

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 the newsfeed ads 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 commissionerate 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 coffer."

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 Samajantrik 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.



WTO

Fahmida Khatun, research director of the Centre for Policy Dialogue, speaks at a regional multi-stakeholders dialogue for West and Central Africa -- Strengthening the readiness of West and central African negotiators for the ninth WTO Ministerial Conference in Bali -- organised by the African Centre for Trade, Integration and Development, at Dakar in Senegal recently.



TRANSCOM FOODS

Akkhu 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.

New chapter set for Washington Post

AFP, Washington

With Jeff Bezos set to take over The Washington Post, the big question is: Can he arrest its decline and deliver an economic model for the rest of the industry?

The 49-year-old founder of Amazon could give the storied newspaper a chance to make the transition to the digital age, but it remains unclear whether he has a winning formula for ailing metropolitan daily newspapers.

Bezos, who agreed in August to buy the Post for \$250 million and take it private, is expected to close the deal sometime in early October, though no official date has been disclosed.

He has said little about his plans for the 136-year-old daily, which has long been seen as among the most influential in the United States, famous for its trailblazing coverage of the Watergate break-in and subsequent cover up which led to the resignation of president Richard Nixon in 1974.

Bezos said in August that he had "no map" for the Post but in a recent interview with CNN he called the newspaper "an important institution," and remarked that he was "optimistic about its future."

"It's a personal investment. I'm hopeful that I can help from a distance in part by providing runway for them to do a series of experiments, in part through bringing some of the philosophy that we have used at Amazon to the Post," he said.

Some say Bezos, a pioneer in online retailing, could revitalize a traditional business where recent years have seen jobs being slashed amid sinking revenues as news and advertising moves to the Internet.

"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.

"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.

But Bezos may also help bring some hard-nosed business skills to the newspaper, long-owned by the Graham family.

"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.

"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'm totally optimistic that he has put himself in a position to do something about this terrible calamity that has affected paid journalism," Kennedy added, noting the lasting lore of Watergate in American journalism.

"So many people in my generation went into journalism because of 'All The President's Men,'" he said, referring to the book and film about the Post's role in the Watergate scandal.

"Everybody wanted to be Woodward and Bernstein. People thought (actor) Jason Robards was the Post's editor."

Beyond content and revenue, Bezos will have one issue he has not faced at Amazon: labor unions. His purchase of the Post is expected to close with the Newspaper Guild renegotiating a contract that expired in July.

Bezos has pledged to keep salaries steady for one year. Guild unit co-chair Fredrick Kunkle has said members are taking a wait-and-see attitude.

"There are a lot of stories about Bezos being hostile to unions," Kunkle said, but noting he felt "hopeful" about the change in ownership.



SIBL

Md Shafiqur Rahman, managing director of Social Islami Bank, attends a programme recently when the bank signed a remittance drawing deal with UAE Exchange Malaysia.



KENNYROGERS

Mukarram Husain Khan, chairman of Capita Food and Beverage, attends the launch of Black Pepper Chicken product at the chain's outlet in Dhaka recently. Mahira Husain Khan, a director, was also present.



PRIME BANK

Atiur Rahman, governor of Bangladesh Bank, presents a stipend to a student at a ceremony organised as part of Prime Bank Foundation's education support programme, at the LGED Auditorium in Dhaka on Saturday. Md Nader Khan, chairman of Prime Bank, was also present.