

# BB move brought cheer to stocks last week

STAR BUSINESS REPORT  
Stocks bounced back last week on the back of the regulatory move to relax rules for banks' capital market exposure.

DSEX, the benchmark index of Dhaka Stock Exchange, rose 87.45 points, or 1.93 percent, to close the week at 4,608.32 points.

The central bank's directive relaxing banks' capital market exposure limit acted as a market catalyst, broadening the scope for investment, said IDLC Investments.

From January next year, the banks' capital given to their stockmarket subsidiaries will not be considered a portion of their exposure, Bangladesh Bank said in a notice on December 20.

The news came as a relief to investors who were apprehensive of institutional sales, and the sentiment was reflected in the market, according to IDLC.

However, the market could not maintain the robust gain for the rest of the week due to a lack of encouraging economic and industrial outlook, the merchant bank added.

Turnover averaged Tk 437.35 crore, which was 43.35 percent higher than a week earlier.

Among the major sectors, non-bank

financial institutions rose by the most, of 7.06 percent, during the week, followed by ceramics at 3.68 percent, textile 3.06 percent and IT 2.57 percent.

Conversely, mutual funds and pharmaceuticals fell 1.26 percent and 0.36 percent respectively.

Of the 325 issues that traded on the premier bourse, 231 advanced, 65 declined and 29 remained unchanged.

Beximco Pharma topped the week's turnover chart with its transactions of 1.01 crore shares worth Tk 87.08 crore. Quasem Drycells, Beximco, KDS Accessories and Emerald Oil Industries rounded off the top five positions.

Baraka Power was the week's top gainer, registering a 16.85 percent increase. LR Global Mutual Fund One was the biggest loser, registering a drop of 10.14 percent.

Chittagong stocks also soared last week, with the bourse's benchmark index, CSCX, increasing 150.9 points, or 1.79 percent, to finish the week at 8,550.06 points.

Gainers beat losers as 199 advanced and 55 declined, while 18 finished unchanged on the Chittagong Stock Exchange.

The port city bourse traded 4.25 crore shares and mutual fund units worth Tk 159.03 crore in turnover.

# ICAB elects office bearers

STAR BUSINESS DESK

Kamrul Abedin has been elected president of the Institute of Chartered Accountants of Bangladesh for 2016, the largest professional accounting body said in a statement yesterday.

Adeeb Hossain Khan, Md Shaifur Rahman Mazumder, and Mahmudul Hasan Khusrul, were elected vice presidents for the same term, it said. The new office bearers were elected by members of the ICAB council, prior to its annual general meeting chaired by outgoing ICAB President Masih Malik Chowdhury in Dhaka.

Abedin is a partner of MJ Abedin and Co, a chartered accounting firm. He has also served ICAB as vice-president in 2014 and 2015.

Khan is the senior partner of Rahman Rahman Huq, another chartered accounting firm. He has served ICAB in various capacities including council member. He is also a fellow member of Institute of Chartered Accountants in England and Wales.

Khan currently sits on the board of Metropolitan Chamber of Commerce and Industry and Brac.

Mazumder is the managing director of Meenhar Securities and a director of Meenhar Group. He was the chairman of ICAB's Chittagong regional committee in 2012, and is a director of Bangladesh Frozen Foods Exporters Association.

Khusrul is a director and chief executive of InfoFort's Bangladesh operations, and a director of Masco International. He has served as director of finance at Expolanka Group and controller of finance for Rangs Group. He was the chairman of ICAB's Dhaka regional committee in 2011.



Kamrul Abedin

# Russian firms tone down holiday cheer as crisis bites

AFP, Moscow

Forget corporate holiday bashes where glitterati are treated to fine champagne and French delicacies: Russia's economic crisis has taken the glow off the holiday season this year.

Many companies are now forced to scrimp on once lavish New Year's parties or celebrate the country's most beloved holiday in the office -- with simple snacks on offer and employees bringing their own drinks.

On a recent afternoon servers were arranging Chianti bottles on white tablecloths for a holiday party for 500 employees of an international firm in Roll Hall, a venue just south of the Moscow city centre.

Yelena Vetrova, deputy director of the entertainment and shopping complex, said that business was mostly good although some clients waited until the last minute to book their parties, while others scaled theirs down.

"For the first time ever this year we were taking reservations in December," said Vetrova, noting that clients used to make bookings as early as May.

She added that some clients had cancelled, while others toned down the festivities: the average price tag this year is 25 to 30 percent lower than last December.

"People don't go away hungry but they don't eat foie gras," she said with a wry smile.

"Many firms ask us whether they can bring their own alcohol, and we agree."

Corporate New Year's parties became a

huge industry in Russia during the years of high oil prices, with some companies booking lodges in the Alps, splurging on chocolate fondue fountains and paying singers hundreds of thousands of dollars for a performance.

But if it was once trendy to show off, the opposite appears to be true amid a shrinking economy, with prices rising and real incomes falling by more than nine percent in the first 11 months of 2015.

