Black Friday gets holiday shopping season into gear

AFP, *Washington*

Black Friday, the biggest US shopping "holiday," kicked off with expectations that lower gasoline prices and higher consumer confidence could mean better year-end retail sales than last year.

But there was little sign of the buying fever of years past, after many retailers started Black Friday sales early, turning Thursday's Thanksgiving Day holiday into what the industry has dubbed "Gray Thursday".

"Gray Thursday is cannibalising from Black Friday," Chris Christopher, director of consumer economics at IHS Global Insight, said in a phone interview.

Christopher said that anecdotally he had heard that stores action was "relatively thin." Many customers have already taken advantage of heavy discounts in early November to get their shopping out of the way, he said.

And, according to the research firm's data, there will be about 10 million fewer people receiving a pay cheque on Black Friday than last year. The median household income, adjusted for inflation, is about eight percent below its 2007 level, with most of the income growth seen by the top five percent of earners.

Big retail chains like Walmart, Target and Macy's opened their doors at 6:00 pm Thursday in hopes of boosting their weekend sales, even before many Americans had finished the traditional turkey holiday feast.

AFP

Black Friday shopper Umer Gonzalez pushes his Samsung big screen TV after purchasing it at a Walmart in Fairfax, Virginia, on Friday.

Walmart said Friday that more than 22 million customers flocked to their stores on Thursday, the same as in 2013.

"Online shopping started while turkeys were still in the oven and yesterday was our second-highest online sales day ever -- topped only by Cyber Monday last year," said Laura Phillips, senior vice president of merchandising at Walmart, the world's largest retailer.

Target said the Thanksgiving weekend got off to "a strong early start" with the discount chain for the first time offering special Black Friday deals on Wednesday.

Shoppers were snapping up TVs, headphones and other electronics.

BestBuy's website went down intermittently Friday, with a message saying "We're sorry. BestBuy.com is currently unavailable. Check back soon."

The company explained that "a concentrated spike in mobile traffic triggered issues that led us to shut down BestBuy.com in order to take proactive measures to restore full performance."

The National Retail Federation forecasts more than 140.1 million shoppers for the Thanksgiving weekend Thursday through Sunday, slightly below last year's expectations survey.

"We are encouraged by what we've seen thus far with eager Thanksgiving Day and early Black Friday shoppers," said Matthew Shay, NRF chief executive on Friday.

New vehicle sales were expected to rev up during Black Friday deals. "Shoppers continue to return to the dealership as economic conditions remain favourable, with the unemployment rate at its lowest in six years and with consumer confidence nearing pre-recession levels," said Alec Gutierrez, senior analyst for Kelley Blue Book.

In addition to the improving economy and healthy job gains, consumers may see more money in their pockets to spend as gasoline prices fall, mostly due to declining crude oil prices.

As of Monday, the average price at the pump was $2.82 per gallon, 47 cents lower than a year ago, "and the lowest price heading into a Thanksgiving holiday since 2009," according to the Department of Energy.

