

**Nikkei sees biggest one-day jump since 2008 financial crisis**

AFP, Tokyo  
Tokyo stocks rocketed 7.71 percent Wednesday, leading an Asian equities rally as investors scooped up shares on the cheap, while a weak yen and hopes that China's wild market volatility was ending also boosted buying.

The Nikkei-225 at the Tokyo Stock Exchange soared 1,343.43 points to 18,770.51 by the close, in its biggest one-day jump since late 2008 during the global financial crisis and Lehman Brothers bankruptcy when markets were hit by heavy volatility.

The broader Topix index of all first-section shares jumped 6.40 percent, or 90.66 points, to 1,507.37.

Wednesday's recovery came after the Nikkei tumbled 2.43 percent a day earlier, wiping out all of its gains since the start of the year, as weak China trade data aggravated worries about the world's number two economy.

The Nikkei had been up almost 20 percent on the year in late June, before tumbling as China devalued its yuan currency last month, setting off a wave of global volatility.

"The selloff in Japanese equities has been excessive amid concerns over China's economic slowdown," said Kheim Do, Hong Kong-based head of multi-asset strategy at Baring Asset Management.

"Today's rally can be sustained once the market's perception of the Chinese economy improves."

Fears of a slowdown in Chinese growth have sent panic through world stock exchanges, as the country is a key driver of global expansion and a vital market.

# Storytelling, an art to inspire employees

Founder of StoryWorks explains the power of stories in business

SHUVASHISH ROY

**S**TORYTELLING is an essential leadership skill. It allows leaders to communicate, build engagement and drive changes in an organisation, said Indranil Chakraborty, founder of StoryWorks, a communications consulting firm based in India.

"We believe in increasing effective communication within an organisation through stories to inspire enduring changes," he said in a recent interview with The Daily Star.

The veteran corporate personality had also worked with Unilever as its global brand director, at Tata Teleservices as vice president for sales and marketing, and at Mahindra Holidays and Resorts India as chief marketing officer.

Chakraborty has recently come to Dhaka to attend the Communication Summit 2015 organised by Bangladesh Brand Forum as a distinguished speaker.

"The problem is, when we share facts, the facts are difficult to remember and recollect. When we use the story telling technique, we go back to the most fundamental way for us to connect," he said.

Humans are good at special understanding because they have not evolved as bullet-point readers, but as hunter-gatherers, said Chakraborty.

One can remember an event when it has an emotion attached to it, he said. "What a story does is that it links things powerfully because it touches the very core of a human being."

Chakraborty believes that a leader can facilitate storytelling as a mantra of engaging and inspiring a team. "People remember a leader's behaviour, rather than his speech at a town-hall meeting."

Embedding stories can add value to business, he said. At his last corporate assignment, his organisation brought a new vision called "making every moment magical" where "no room for ordinary" was one



Indranil Chakraborty

of the core values.

What he did was collect stories from employees with values that matched the core values. These stories were then made popular through the internal magazine, intranet and other internal small groups, thus, making the core value understandable by all.

Business storytelling is not about writing big stories; it is about taking small experiences and incidents and narrating them to make a point, he said. "It is not about writing fairytales, but about small anecdotes."

Chakraborty said anecdotes streamed with data can change the scenario in terms of decision making.

He gave an example where the ability to take a decision in a meeting dramatically increases if someone describes the sufferings of the families of employees who died in factory accidents for a lack of safety

measures, rather than just analytical data in percentages.

Chakraborty suggested Bangladeshi companies turn business case studies to success stories.

Powerful stories on why something promised or planned by the management should not be believed are called anti-stories, he said.

To neutralise them, the first step is to acknowledge the anti-story and then put a more powerful story in its place.

Effective storytelling needs authenticity, according to Chakraborty. "We are 22 times more likely to remember a story than disconnected facts."

The interviewer is strategic project planner for business development at The Daily Star and can be reached at roy.tds@outlook.com.

