

# Japan braces for worst pos-twar economic slump

REUTERS, Tokyo

Japan's economy braced for its worst postwar slump even as first-quarter GDP contracted less than initially thought, as the coronavirus crisis slams the brakes on global growth and raises pressure on Tokyo to cushion the blow to business and consumers.

Banks are doing their bit to help as lending rose at the fastest annual pace on record in May, a sign companies were tapping loans to meet immediate funding needs to survive slumping sales from the pandemic.

While U.S. and European policymakers have shifted from crisis-response to efforts to prop up growth, Japan is struggling to do so as it continues to focus on preventing a second wave of infection.

In an interview with Reuters, economy minister Yasutoshi Nishimura said Japan should primarily focus on back-stopping faltering businesses, suggesting the central bank should avoid pushing interest rates deeper into negative territory.

"We're not at a stage yet where we want to stimulate consumption and encourage people to travel a lot. Efforts to stimulate consumption should wait a bit more," he said, when asked whether the Bank of Japan should take steps to boost demand, such as deepening negative interest rates.

The world's third-largest



**A woman, wearing protective mask following an outbreak of the coronavirus disease (COVID-19), walks on an almost empty street in the Dotonbori entertainment district of Osaka, Japan.**

economy shrank an annualised 2.2 per cent in January-March, revised data showed on Monday, less than the 3.4 per cent contraction indicated in a preliminary reading, as capital expenditure fared better than expected. Analysts had tipped a 2.1 per cent contraction.

But few analysts were hopeful about the outlook for the year since capital spending data used to calculate the revised figures lacked enough responses - most struggling firms appear not to have participated in the survey - and will be updated in July.

On the whole, Monday's revised

gross domestic product (GDP) estimate confirmed Japan had slipped into recession - defined as two straight quarters of contraction - for the first time in 4-1/2 years, even before lockdown steps to contain the virus was put in place in April.

"The upward revision to Q1 GDP displayed in the revised estimate is cold comfort given that output is plummeting this quarter," said Tom Learmouth, economist at Capital Economics.

Senior economist at Oxford Economics, Stefan Angrick, concurred: "With the bulk of the impact from the coronavirus

pandemic to be felt in Q2, the outlook for 2020 thus remains extremely challenging."

A series of recent data including exports, factory output and jobs figures suggested Japan is facing its worst postwar slump in the current quarter, a period when Prime Minister Shinzo Abe announced a state of emergency requesting citizens to stay home and businesses to close.

Although the emergency was lifted in late May, the economy is expected to recover only moderately in coming months, underlining the pandemic's sweeping impact.

The surge in bank lending, shown in BOJ data also released on Monday, suggests companies are being forced to hoard cash just to stay afloat - and that the worst is yet to come.

The head of Japan's ANA Holdings Inc said the airline will cut unprofitable international routes to cope with the hit from the pandemic, according to the Asahi newspaper.

Tokyo policymakers are moving fast to stop the bleeding.

Japan's parliament will begin deliberating on Monday a second supplementary budget to fund part of a fresh \$1.1 trillion stimulus package that includes loan schemes and a framework to inject capital into struggling firms.

The BOJ eased monetary policy for two straight months in April, focusing on steps to ease corporate funding strains.

# Nokia's broadband business boosted as COVID-19 pressures networks

REUTERS

Finnish telecom equipment maker Nokia is seeing a pick up in orders as its broadband clients race to upgrade networks to meet higher user demand during the COVID-19 pandemic, a company executive said.

Many customers had planned to grow their network by 30 per cent to 40 per cent over the next few years assuming a similar growth in traffic, but COVID-19 brought in that traffic growth overnight, Sandy Motley, Nokia's President of Fixed Networks, told Reuters.

"Customers will need to accelerate the growth that they had planned in the future, and we've seen customers already talking to us about that," she said, adding orders for fixed networks were up 22 per cent in the first quarter.

Nokia boosted its fixed-line networks business with the 2016 purchase of Alcatel-Lucent in a 15.6 billion-euro (\$17 billion) deal. The unit's revenue fell 18 per cent year-on-year in the first quarter and 5 per cent between 2018 and 2019 but Motley said the decline was due to business cycles.

"We have seen some upgrades from our customers... but we think a lot of this drive will be more medium term and long term," Motley said.

The European Commission has proposed that by 2025 all European households, rural or urban, should have



REUTERS/FILE

**Visitors gather outside the Nokia booth at the Mobile World Congress in Barcelona, Spain.**

access to networks offering download speeds of at least 100 MBps.

It takes time to build a new fixed network as the installation of fiber cabling can't be done overnight, Stefaan Vanhastel, CTO of Nokia's fixed networks business, told Reuters.

"Certainly we see that operators are starting to consider accelerating fiber rollouts," he said.

Fixed broadband carries about 90 per cent of all internet traffic in Europe, according to a report by research firm Analysys Mason.

In 2019, Nokia's Fixed Access business amounted to around 10 per cent of the company's main networks business sales, with Mobile Access accounting for 64 per cent.