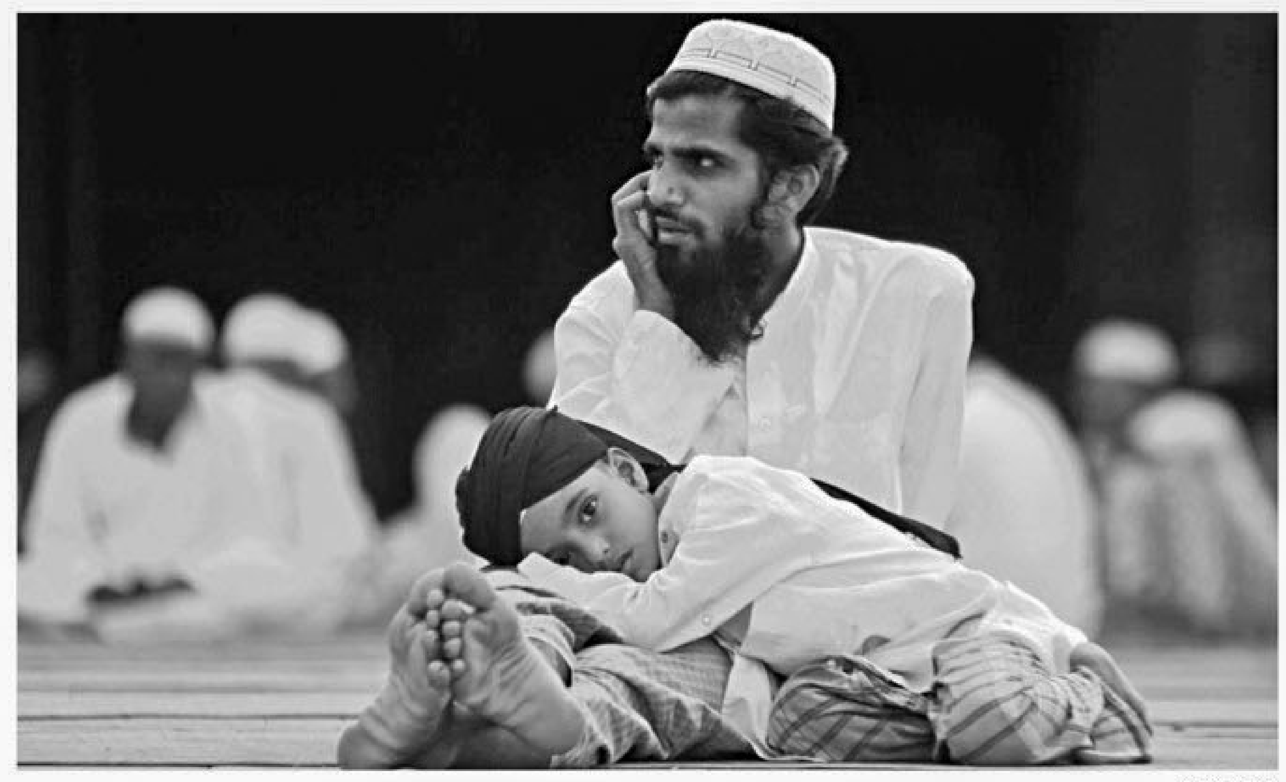
IHS Global Insight's Christopher said that "even though consumer spending on gasoline is slightly less than three percent of disposable income, it plays a more significant role on consumer mood."

Christopher was forecasting this year's holiday retail sales will increase 4.2 percent year-over-year, compared with 3.1 percent gains in both 2012 and 2013.

He noted that last year's holiday retail sales, at $579.3 billion, were weighed down by the federal government shutdown in October and an unusually cold December.

Consumer Reports said that Americans' shop-'til-you-drop Black Friday fever may be fading, after a poll showed more than half of them saying they will not be shopping at all.

Fifty-three percent of respondents said they did not plan to shop anytime during the five-day stretch between Thanksgiving Day and Cyber Monday, the promoted online shopping day.



REUTERS

A Muslim boy sleeps on the lap of his father in Chennai, India.

India gets new Islamic equity fund but debt market still off-limits

REUTERS, *Mumbai*

Mumbai-based SBI Funds Management will launch an Islamic equity mutual fund next month to tap into India's large but underserved Muslim population, although the country still lags in developing sharia-compliant debt alternatives.

India's 175 million Muslims, the largest Muslim minority population in the world, are unable to use Islamic banks because of laws requiring banks to charge interest, which is forbidden in Islam.

This policy has persisted since 2005, when the Reserve Bank of India (RBI) set up a committee to study Islamic finance, although equity products have fared better and the sector could now get a fresh push with its latest entrant.

SBI Funds Management, the sixth largest fund house in India with $11.8 billion in assets under management, will use the fund to decide if it should launch other Islamic products in the future.

"We don't have any targets on how much we expect to raise, but since it is an open-ended fund we expect to continue seeing new subscriptions over time," said D.P. Singh, executive director and chief marketing officer of SBI Funds Management.