This year, holiday excesses can land businesses in hot water.

The government is looking into what many believe is a suspiciously lavish banquet laid on recently by the state corporation Rosnano, a leader in Russia's nanotechnology industry.

Some 400 people attended the New Year's party, which reportedly cost more than \$30,000 (28,000 euros).

"We have a huge amount of money. Simply a lot," Rosnano head Anatoly Chubais told his staff at the event held at a Moscow club, according to a leaked video that caused a scandal. "We will have a second bonus," he said, to cries of "hooray!"

Chubais, one of a handful of figures who oversaw liberal reforms in the government of Boris Yeltsin and who managed to hold on to a top post under President Vladimir Putin, was forced to explain himself.

"About the New Year's corporate party," he wrote on Twitter on Wednesday. "I confirm that all expenses were paid from the personal funds of board members."



Ali Reza Iftekhar, managing director of Eastern Bank, opens the 79th branch of the bank at Mawna Chowrasta in Gazipur on Thursday. Nazeem Anwar Choudhury, head of consumer banking, was also present.



Nizam Chowdhury, chairman of NRB Global Bank, presides over the second annual general meeting of the bank at its corporate head office in Gulshan, Dhaka yesterday. Proshanta Kumar Halder, managing director, was also present.

# Apple asks court to make Samsung pay \$180m more in patent dispute

REUTERS, New York

Just over a week after Samsung paid Apple more than \$548 million for infringing the patents and designs of the iPhone, Apple has asked a US court to force its biggest smartphone rival to cough up even more.

In court papers filed on Wednesday, Apple Inc said Samsung Electronics Co Ltd owes nearly \$180 million in supplemental damages and interest.

These further damages relate to five Samsung devices that infringed Apple's patents and were sold after a 2012 jury verdict finding Samsung liable in the dispute.

Representatives for Samsung and Apple could not immediately be reached for comment. The long-running dispute dates back to 2011, when Apple sued Samsung alleging the South Korean electronics company violated its patents and copied the look of the iPhone. After the 2012 verdict, Samsung was ordered to pay \$930 million to Apple.

# US retailers at risk of missing modest holiday sales goals

REUTERS, Chicago/New York

Retailers are struggling to meet even modest forecasts for the holiday shopping season this year after the "Super Saturday" before Christmas failed to live up to its nickname, industry research groups said.

The last Saturday before Christmas often sets the annual record for retail sales, rivaling with Thanksgiving weekend's Black Friday. In recent years, last-minute shopping has determined the success of the season, and a relatively weak final weekend bodes poorly for retailers.

This year Super Saturday weekend sales in stores and online rose 4 percent to \$55 billion, after a 2.5 percent gain last year, according to retail consultancy and private-equity fund Customer Growth Partners. That puts overall store and online sales from the start of November through Dec. 22 on track to rise 3.1 percent, below the 3.2 percent pace the firm forecast and down from 4.1 percent growth in the same period last year.

"Sales have been sluggish so far this year as most consumers are still buying close to need," said Craig Johnson, president of Customer Growth Partners. "What's worse is the marked deceleration from a year ago," he said.

Last year, last-minute sales gained in the final 10 days of the holiday season, driven by savings from lower gasoline prices. If sales, spurred by gift card redemptions, hold up in the week after Christmas this year, retailers could move closer to meeting performance forecasts, consultants and

retail experts said.

The National Retail Federation, the leading industry body, has forecast a 3.7 percent rise in store and online sales this year.

Discounts across categories have been deeper than last year, in the range of 20 percent to 50 percent, said Traci Gregorski, vice president of marketing at analytics firm Market Track. But consultants said the discounting still had not been enough to boost store traffic materially.

Promotions earlier in November took a toll on in-store sales during the Thanksgiving weekend, when total spending was the same as last year, according to the NRF.

The drop in store traffic has been offset to a large extent by online sales. Forrester expects U.S. households to spend \$95.5 billion online during the holiday season, up 11 percent over last year. E-commerce accounts for 10 percent of US retail spending annually, but 14 percent of spending during November and December, the company said.

The surge in online sales did not significantly disrupt services this year at delivery companies like United Parcel Service Inc and FedEx Corp, which put firm cut-off dates for gifts to ship in time for Christmas, the companies and consultants said.

Most retailers had little choice but to comply with the cut-off dates.

"We have stopped (free shipping) for orders that promised delivery by Christmas" because of UPS' cut-off date, said Noelle Sadler, chief marketing officer at online clothing retailer Lulus.

# State banks prime lenders in call money market

FROM PAGE B1

Sonali lent about Tk 300 crore on Wednesday, while Rupali and Agrani, two other state banks, lent Tk 850 crore and Tk 636 crore respectively in the call market.