## The real reason to worry about China's FX reserves

PETER THAL LARSEN

China's giant foreign exchange hoard just got a bit smaller. A \$94 billion decline in August – the biggest absolute drop on record – shrank the country's reserves of US dollars and other currencies to \$3.56 trillion. The outflows have raised concerns about capital flight in the wake of China's botched devaluation. Yet the bigger risk is of a domestic squeeze.

For the world's second-largest economy, losing 2.6 percent of its reserves in a single month is more than a blip. Indeed, the figure would have been larger but for the euro's recovery in August, which boosted the value of China's holdings of the European currency in dollar terms. The best guess is that China spent well over \$100 billion defending its currency in the aftermath of the "one-off" shift in the yuan's value in mid-August.

Yet not all outflows are equally worrisome. The prospect of a weaker Chinese currency has shocked investors who spent the past five years happily assuming an ever-stronger renminbi. That is why Chinese companies are rushing to repay US dollar debt, foreign multinationals are shifting cash reserves into other currencies, and overseas investors are unwinding yuan-denominated bets.

If the value of the yuan was genuinely set by market forces, the currency would probably fall. Instead, the central bank is dipping into its foreign-exchange reserves to keep the exchange rate stable. It cannot do so indefinitely, especially if rising US interest rates make the dollar more attractive. Yet if China's overseas liabilities shrink along with its assets, the process could bring some benefits.

Even so, large capital outflows come with two headaches. The first worry is that Chinese citizens try to move their money out of the country. A recent crackdown on unofficial money-changers, such as pawn shops in the gambling haven of Macau, suggests officials are nervous about capital flight.

The second problem is that, each time the People's Bank of China sells dollars in return for yuan, China's money supply shrinks. The central bank can offset this by allowing Chinese banks to reduce their large reserves of domestic currency. But the risk is that the PBOC struggles to keep up with capital outflows. A liquidity drought is the last thing China's slowing economy needs.

The author is a Reuters Breakingviews columnist.

## Alibaba trims sales estimates as China economy slows



REUTERS

Actor Tom Cruise and Alibaba Group's Executive Chairman Jack Ma attend a promotional event of the film "Mission: Impossible - Rogue Nation" in Shanghai on Sunday.

REUTERS, Shanghai

Chinese e-commerce giant Alibaba Group Holding Ltd said on Tuesday it expected its total value of transactions in the second-quarter to be lower than previously thought, a fresh signal that China's slowdown is taking a bite out of consumer spending.

Alibaba is not the first company to flag the negative impact on sales of a weakening Chinese economy, but its sheer size makes it a bellwether.

The company dominates e-commerce in China, where online spending is expected to hit \$1 trillion by 2019, according to a report by research firm Forrester earlier this year.

At a tech conference in New York, Alibaba's head of investor relations, Jane Penner, said consumers were still willing and able to spend but the company had been seeing a "negative impact of the magnitude of the spending".

Alibaba now expects GMV, or gross merchandise volume, to be "mid-single digits lower" than its initial estimates in the quarter ending in September.

GMV is the total value of transactions made on Alibaba's platforms and is one of the most closely watched metrics for e-commerce companies.

"We are still seeing actually high engagement by buyers on our platforms...but lower average order values, for example," Penner told Citi's Global Tech Conference, according to an online play-back of the comments.

In August, Alibaba reported GMV growth of 34 percent in the three months through

June to 673 billion yuan (\$106 billion), the slowest growth in more than three years. Alibaba's shares slumped 4.7 percent to end at \$60.91 on Tuesday after earlier rising as much as 4.5 percent. The share price has halved since its peak in mid-November.

The Chinese government has been trying in fits and starts to transition the world's second largest economy from being investment-dependent to a consumption-based model.

But there have been mixed signals as to whether that effort is bearing fruit. On Monday, the state planning agency said power usage, rail freight and the property market had all shown improvement since August, indicating that the economy was stabilising.

But the next day the government reported that imports shrank far more than expected in August, adding to global investors' concerns that the world's second largest economy may be slowing more sharply than earlier expected.

Global financial markets have been rattled in recent weeks by fears that China's slowdown could drag on already sluggish global growth, while adding to deflationary pressures by depressing prices.