"This is a niche product and we will see what kind of interest we get and maybe look at launching a bouquet of similar products if there is demand."

SBI Funds Management, a joint venture between asset manager Amundi of France and the State Bank of India, would join the local fund management arms of Tata, Taurus and Goldman Sachs in offering such funds.

Islamic fund managers screen their portfolios according to religious guidelines such as bans on tobacco, alcohol and gambling, in much the same way as socially responsible funds.

Such investment products, regulated by the Securities and Exchange Board of India, are based on Islamic equity indexes, with SBI's fund benchmarked to the S&P BSE 500 Shariah Index launched in May 2013.

In August last year, the RBI allowed a firm in Kerala to operate as a non-banking financial company that follows Islamic principles, but there has been little progress to develop Islamic banking operations across the country.

Analysts believe that unless full-fledged Islamic banks are permitted in India, the sector will find it hard to develop.

As of October, the Tata Ethical Fund - the oldest and largest sharia-compliant fund in India - held 2.24 billion rupees ($36.2 million) in assets under management, according to the fund's fact sheet.

AFP

Non-resident Indian Shashi Vyas poses with his indigenously developed "green sports car", locally made in India's Gujarat state, during the first day of the CII Auto Show Gujarat 2014 in Gandhinagar on Friday. The car is known as the Super Nova Electric Vehicle, which claims to cover 1,000 kilometres with a single charge of its batteries and at the speed of some 150 kms per hour. The cars, which Vyas claims has an order list of 250 units and awaiting manufacture pending approval of the Automotive Research Association of India, will cost between 1.5 to 2.5 million rupees.

Oil plunges to new multi-year lows on Opec decision

AFP, *New York*

Global oil prices plunged Friday to new multi-year lows after the Opec oil-producing cartel decided to maintain crude output in an oversupplied market.

US benchmark West Texas Intermediate for delivery in January closed at $66.15 a barrel on the New York Mercantile Exchange, down $7.54 from the closing price Wednesday. It was the lowest WTI close since September 2009. The NYMEX was closed Thursday for a holiday.

As the New York market closed in an abbreviated session Friday, in London, Brent oil for January delivery sank below $70 for the first time in four and a half years, to $69.78 a barrel. Brent settled at $70.15 a barrel, down $2.43 from Thursday's close.

The selloffs came after the 12-nation Organisation of Petroleum Exporting Countries (Opec) opted Thursday to maintain its collective output ceiling at 30 million barrels per day, where it has stood for three years, sending prices plunging.

Opec refused to cut production despite oversupply that has sent prices tumbling by more than a third since June, with analysts warning of further falls to come.

"Opec confirmed what many market participants had expected by leaving their official production quota unchanged," said Sucden analyst Kash Kamal.

"Many investors had hoped for some positive steps forward as the global supply glut continues to exert considerable downward pressure on futures prices," he added.

At Thursday's Opec gathering in Vienna, the cartel came under pressure from its poorer members, including Venezuela and Ecuador, to trim production as tumbling prices were eating into revenues and raising fears over their economies.

However, the group's powerful Gulf members led by kingpin Saudi Arabia resisted the calls to turn down the taps unless they are guaranteed market share, particularly in the United States, where shale gas has contributed to the global supply glut.

Another member, Kuwait, supported the move with the country's oil minister Ali Omair saying: "We decided that price will adjust itself based on supply and demand and that Opec is supposed to safeguard its market share in order not to lose its clients."

He suggested the United States should also bear responsibility and lower its own output of shale oil.

Venezuelan President Nicolas Maduro declared Thursday that he would keep pushing Opec to slash output.

The oil market has plunged in recent months, depressed by plentiful supplies, the stronger dollar and demand fears in a weakening global economy.

" Opec's decision to keep output is the main reason for prices to drop quite rapidly," said Daniel Ang, an investment analyst with Phillip Futures in Singapore.

"Prices are likely to be going down for the rest of the year," he told AFP.

