be trialled, according to the statement.

Restrictions on foreign investment will be eased inside the area, which will also loosen controls on 18 service sectors ranging from finance and shipping to cultural services.

Several financial firms including US-based

Citibank, and China's "big four" state-owned banks, will open branches in the zone, according to the Oriental Morning Post.

International firms including Microsoft and Porsche are involved in investment projects there, the newspaper said.

Excitement at the launch has boosted stocks of Shanghai-based firms and spurred a rally in home prices and land costs in areas bordering the zone in the past few weeks, state media has reported.

But analysts interviewed by AFP adopted a cautious approach. "It shows that the new government is keen on making reforms," said Stefan Sack, vice president of the European Chamber of Commerce in China.

"We have to see what kind of regulations will really be implemented there."

But he added that "a free trade zone in Shanghai alone will not change how business is done in China".

Unlike with previous special economic zones launched by China's government, the emphasis in the Shanghai free trade zone (FTZ) on the service sector, rather than export-oriented manufacturing, has been welcomed by economists.

The government has been struggling to shift the domestic economy away from dependence on big-ticket investments and exports, and more towards consumer demand, as the key growth engine.



Kosuke Miimi, chief executive of YKK Bangladesh Pte Ltd, speaks at a Global Marketing Forum organised by the company at The Westin Hotel in Dhaka on Saturday. Sergey Kozhevnikov from YKK Japan was also present.

Facebook to show users less unwanted ads

REUTERS, San Francisco

Facebook newsfeeds will contain fewer ads for products or services that users are not interested in, Facebook Inc said on Friday, announcing changes in advertising policy.

It was the Web company's latest effort to refine its newsfeeds that have become more important to its business. "When deciding which ad to show to which groups of people, we are placing more emphasis on feedback we receive from people about ads, including how often people report or hide an ad," Facebook said.

"If someone always hides ads for electronics, we will reduce the number of those types of ads that we show to them," the company said.

Facebook has been trying to make ads more prominent without triggering a backlash among its 1.15 billion users.

The world's No.1 online social network, which generates roughly 85 percent of its revenue from advertising, now injects one paid ad into every 20 "stories" users see in their newsfeeds, the company said in July.

While big brands such as Toyota and AT&T advertise on Facebook, the company also makes money from marketers of weight-loss and teeth-whitening products. Analysts say some users may not welcome these less-glamorous pitches in their newsfeed.

Forrester Research analyst Nate Elliott said Facebook needs to take steps to keep the latter category of ads in the less intrusive, right-hand side of the Web page, while reserving the space within users' newsfeed for higher-quality ads.

"If Facebook allows unappealing advertising to invade that space then they're in trouble. That harms the user experience, and reduces the value of that inventory for high-quality marketers," Elliott said.

Facebook said some marketers "may see some variation in the distribution of their ads" in coming weeks. The company did not elaborate.

Shares of Facebook finished Friday's regular trading session up 1.7 percent at \$51.24, the highest closing level since the company went public in May 2012.

NBR's e-cash register project flounders

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They should come forward to ensure that the VAT they pay are recorded properly," said Shahnaz Parveen, the commissioner at the commissionate of customs, excise & VAT in Dhaka (South).

But, as is practice, if a customer demands VAT receipt for transactions, they are asked to pay additional amount to their bills.

The NBR officials, however, said that should not be the case as the VAT is included in the prices that the restaurants, food courts and stores charge.

"That is the whole point of the ECR," said Muhammad Abdul Mazid, a former chairman of NBR and a vociferous supporter of ECR.

"ECR was introduced to save time of inspectors. At the same time, it was for the benefit of sellers and to give confidence to the consumers that the VAT they pay go to the state coffers."

He said the benefits of ECR cannot be reaped without proper enforcement.

Worker leaders demand hike in textile wages

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The owners are making wealth exploiting cheap labour, he said.

Khan also turned down the claim that most owners will not be able to pay Tk 8,000 as minimum salary.

The owners often claim they are making losses despite rising exports and new orders, said Rajekuzzaman Ratan, general secretary of Samajtantrik Sramik Front, another national trade union federation.