The official said Sonali lent Tk 1,045 crore a week earlier. The state banks' loan-deposit ratio hovers around 50 percent, meaning that the bank lends Tk 50 out of every Tk 100 deposit. After maintaining cash reserve requirement and statutory liquidity ratio, the bank can lend Tk 80. So, Tk 30 remains idle out of every Tk 100 deposit with the bank. The call-money market is a short-term money market, which allows financial institutions to borrow and lend money at interbank rates.

It is an integral part of the money market, where the day-to-day surplus funds, mostly of banks, are traded.

The rate at which the banks and non-bank financial institutes lend and borrow dropped to as low as 1.25 percent for banks and 2.75 percent for NBFIs. The highest rate was 4 percent for banks and 4.5 percent for NBFIs.

"We borrowed money from the call money market just to cover the temporary mismatches in funds," said Selim RF Hussain, managing director of Brac Bank.

Last Wednesday, Brac borrowed Tk 607 crore, the highest. A week earlier it borrowed Tk 923 crore.

Hussain said their borrowing will go down further this week, mainly due to rebalancing of the bank's liabilities.

Banks also borrow from this money market to meet the CRR and SLR as stipulated by the BB and often to meet sudden demand for money arising out of large outflows.

After Brac, City was the top borrower with Tk 480 crore last Wednesday, followed by AB Bank at Tk 394 crore, Trust Bank Tk 357 crore and Dhaka Bank Tk 321 crore.

# Tea prices edge up at weekly auction

FROM PAGE B1

Tea prices fell sharply in the last marketing season on poor demand from local buyers, as business sentiment was hit by renewed political unrest early this year.

The country has moved from being a net exporter to a net importer of tea due to rising consumption.

# Japan inflation ticks up in Nov, but spending weak

AFP, Tokyo

Japan's inflation rate ticked up in November, posting the first gain in five months, official data showed Friday, but still-weak household spending weighed on the world's number three economy.

The tepid figure -- a 0.1 percent gain in core inflation excluding volatile fresh food prices -- offered a glimmer of hope for Tokyo's bid to conquer years of deflation, after the economy narrowly sidestepped a recession last quarter.

But the latest inflation number remains way below the Bank of Japan's 2.0 percent target, as officials struggle to convince cautious firms to usher in big wage hikes to stir spending. A falling price spiral in Japan for years put consumers off buying in the hopes of getting goods cheaper down the road, denting firms' expansion and hiring plans. That has weighed on growth in the wider economy. In November, household spending fell 2.9 percent from a year ago, the third monthly decline.

Friday's weak figures came despite signs of a tight labour market, with the headline unemployment rate at a near two-decade low of 3.3 percent, slightly up from 3.1 percent in October.

Japan's economy saw a slight uptick in the July-September quarter, rising 0.3 percent -- and reversing an earlier forecast of a contraction that had risked putting the country into recession for the second time in as many years. A lacklustre global economy, marked by the slowdown in China and weakness in emerging markets, is posing challenges to the recovery. Tokyo has approved an extra spending budget to

stimulate the still-weak economy.

The latest inflation data followed three months of consecutive declines and a flat reading in July, according to the internal affairs ministry. The gain was mainly due to a slowing decline in oil prices, as well as rising prices of travel-related goods and services, the ministry said.

"The price gain was too small given the (BoJ's) 2.0 percent target," said Yusuke Shimoda, economist at Japan Research Institute. "While prices are expected to improve moderately, it will take time to achieve that ambitious goal. I don't think the Bank of Japan will take additional steps for now, but the market is pressuring the BoJ to launch more stimulus."

Last week, Japan's central bank announced an unexpected tweak to its vast monetary easing programme in a bid to power a recovery in the economy.

BoJ policymakers rolled out a series of changes, including boosting their holdings in firms dedicated to capital spending and new hiring.

They also made some other changes -- including hiking the bank's exposure to longer-term bonds -- after wrapping up their last policy meeting of the year.

The announcement comes as analysts raise concerns the BoJ would struggle to scoop up enough bonds under its 80 trillion yen (\$665 billion) annual asset-buying scheme -- which effectively prints money to spur lending.

The central bank's stimulus, launched more than two years ago, is a cornerstone of Prime Minister Shinzo Abe's attempt to kickstart the long-lumbering economy with a policy blitz dubbed Abenomics.



Mustafa Anwar, chairman of Islami Bank Bangladesh, presents a cheque for Tk 10 lakh to Hafiz Ahmed Mazumder, chairman of Bangladesh Red Crescent Society, at Islami Bank Tower in Dhaka yesterday. The fund will be used to buy blankets for the poor.



Sk Raihan Ahmed, chief executive of Shun Shing Group, opens a plant of Shung Shing Building Materials in Kaliganj, Gazipur yesterday. Nantu Kumar Day, chief technical officer, and Asadul Haque Sufyani, chief marketing officer, were also present.



SK Sur Chowdhury, deputy governor of Bangladesh Bank, opens a branch of Union Bank at Banpara in Natore yesterday. Md Abdul Hamid Miah, managing director of the bank, was also present.