



Chairman and Managing Director of ADN Telecom Asif Mahmood, Directors Md Mahfuz Ali Sohel, Md Moinul Islam and Khandker Mahmooda Saeed and Independent Director AKM Shafiqul Azam attend the 13th annual general meeting of the company in Dhaka on Thursday. The company approved 5 percent cash dividends for its shareholders for the year ended June 30, 2016.

ADN

UK economy sidesteps Brexit vote hit, 2017 outlook darker



Robust consumer demand continued to help the UK economy grow steadily in Q3 of 2016.

REUTERS, London

British consumers brushed off June's Brexit vote and drove the economy to expand faster than expected in the third quarter, but a hefty current account gap and weaker trade and investment raised warning flags for 2017.

The economy grew by 0.6 percent in the three months to September, above its long-run average and beating expectations in a Reuters poll of economists who expected the Office for National Statistics to stick with its earlier estimate of 0.5 percent.

The ONS also revised down growth for the second quarter to 0.6 percent, meaning there was no slowdown at all following June's Brexit vote -- confounding predictions at the time that the 'Leave' vote would push Britain's economy into recession.

With the large services sector continuing to

perform well in October, Britain's economy looks on track to expand by more than 2 percent this year -- faster than almost all other big advanced economies except perhaps the United States.

Sterling rose against the dollar after the data, having hit a seven-week low earlier in the day.

But Friday's figures showed no sign that sterling's sharp fall after the referendum had boosted exports. The picture for trade worsened markedly and growth depended more on domestic consumer demand than previously thought.

"Six months to the day after the Brexit vote, it is clear that 2017 is likely to be a challenging period for the economy, not least in assessing 'traditional' imbalances in the current account and the household sector," Investec chief economist Philip Shaw said.

Economists polled by Reuters expect Britain's

growth rate to more than halve next year to 1.1 percent.

Household spending rose at a quarterly rate of 0.7 percent in the third quarter, but at the same time household incomes adjusted for inflation fell 0.6 percent -- the biggest drop since early 2014.

Households also ate into their savings, with the savings ratio dropping to its lowest in eight years.

"With high inflation set to weigh further on spending power next year, the consumer is surely set to falter soon," said Martin Beck, economist at consultancy EY ITEM Club.

Business investment also disappointed, with the ONS more than halving its estimate for investment growth in the third quarter to 0.4 percent.

Net trade subtracted 1.2 percentage points from third quarter growth, the biggest drag since early 2012 and compared with an initial estimate that trade had offered a 0.7 percentage point boost to the growth rate.

This reflected corrections the ONS recently made to trade data due to a miscalculation in the trade of gold.

Britain's current account deficit widened to 25,494 billion pounds (\$31.23 billion) from a downwardly revised 22,079 billion pounds in the second quarter.

While lower than the 27.45 billion pounds expected by economists, it caused the deficit to rise to 5.2 percent of gross domestic product from 4.6 percent -- approaching a record 6.0 percent seen in late 2013.

In the run-up to June's referendum, Bank of England Governor Mark Carney said Britain relied on the "kindness of strangers" to meet its financing needs -- something that could fade if Britain became a less attractive investment destination.

Some economists warn Britain could still be vulnerable if it looks like it will end up with a bad deal in its divorce from the European Union.

Banks in focus as world stocks drift into Xmas break

AFP, New York

European stocks and Wall Street traded nearly flat Friday in a quiet session before Christmas, with banks topping the agenda after huge US fines and a bailout in Italy.

London closed marginally higher in a half-day session, as upwardly revised data showed the British economy grew 0.6 percent in the third quarter despite Brexit jitters.

In the eurozone, Frankfurt and Paris hovered around either side of unchanged but Milan jumped, closing over one percent higher, on relief over a state rescue of the Monte dei Paschi di Siena (BMPS) bank. US stocks finished modestly higher, with most pharma stocks rising. Still, the Dow came up short of 20,000 points, its latest failed push towards the landmark.

Analysts suspect the post-election rally may have run its course after Republican Donald Trump's election to president

boosted hopes of a pro-growth agenda from Washington. "The market still believes Trump's agenda will have positive effects, but it needs something concrete to go even further," said Gregori Volokhine, president of Meeschaert Capital Markets.

Deutsche Bank and Credit Suisse agreed to pay a total of almost \$12.5 billion to settle disputes over the sale of mortgage-backed securities during the global financial crisis.

Germany's biggest lender reached a \$7.2-billion deal to settle a case with the US Department of Justice over its role in the subprime mortgage crisis. Credit Suisse agreed to pay nearly \$5.3 billion. US-traded shares of Deutsche Bank rose 0.5 percent, while Credit Suisse dipped 0.5 percent.

Barclays lost 0.9 percent after the DoJ announced Thursday that it was suing Barclays, accusing the British bank of massive fraud in the sale of mortgage-backed securities which contributed to the 2008 crisis.



Chairman of Zeil's Shop Zahir Uddin Tarik and Executive Director MA Quader open a new outlet of Zeil's at Chawkbazar in Chittagong.

German consumers view New Year with optimism

AFP, Frankfurt Am Main

German consumers are looking ahead to the new year with optimism, a leading survey said Friday, though it warned that the impact of this week's deadly Berlin attack had yet to be taken into account.

The poll of around 2,000 people, carried out by market research firm GfK, found that consumer morale in Europe's top economy rose for a third consecutive month in December.

"Consumer appetite remains robust," it said in a statement.

Looking ahead to 2017, GfK's headline consumer confidence indicator was forecast to rise to 9.9 points in January, it

said, up from 9.8 in December.