Ang, who closely tracks the oil market, said he expects WTI to end 2014 in the "low 60s" and Brent in the "mid-60s".

This week's Opec decision was meanwhile perceived by some analysts as an attack on the booming US shale energy sector.

Lego builds success brick by brick in digital age

AFP, *London*

Generations of children worldwide have grown up loving Lego and the popularity of tablets and video games will not change that, the company's chief executive told AFP in an interview.

Joergen Vig Knudstorp said he believed that the plastic, multi-coloured bricks -- whose name is an abbreviation of the Danish words "leg godt", meaning "play well" -- would be around for "centuries".

The company hit trouble a decade ago but is now the world's biggest maker of toys by sales, more than quadrupling its revenues in 10 years.

Far from threatening Lego's popularity, Knudstorp said the digital era offered great opportunities for the company to build its customer base even further.

"We are one of the most popular video games, we also have reached more and more customers on social media -- Lego fans are gathering like never before," he said.

"In the past, children watched TV and then played with Lego. Now they play on tablets and play with Lego.

"The reason why they do it is that many children, and adults as well, want a real, physical experience. Even though we like to watch football or play it on a PlayStation, it's still not the same as running on the field kicking the ball."

He was speaking as Lego, whose headquarters are in Billund, Denmark, opened a fifth "main office" in London on Friday as the company seeks global growth.

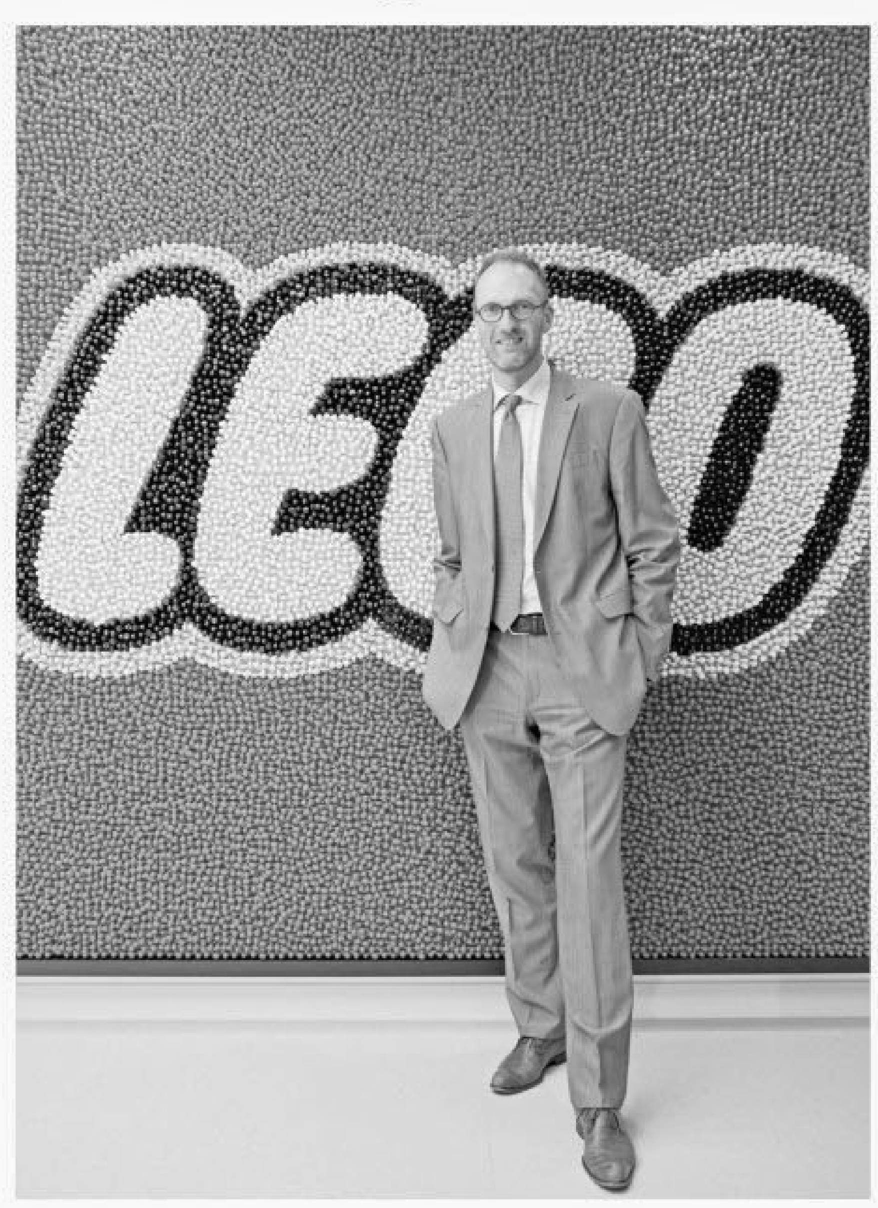
One key target is Asia. As well as offices in Shanghai and Singapore, the company started building a new factory in China's Jianxing, south of Shanghai, earlier this year to build Lego products for sale in Asia.