Alibaba also said it expected growth in its AliExpress business to slow to low double-digits for the quarter ending September, due to weakening currencies in markets such as Russia and Brazil.

The AliExpress business is a global online marketplace for shoppers to buy directly from China. A majority of Alibaba's international commerce retail business revenue is generated by AliExpress.

## Tears as India's soaring onion cost poses challenge for Modi

AFP, New Delhi

**A** leap in onion prices has left a bitter taste for Surinder Anand, owner of a New Delhi restaurant that sweats its way through a hundred kilos a day, but it could pose even bigger problems for India's leader.

The cost of India's staple vegetable -- an essential ingredient in curries and eaten daily by almost everyone -- soared in August to an eye-watering 60 rupees (90 US cents) a kilo on wholesale markets, up from 25 rupees in June.

"It's impossible to cook without onion, and we can't increase the cost of our dishes or customers won't come, so it all comes out of our pockets," Anand said.

Volatile vegetable prices are a perennial problem for India's leaders, but the humble bulb is particularly sensitive, and the recent spike is the biggest since Prime Minister Narendra Modi took power 15 months ago.

Unseasonal rains are named as one reason for the current shortage, sparking floods that destroyed crops earlier in the year -- while others blame the summer monsoon for disrupting supply.

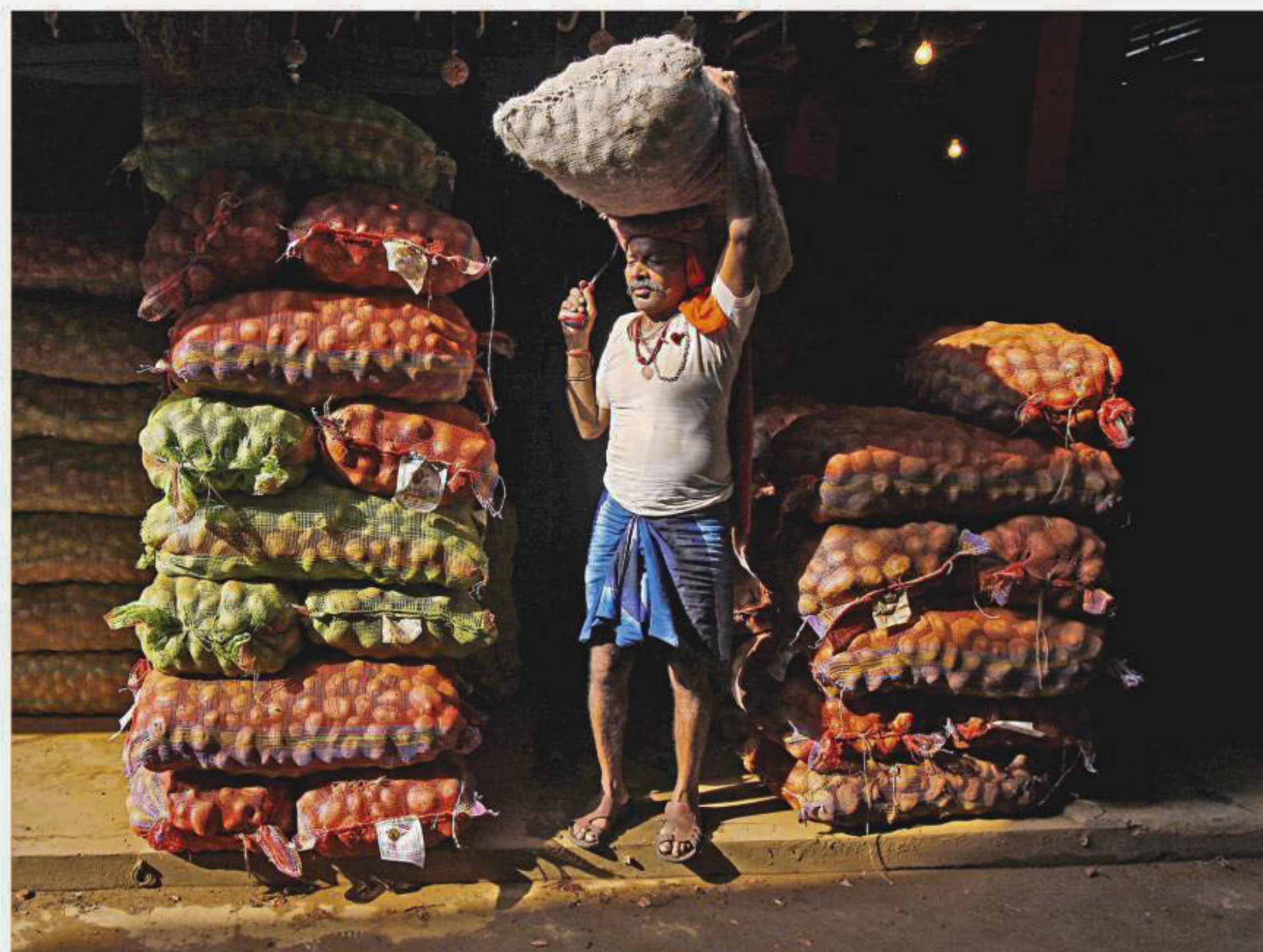
Dark editorials in the Indian press, meanwhile, point to a shady network of unscrupulous hoarders conspiring to stockpile onions, artificially pushing up prices.

