

International Business News

British bank Lloyds cuts 4,500 jobs

AFP, London

Britain's state-rescued Lloyds Banking Group said Wednesday that it will axe another 4,500 jobs, including 1,750 posts abroad, as the crisis-hit lender continues its painful restructuring.

"The group will be reducing the number of roles in group IT and operations by 2012," said LBG, which is 41-percent owned by the British government after a massive state bailout at the height of the global financial crisis.

"In total, 1,600 permanent roles will be affected across the UK. The group is also continuing to reduce its use of temporary and contractor staff.

"It will therefore be releasing 1,150 temporary and contractor roles in the UK and a further 1,750 offshore contractor roles," it said in a statement.

Intel posts \$3b quarterly net profit

AFP, New York

US computer chip giant Intel posted a quarterly net profit of nearly three billion dollars on Tuesday and record revenue of more than 11 billion dollars.

The Santa Clara, California-based technology bellwether said third-quarter net profit rose 59 percent to 2.95 billion dollars compared with the same period a year ago.

Earnings per share of 52 cents were slightly better than the 50 cents expected by Wall Street analysts.

Revenue rose 18 percent during the quarter ending September 25 to 11.1 billion dollars, roughly what the company forecast in August when it slashed its third quarter revenue outlook due to lower demand for computers.

Intel, the world's biggest manufacturer of computer chips, said it expected revenue of 11 billion to 11.8 billion dollars during the current quarter.

Intel shares were up 0.91 percent at 19.95 dollars in after-hours electronic trading.

"Intel's third-quarter results set all-time records for revenue and operating income," Intel president and chief executive Paul Otellini said.



Tokyo University professor Yoshihiko Nakamura (L) and French robotics venture company Aldebaran CEO Bruno Maisonnier (R) display Aldebaran's humanoid robot called "Nao" at the French Embassy in Tokyo yesterday. Aldebaran and Tokyo University agreed to a partnership to provide 30 Nao for the institute for an educational programme.

Surprise gain for Japan's machinery orders

AFP, Tokyo

Japanese machinery orders jumped more than 10 percent in August, vastly beating expectations thanks to resilient private demand despite the punishing effects of a strong yen and deflation.

The increase in core orders, which exclude volatile demand from power companies and for ships, was a positive sign for an export-driven economy that has shown increasing signs of slowing down recently, said analysts.

Core private-sector machinery orders, a leading indicator of corporate capital spending, rose 10.1 percent from July, compared with forecasts for a 4.5 percent fall according to a joint Dow Jones-Nikkei poll.

It was the third consecutive monthly rise, after an 8.8 percent increase in July and a 1.6 percent rise in June, prompting the government to upgrade its assessment to say orders are "picking up".

The data suggested companies were "adjusting their economic outlook from an excessively pessimistic view", Tatsushi Shikano, senior economist in Tokyo at Mitsubishi UFJ Morgan Stanley Securities, told Dow Jones Newswires.

StanChart to raise 3.3b pounds

AFP, London

British-based emerging markets bank Standard Chartered on Wednesday said it planned to raise about 3.3 billion pounds (3.8 billion euros) by selling new shares to boost its capital.

"Standard Chartered plc today announces a ... rights issue to raise approximately 3.258 million pounds," it said in a statement.

The lender added that the rights issue will help it meet new Basel III international banking rules, which call on how much capital banks should hold in reserve and are designed to avert another financial crisis.

Standard Chartered said it will issue a new share for eight existing ones at a unit price of 1,280 pence, which is 33 percent lower than its closing level on Tuesday.

The rights issue will "give the group greater capacity" to meet the Basel III regulations, which stipulate that internationally active banks have to hold capital equal to at least seven percent of their assets. Banks have until 2019 to comply but some rules take effect in 2013.

The extra funding will also allow the bank to continue its expansion in emerging markets around the world, it added.

REFORM

Rethinking central banking

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Post-crisis initiatives on rethink/reforms of central banking have focused on financial stability, particularly on regulations found deficient in preventing and coping with the crisis.

These initiatives include inter alia, risk appraisal and containment, capital adequacy and liquidity, principal-agent relationship issues like executive compensation, cross border co-ordination in supervision of globally active large financial institutions.

The ongoing revisions and refinements in macro-prudential regulations and related policy tools will hopefully lead to stronger, more resilient financial institutions and markets and supervision regimes better able to anticipate and withstand shocks from occasional destabilising events in the real or financial economy.

Smaller less advanced economies like Bangladesh have little scope of playing role in the global consultation processes; but with limited size and external exposure of their financial sectors they can opt for slower, more gradual implementation of regulatory changes, in which support and help from more advanced central banks and global forums are of course welcome.

The regulatory reform initiatives will hopefully be effective in strengthening resilience of financial institutions and markets in coping with future instabilities; but it is unclear whether enough is being done towards preventing the underlying macro-economic imbalances that cause the instabilities.

The recent global financial crisis was rooted in successive decades of cumulating global imbalances originating from spillovers of lax macroeconomic policies in some large economies; the international reserve role of their domestic currencies permitting them to run prolonged spells of external account deficits, causing global liquidity expansion well in excess of growth in real global output of goods and services.

The global community of central banks needs to spearhead the necessary preventive initiatives with appropriate reforms in the global monetary order; with effective deterrents against buildup of global imbal-



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ances from adverse spillovers of lax, unbalanced domestic policies in the larger economies. The IMF in its current mandate has not been effective or particularly active in preventing buildups of global imbalances from actions of its dominant quota holder members.