# Asian companies at higher risk of default this year: analysis

REUTERS

Asian companies are at a higher risk of default in the coming quarters than last year, a Reuters analysis of their credit ratios showed, as the coronavirus pandemic has squeezed revenue and made it harder to refinance debt.

One measure of how easily a company can pay interest on outstanding debt - operating profit to interest ratio - fell to the lowest in 11 years at the end of March. The sample took into account companies worth at least \$500 million with available data on Refinitiv.

Net debt to EBITDA (earnings before interest, taxes, depreciation, and amortisation), which shows how many years it would take a company to pay back debt, was at its highest since June 2014.

"We expected the pick-up in default rates to be mostly amongst smaller companies who already had a stretched liquidity profile and less access to alternative funding channels," said Alaa Bushehri, head of emerging market debt at BNP Paribas Asset Management.

"This is being exacerbated now by COVID-19 lockdowns, slow-down in activity and a lower commodity environment."

Energy, real estate and utilities firms topped default risk charts, Reuters found.

Airlines were the worst affected with flights grounded and people unwilling to travel. Virgin Australia, for example, entered into voluntary administration in April.

Late last month, Moody's forecast



**The coronavirus pandemic has squeezed revenue of most of the Asian companies.**

the default rate on high-yield debt issued by non-financial Asia-Pacific firms would climb to 6.4 per cent by the end of this year, from 2.3 per cent in March.

Some companies will try to restructure their debt to avoid default, especially offshore debt.

That could be an uphill task as a sharp depreciation in Asian currencies this year has increased repayment costs of companies that have borrowed in dollars and have no natural or financial hedges in place, said Buddhika Piyasena, head of Asia-Pacific Corporate Ratings at Fitch Ratings.

The yield on a bond issued by China's Tianqi Lithium Corp, for instance, climbed to about 60 per cent

last month on perceived higher risk of the company missing its interest payments this year. It is currently trading at 40 per cent.

About \$100 billion worth of dollar bonds are maturing between June 2020 and December 2021, according to Refinitiv data.

"High-yield companies with weak credit quality will likely have increasing difficulty refinancing offshore bonds, given coronavirus induced market volatility and investors' heightened risk aversion," a Moody's analyst Sean Hwang said in a note.

"We expect investors to be increasingly selective in managing their high-yield exposure, which will weaken low-rated companies' access to funding."

# German industrial output posts record plunge

REUTERS, Berlin

German industrial output posted a record plunge in April as the coronavirus pandemic forced manufacturers in Europe's largest economy to halt production, with firms expecting a bumpy road ahead despite a massive stimulus package.

Industrial output dropped by 17.9 per cent on the month, figures released by the Statistics Office showed. A Reuters poll had pointed to a slightly smaller fall of 16.0 per cent.

Manufacturers of capital goods recorded the steepest decline of -35.3 per cent. Output in the energy sector dropped by 7.2 per cent and construction was down 4.1 per cent.

As measures to contain the spread of the coronavirus were implemented from mid-March, the restrictions took their toll on a full scale in April, the Economy Ministry said.

"The low point has been reached. With the gradual easing of protective measures and the resumption of production in the automotive industry, the economic recovery is beginning now." The data strengthens expectations that



REUTERS/FILE

**A worker wears a protective mask at the Volkswagen assembly line after VW re-starts Europe's largest car factory following coronavirus shutdown in Wolfsburg, Germany.**

the German economy will post its steepest decline since the end of World War Two in the second quarter.

"German gross domestic product is likely to shrink by more than 10 per cent in the second quarter, a reading never measured before in peacetime," VP Bank Group economist Thomas Gitzel said.

For 2020 as a whole, the government forecasts GDP will shrink by 6.3 per cent, based on the assumption that a 130 billion euro (\$146.69 billion) fiscal stimulus package will help economic activity pick up again in the second half of the year. German Chancellor Angela Merkel's cabinet plans a special meeting on Friday to start implementing large parts of the stimulus measures, three sources told Reuters on Monday.

The cabinet is expected to clear the way for the agreed temporary cut in value-added tax, cash handouts for parents and bigger incentives to buy electric cars, the sources said.

Despite the package, manufacturers expect production levels to decline further in the coming three months, but at a slower pace than previously, the Ifo economic institute said on Monday.

# Italy's economy to shrink over 8pc

AFP, Milan

Italy's economy is set to shrink 8.3 percent this year as the coronavirus crisis takes its toll, according to a forecast Monday by the National Institute of Statistics.

The eurozone's third largest economy is expecting its worst recession since World War II after a nationwide lockdown was imposed for more than two months to try to bring the pandemic under control.

The institute (ISTAT) said it forecast a rebound of 4.6 percent next year.

It was very difficult to quantify the impact of the "unprecedented shock" to the economy, ISTAT said, and its forecasts were subject to "a large degree of uncertainty compared to the past".