Buoyed by a strong labour market and high wages, Germany's big-spending shoppers appear unfazed by a string of political and financial risks on the horizon, the pollster said.

"Consumers are showing resilience towards a series of risk factors, such as the outcome of the US elections, the Brexit decision, the flare-up of the Italian banking crisis... and the ongoing terror threat," it said.

In a note accompanying the survey however, GfK said respondents were questioned before Monday's truck assault on a Christmas market in Berlin.

"Any possible implications from that will be known in the next survey at

the earliest," it added.

Twelve people were killed in the attack, which was claimed by the Islamic State group.

The latest snapshot of consumer morale echoed the upbeat findings of a closely-watched business confidence survey released by the Munich-based Ifo institute earlier this week.

That poll found that German businesses also expected to end the year on a high note, likewise shrugging off concerns about Brexit or Donald Trump's surprise election in the United States.

The German government expects the economy to grow by 1.8 percent this year and 1.4 percent in 2017.

Deutsche Bank, Credit Suisse agree billion-dollar settlements in US

AFP, Frankfurt Am Main

Deutsche Bank and Credit Suisse said Friday they had agreed with US authorities to pay billions of dollars to settle probes into the sales of toxic mortgage bonds that contributed to the 2008 financial crisis.

The German lender will pay a total of \$7.2 billion -- a \$3.1-billion fine and \$4.1 billion in relief to consumers -- as part of the long-sought agreement in principle with US authorities, it said.

Shares in the German banking giant rose on the Frankfurt stock exchange on the heels of the announcement, which analysts said was a good outcome for now.

"With this settlement, CEO John Cryan has given himself and Deutsche Bank a Christmas present," said LBBW bank's Ingo Frommen.

In September, the US Department of Justice had sought an unaffordable \$14-billion fine from Deutsche, sparking fears the bank could collapse and destabilise the global financial system.

Hours after the deal was announced on Friday, Credit Suisse said it too had struck an agreement with US authorities to pay almost \$5.3 billion to settle a similar dispute over subprime mortgage bonds.

A day earlier, the DoJ revealed it was suing British financial giant Barclays, accusing the bank of massive fraud in the sale of mortgage-backed securities in the US.

The rash of announcements comes

as President Barack Obama's outgoing administration is racing to finish investigations into the Wall Street firms that created and sold the risky mortgage bonds that led to the worst crisis since the Great Depression.

US authorities have already taken more than \$46 billion in fines from other big banks for their roles in the financial meltdown, according to Bloomberg News.

Deutsche's chief executive Cryan had always insisted that the German lender would pay far less than the initial US demand.

And the bank brushed off fears the consumer relief element would have a significant impact on its results.

The financial consequences, if any, of the consumer relief are subject to the final terms of the settlement, and are not currently expected to have a material impact on 2016 financial results," the bank said.

Deutsche Bank's share price plummeted in late September on news of the US fine demand to historic lows of 9.90 euros.

Investors feared their stakes would be diluted if the lender -- already struggling with a painful restructuring and a morass of legal entanglements around the world -- was forced to raise fresh capital to cover the fine.

Its stock ended Friday's session 0.34 percent higher at 17.81 euros after surging by more than four percent at the start of trading.

"Although today's settlement is not the end of the route, it has been a good short-term relief for investors, given that Deutsche Bank needn't

raise capital to cover for legal charges in the immediate future," said analyst Ipek Ozkardeska of London Capital Group.

While the settlement resolves a major headache for Deutsche, the lender is still facing some 8,000 legal challenges, including an investigation by New York regulators into alleged money laundering at its Russian branch.

Deutsche has had to set aside billions in provisions to deal with the cases.

Meanwhile, it is undergoing a massive shake-up under Cryan, who plans to cut units and slash 9,000 jobs in a bid to improve the bank's profitability at a time of low interest rates and sluggish global growth.

Barclays, Deutsche Bank and Credit Suisse were among several major banks implicated in the global financial crisis, along with Royal Bank of Scotland.

Credit Suisse on Friday said that under its own agreement reached with the US, it would pay the DoJ a civil monetary penalty of \$2.48 billion and provide consumer relief totalling \$2.8 billion.

The deal still needs to be approved by the bank's board, it added.

News of the settlements contrasted sharply with the DoJ's surprise decision to sue Barclays in open court, after failing to find a mutually acceptable resolution.

"Barclays appears to be playing the long game, hoping it can get a better result in the courts," said LCG analyst Jasper Lawler.



Investment Corporation of Bangladesh's Chairman Mojib Uddin Ahmed presides over the 40th annual general meeting of the corporation, at Hotel Purbani International in Dhaka yesterday. The shareholders approved 30 percent

Mindshare teams up with Facebook

STAR BUSINESS DESK

Mindshare has recently teamed up with social media platform Facebook to help brands and businesses embrace digital marketing in Bangladesh.

Mindshare Bangladesh will work as a key business contact point in providing guidance, strategy and implementation for all Facebook marketing solutions available to the Bangladesh market.

"We have been actively working with Facebook for the last couple of years and sincerely believe this partnership that will open up more doors of opportunities to effectively connect people on Facebook with the brands in the media industry of Bangladesh," said Morshed Alam, executive director of GroupM and Mindshare Bangladesh.

"As more and more people come online for the first time via mobile phones, brands are keen to engage and create an association with people in Bangladesh," said Umang Bedi, managing director of Facebook South Asia.

"We are excited about our partnership with Mindshare Bangladesh and look forward to helping brands of all sizes seize the opportunity to understand Facebook as an efficient and cost effective marketing platform."