In the run up to the recent global financial crisis, no time series data on overall trends of global liquidity growth vis-à-vis growth trends in real global output were available in IMF publications, in apparent

unconcern about consequences of the global imbalances.

For a reformed monetary order to maintain global balance and stability effectively, it will need some mechanism tethering global liquidity expansion with growth rate of real global output.

One option will be a reformed IMF mandated as the apex global monetary agency, issuing (or withdrawing) SDR allocations in line with actual or potential expansion (or contraction) in global output; with liquidity

issues in national or regional currencies of members needing to be fully backed by SDR allocations. The mechanism will be in like-ness of the erstwhile gold standard, with real global output growth substituting for gold.

The current basic quota (voting power) allocations in IMF are legacies of past dominance of North America and Europe; these need revision to reflect current realities, with reallocations for smaller developing economies taking into account the size of global population percentage they represent, beside their current minuscule shares in global output.

Besides attention to monetary and financial system stability, central banking needs also to promote fuller financial inclusion of all economic activities and all economic sectors, towards supporting global real output growth. Dereliction of traditional central banking orthodoxy in this direction has perpetuated market gaps and market failures in financial services (even in the developed economies), with forgone opportunities and suboptimal global performance in growth of output, income and welfare; slowing down eradication of global poverty.

It is opportune time now for the central banking community to redress the neglect of promotional role; effectiveness in this role will aid rather than hinder the stability preserving regulatory role.

As the central bank of a low-income developing country, Bangladesh Bank has of late been paying increased attention to fuller and deeper financial inclusion, with a view to redressing market failures and unleashing blocked advancement opportunities for the under served/ excluded economic sectors and population segments, promoting more inclusive economic and social growth.

The attention to growth promoting potentials of financial inclusion is of course not at the expense of any neglect of usual concerns and market based policy frameworks for monetary and financial stability; the approach is a pragmatic, heterodox blend aiming at optimising growth while maintaining and bolstering stability.

The paper was presented by the Bangladesh Bank governor at a meeting at the IMF headquarters at Washington DC recently.

TECHNOLOGY

Samsung and Apple more friends than rivals

AFP, Hong Kong

Apple has the iPhone and the iPad, Samsung has several smartphones and its new Galaxy Tab computer -- wherever Apple goes these days, it seems, the South Korean giant is sure to follow.

But, analysts say, the tech heavyweight rivals are not so much heading into battle as strolling hand in hand into an ever more profitable future.

"Apple and Samsung have a very good relationship," Young Park, a tech analyst for South Korea's Woori Investment and Securities, told AFP.

"Samsung is both a provider and a competitor to Apple. But they have very different strategies. Apple is aiming for the high-end market, whereas Samsung is geared more towards the mass market."

Up to a third of the components of the iPad and the iPhone are actually sourced by Apple from the South Korean firm, analysts say, meaning Samsung has a lucrative finger deep in Apple's pie.

"Apple is dependent upon Samsung to a certain extent for their components but Samsung is clearly benefiting from Apple's innovation," said Hong Kong-based Young.

"Apple has almost single-handedly created a new market for tablet computers, for instance, which Samsung will capitalise on. But Apple's products are dependent upon Samsung hardware."

Samsung Electronics refused to comment on its relationship with Apple but insists the company does invest in innovation and aims to "provide consumers with breakthrough technology."

It is also looking for an Apple-esque relationship with its customers.

"In 2009, we refined our brand story in an effort to bond with consumers more on an emotional level," a Samsung Electronics marketing spokesman told AFP.

"In 2010, we are continuing to



A marketing assistant for Samsung demonstrates the features of the Galaxy S "smartphone" at the CommunicAsia telecom show in Singapore in June. Apple has the iPhone and the iPad, Samsung has several smartphones and its new Galaxy Tab computer -- wherever Apple goes these days, it seems, the South Korean giant is sure to follow.

spread our new brand story. Samsung is known for electronics, but has a more human mission as well.

"We are clear in our goals for Samsung. We are currently market leaders in a large number of product categories and business areas. In the future we want to be clear leaders in all of the categories and areas in which we compete."

"We want to be a loved brand, one with a loyal base and one that is in the front of consumer's minds as they make purchase decisions."

However, it is what can be done with the smartphone or tablet that counts. A smartphone or iPhone is just a phone and an iPad or tablet

just an elaborate slab of glass without the applications and games that run on it.

Samsung's suite of Galaxy S smartphones and its tablet run on Google's Android, with applications available from the Android Market app store.

It has also produced a smartphone, the Focus, which will run on the new Windows Phone 7 platform.

Apple sells applications exclusive for its products through its own app store, Bada. Samsung also has its own fledgling app store, Bada.

And veteran Apple analyst Ashok Kumar, of New York investment bank Rodman and Renshaw,

believes this is the true battleground.

"In the clash of the titans in this market, I believe there are only going to be two platforms standing in the end: Apple and Android," he told AFP. "And Samsung will be first among equals on Android."

"Samsung has a huge competitive advantage in the supply chain as it produces up to a third of the materials in smartphones and tablet computers."

"Purely on the hardware side of things, Samsung's products probably have the advantage but Apple's app store is where it stands apart."

Apple dominates the high-end market but, as the price of smartphones comes down, Samsung's market share will increase -- especially in emerging markets such as Brazil, China and India, Kumar says.

"Apple is a premium product, it is not really in their DNA to go for the mass market jugular. This is where Samsung can, and will, capitalise," says Kumar.

"Samsung may not have the 'cool' factor that Apple has and Samsung is not really in Apple's league when it comes to innovation but they are a very, very successful follower. They are good for each other."