Such an international presence is a far cry from the company's origins.

The company was founded in 1932 by Ole Kirk Kristiansen, the grandfather of the current owner, in a small workshop in Billund, and took the name Lego two years later.

It started out making products like wooden ducks, while the iconic plastic brick in its present form dates back to 1958.

Lego became a major international brand from the 1960s and Legoland in Billund, now one of Denmark's biggest tourist attractions, was opened in 1968.



AFP

Joergen Vig Knudstorp, chief executive officer of Lego, poses for a portrait in central London.

But the group hit trouble in 2004, announcing major losses. Knudstrop was appointed that year and recalls receiving "letters from customers saying 'please don't die'".

He said that, at that stage, the company had "spread ourselves over too many areas" and was poorly run.

To turn the business around, he focused on cutting manufacturing costs, releasing the right products in tighter timeframes and "reigniting the product innovation, really working with children to make products they find more appealing".

Now the focus is on international expansion, hence the opening of the London office.

The opening coincides with the Brick 2014 fan event being held at London's giant ExCeL exhibition centre from Thursday to Sunday, featuring Lego sets, characters and construction zones.

For Knudstrop, despite the changes which he has brought and those in the digital world, the Lego brick is at the centre of what the company is about -- and will remain so for years to come.

"I think the brick will stay with us for centuries because it is fundamental like football or reading a great book, telling stories," he said.

"It's something that will be around forever."

Euro zone inflation back at five-year low in November

REUTERS, *Brussels*

Annual inflation in the euro zone cooled to 0.3 percent in November as energy prices fell, suggesting deflation remains a real threat for the European Central Bank.

The reading on Friday marked a return to September's five-year low for consumer inflation and was in line with a Reuters poll forecast. German data this week showed inflation in the biggest euro zone economy at its lowest in nearly five years.

The November euro zone figure compared to 0.4 percent in October. Consumer inflation has not been at the ECB's target level of close to 2 percent since the start of 2013 and has been falling since late 2011 when it peaked at 3 percent.

The ECB considers anything below 1 percent to be in its "danger zone" and the bank may be forced to take more radical steps to prevent deflation -- a concern for the bloc because that would make its debts harder to bring down.

Deflation also hurts demand because consumers generally stop spending as they expect prices to fall further, pushing the economy into a deeper downward spiral.

Britain's power network gets £17b investment jolt

AFP, *London*

Electricity suppliers in Britain are to invest £17 billion over eight years to renew and maintain the network, the regulator said Friday.

The decision, which covers five of the "big six" firms which run Britain's local electricity network, will also see them connect up to small-scale renewable power generation, such as solar panels. Along with the sixth distributor, which had already put measures in place, the total spent on Britain's local electricity network over the next eight years will be £24 billion.

"Ofgem has set challenging targets for all companies to continue improving reliability, speed up new connections to the network and increase their work with vulnerable consumers," the regulator said.