It all comes as Modi prepares for crucial elections in the northern state of Bihar, one of India's poorest, where the prices of the staple food are highly sensitive.

Onion prices delivered Modi's Bharatiya Janata Party (BJP) a stinging defeat in Delhi Assembly polls in the late 1990s -- a result he is eager not to repeat in Bihar.

They are also credited with winning the rival Congress Party the "Onion Election" in 1980, although economists say politicians are now more alert to the potential flashpoint than in previous decades.

"Onions tend to be sensitive as there has been a history of onion



REUTERS/FILE

A labourer carries a sack of onions at a vegetable market in Kolkata, India.

prices worrying governments," Shubhada Rao, chief economist at Yes Bank in Mumbai, told AFP.

"In 1998 they shot up and the (New Delhi) government lost power and since then, governments have become wiser in terms of proactively handling such crises and taking action."

The Bihar state elections are important because success would give Modi's BJP the extra seats in the upper house he desperately needs to help him push through promised reforms.

While Modi's administration has moved to address the shortage, raising the minimum export price by 65 percent to \$700 a tonne in August, some say it has not gone far enough.

"There is no government support," said Nawal Shah, owner of Sonali Provision, a small grocery store in Patna, the capital of Bihar state.

"The state should have gone

cracking down on the hoarders and released tonnes of onions that were kept out of the market."

Tarkeshwar Kumar, who owns a small restaurant in Patna, said the price rise had a "huge" impact on his business.

"I cannot pass on the price hike on to the consumers and I cannot do without onions," said Kumar, who has started using magaj, a paste made from cashew nut and poppy seeds to flavour curries, and serving cucumber salad instead of onion.

"Things get nasty with some of the more demanding customers," he said.

Ordinary kitchens too, the shortage of the commodity is acutely felt.

"I reduced the quantity of onions I buy to half a kilogram from one kilo," said Usha Gupta, a Bihar housewife and mother of six.

"Making a tasty dish without

onion is very difficult; items like egg curry and chicken require a lot of onions," she said.

At the heaving Okhla Sabzi Mandi wholesale market in New Delhi, mountains of red and purple onions glisten in the mid-morning sun -- a fresh sign of government action.

Traders say they are imports ordered from Pakistan, Afghanistan and Iran in the past few days to ease the strain on prices.

But while the imports may calm the market, Mohammad Akram, an onion wholesaler who sells 300-400 sacks a day to retailers and restaurants, says they may bring their own complaints.

"The Indian onions have much more flavour, they are the traditional varieties that people like," Akram said.

"The ones imported from other countries -- Pakistan, Afghanistan -- they are not so tasty."