"Their claim is baseless," he said, adding that some big factories often grab business of the small ones and subcontract work to noncompliant units.

In 2010, the government had set the minimum monthly wage of garment workers at Tk 3,000, raising the amount from Tk 1,662.50 though workers demanded Tk 5,000.

The garment sector earns about \$20 billion a year from exports and employs around 3.6 million workers, mostly women.



AKKU CHOWDHURY, managing director of Transcom Foods that operates KFC in Bangladesh, attends the opening of a KFC outlet at Jamuna Future Park in Dhaka on Saturday. An outlet of Pizza Hut, also operated by Transcom Foods, was also launched the same day.

Supplier decries Tesco's threat to cancel orders

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Huq said he has started to act on the recommendations of the expert panel.

The civil engineering department of Buet also did not raise any major question about its safety and structural design and only urged the factory to reduce its moveable loads in the storage areas and advised against adding any new floors.

Ali Asgar and Associates, a professional engineering firm, also gave clearance to the factory.

The building was constructed in 2005 and was extended in 2007 to its present form—three-and-a-half stories high, with each floor spanning 44,000 square feet.

Huq, who employs 5,000 workers to manufacture 30,000 pieces of jeans, said he is losing Tk 50 lakh a day because of Tesco's decision. "The MCS inspectors also told BGMEA that the building would collapse within 60 years. But that has not happened," said Huq.

The building in question is a key part of the factory's production chain. The factory's production has dropped to 4 lakh pieces a month from 6.5 lakh pieces because of the closure.

Other buyers are also not placing orders with us, as work has stopped and panic unduly created by MCS," said Huq. The company is currently working on orders that were previously placed by buyers.

However, Tesco said it would reconsider its decision if the test results from Buet's investigation team favours Liberty Fashion, Huq previously told The Daily Star.

"Now that the Buet team has cleared the building, I hope Tesco sticks to its word and reinstates the order," he said.

Liberty Fashion wrote 19 letters to Tesco's Bangladesh office in Dhaka since the first week of June this year, but the retailer has not responded to any of the letters properly, he added.

Huq has already sent an open letter to Sir Richard Broadbent, chairman of Tesco, urging him to intervene and compensate the factory Tk 300 crore it lost due to closure of the building in the last four months.

"If the factory shuts down, it will not only lose Tk 300 crore, but 5,000 of its workers, 80 percent of whom are women, will be unemployed," Huq said.

Atiur Rahman, governor of Bangladesh Bank, presents a stipend to a student

programme recently when the bank signed a remittance drawing deal with UAE Exchange Malaysia.

He is willing to take a long and patient

view... to let things roll without worrying about profitability," said Alan Mutter, a Silicon valley-based media consultant and former Chicago newspaper editor.

"He's obviously a very talented businessman and has to be counted as one of the true digital natives," who could offer new ideas.

"He can look at the problems dispassionately. He didn't go to journalism school. He did not sell ads. Most of the people in the business have been in the newspaper business, they might not be out-of-the-box thinkers."

But Peter Copeland, a former editor and executive for the EW Scripps newspaper group and now a media consultant, cautioned against dramatic change, noting that the Post's print circulation still generates significant revenues, though less than previously.

"He seems to be in for the right reasons," Kennedy said.

"He sees it as a civic trust, and wants to run it as a good newspaper, and maybe even expand it," noting that that Bezos "is really our leading digital visionary when it comes to the consumer economy."

"I don't think it would be wise to blow up The Washington Post," he told AFP.

"It has a great brand. And this is a place where people really care about news."

Copeland said the Post is among the few US dailies that can draw a wide online audience outside its home market, and this gives it some flexibility.

"Because the Post was run by a family, a caring family, it has been often run like a family," Copeland said.

"It's still a giant organization and it needs to be resized for the amount of revenue they have now."

Daily circulation is estimated at 447,700, down from over 800,000 two decades ago. In the most recent quarter, the newspaper lost \$49 million, mostly from pension obligations. These were

effectively subsidized by the other Washington Post Co. units, mainly in television and education.

Dan Kennedy, a professor of journalism at Northeastern University who is writing a book on changes in the newspaper industry, said he is encouraged that Bezos is taking the risk.

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