**Government of the People's Republic of Bangladesh**  
Office of the Executive Engineer  
Education Engineering Department  
Madaripur  
[www.eedmoe.gov.bd](http://www.eedmoe.gov.bd)

Memo No. EE/EED/Ma/7016/2019-20/21

**e-Tender Notice No. 21/2019-20**  
(Limited Tendering Method)

This is to notify all concerned that e-Tender is invited in the National e-GP System Portal (<http://www.eprocure.gov.bd>) for the procurement of following works. Details are given below:

Sl. No.	Tender ID No.	Package No.	Name of work	Document last selling (date & time)	Tender closing (date & time)
01	ID: 453164	REV/DSHE/NEW/2018-19/WD-39	Construction of Single Storied Academic Building With 4-Storied Foundation in/c Sanitary Water Supply Electrification & Deep Tube well works at Bejhari Upsi Taraprasanna High School under Naria Upazila Shariatpur District.	21-Jun-2020 17:00	22-Jun-2020 13:00
02	ID: 453165	REV/DSHE/NEW/2018-19/WD-40	Construction of Single Storied Academic Building With 4-Storied Foundation in/c Sanitary Water Supply Electrification & Deep Tube well works at Mithapur Laxmipur Narayan Multilateral High School under Sadar Upazila Madaripur District.	21-Jun-2020 17:00	22-Jun-2020 13:00
03	ID: 453166	REV/DSHE/NEW/2018-19/WD-41	Construction of Single Storied Academic Building With 4-Storied Foundation in/c Sanitary Water Supply Electrification & Deep Tube well works at Dhurali Khalasi Kandi High School under Sadar Upazila Madaripur District.	21-Jun-2020 17:00	22-Jun-2020 13:00

The interested persons/firms may visit website (<http://www.eprocure.gov.bd>) to get the details of the tender. This is an online tender, where only e-Tender will be accepted in the National e-GP Portal and no offline/hard copies will be accepted. To submit e-Tender, registration in the National e-GP Portal (<http://www.eprocure.gov.bd>) is required. Further information & guidelines are available in the National e-GP System Portal and from e-GP helpdesk ([helpdesk@eprocure.gov.bd](mailto:helpdesk@eprocure.gov.bd)).

Md. Jasim Uddin  
Executive Engineer  
Education Engineering Department  
Madaripur  
Email: ee\_mad@eedmoe.gov.bd

GD-964

**Bangladesh Academy for Rural Development**  
Kotbari, Cumilla  
Development of Physical Facilities of BARD (1st Revision)  
[www.bard.gov.bd](http://www.bard.gov.bd)

No. 47.63.0000.033.14.41.19/794 Date: 08.06.2020

**Re-Tender (e-Tender) Notice**

e-Tender is invited in the National e-GP Portal (<http://www.eprocure.gov.bd>) for the procurement of works as stated below:

Sl. No.	Description	Tender ID No.	Closing date and time	Method of tender
01.	Supply, Installation, Testing and Training of Server, Core Router, POE Switch, Rack Firewall Backup, WIFI Online, UPS, NMS, POS, Printer, Kiosk, NVR, Barcode Reader Time Attendance and Others.	465176	23 Jun 2020 15:00	OTM

This is an online tender, where only e-Tender will be accepted in the National e-GP Portal and no offline/hard copies will be accepted. To submit e-Tender, registration in the National e-GP Portal (<http://www.eprocure.gov.bd>) is required. The fees for downloading the e-Tender documents from the National e-GP Portal have to be deposited through online at any branches of registered bank within closing date and time. Further information and guidelines are available in the National e-GP System Portal and from e-GP help desk ([helpdesk@eprocure.gov.bd](mailto:helpdesk@eprocure.gov.bd)).

Ranjan Kumar Guha  
Project Director  
Development of Physical Facilities of BARD (1st Revision)

GD-965

**ESSENTIAL DRUGS COMPANY LIMITED**  
395-397, TEJGAON I/AREA, DHAKA-1208.

**CAREER OPPORTUNITY**

Essential Drugs Company Limited (EDCL) is a 100% state owned Pharmaceutical Industry will recruit the following position for EDCL, Dhaka Office.

Sl. No.	Post	Qualification	Experience & Job Responsibility
01.	Manager (Cost & Budget) Post-01	Post Graduate or Graduation degree in 04 (four) years in Accounting / Finance / MBA with major in Accounting or Finance. Candidate having CA / CMA degree shall be preferred. Computer literacy of the candidate is essential.	01 Minimum 10 (ten) years experience in the relevant field. * Experience may be relaxed on the basis of academic result / professional qualification 02 Conversant with computerized Accounting System. 03 Minimum age limit 38 years.

Candidates are requested to send the applications to the following address along-with complete CV, copies of attested relevant certificates, photocopy of national ID Card and 03 copies of recent passport size coloured photograph on or before 22 June, 2020.

Only short listed candidates will be invited for selection process.

GM, Administration & HRM  
Essential Drugs Company Limited  
395-397, Tejgaon I/A, Dhaka-1208.