India keeps interest rates on hold

AFP, *Mumbai*

India's central bank kept interest rates unchanged on Tuesday, three weeks after announcing an unscheduled cut, signalling that it wants to wait for the government's annual budget before any further easing.

After a meeting in the financial capital Mumbai, the Reserve Bank of India (RBI) said the benchmark repo rate, at which it lends to commercial banks, would stay at 7.75 percent.

RBI governor Raghuram Rajan said the bank was awaiting further signs of slowing inflation along with "high-quality fiscal consolidation", with the government's budget due to be delivered on February 28.

"We are looking for further cues on progress of disinflation. And on the fiscal front we have the budget coming up. So those are the important developments we would pay attention to," Rajan told reporters.

Most economists had predicted Tuesday's rate would remain on hold after the RBI surprised investors with a 25 basis points cut on January 15, citing in part cooling inflation from falling global oil prices. It was the first reduction in 20 months.

The RBI has been under pressure from government and business leaders to reduce rates to increase lending and help kickstart Asia's third-largest economy, but Rajan's priority has been to bring inflation under control.

Consumer prices rose five percent year-on-year in December, well within the RBI's target of a maximum six percent by next January.

The RBI, which on Tuesday also kept the cash reserve ratio unchanged at 4.0 percent, said inflation was likely to remain on target by the start of 2016.

AFP

Indian central bank governor Raghuram Rajan listens to a question at a press meet in Mumbai yesterday.

"It looks like growth will be assuming greater significance hereon for the RBI and inflation is unlikely to demand the single-minded focus it did earlier," said Shubhada Rao, chief economist with YES Bank.

The previous left-leaning government struggled in recent years to keep the fiscal deficit under control, partly because of India's massive subsidies bill and a sluggish economy.

Prime Minister Narendra Modi, who stormed to power in May last year, pledged to revive the flagging economy by attracting more foreign investors and bolstering manufacturing.

Finance Minister Arun Jaitley, however, has promised to keep the fiscal deficit at 4.1 percent of GDP in the current financial year and push it even lower in coming years.

Modi's right-wing government has introduced a series of reforms and vowed last month to banish India's reputation as a tough place to do business.

He also told US President Barack Obama during a visit to New Delhi, along with American CEOs, that he would ease off on taxes and encourage innovation.

The government surprised analysts on Friday when it announced the economy had accelerated to 6.9 percent in 2014, after revising GDP data using a new method that brought India closer to international standards.

India had been struggling through the worst slowdown in years, growing at 4.7 percent in 2014, according to the previously reported figures.

Reaction to the rate decision was largely muted, with the Bombay Stock Exchange's benchmark Sensex index declining 0.22 percent to 29,058.29 points.

Panasonic says profit target unchanged despite earnings drop

AFP, *Tokyo*

Japanese electronics giant Panasonic said Tuesday it was still on track to book a $1.19 billion annual profit, despite a drop in nine-month earnings due to one-time gains a year earlier.

The Osaka-based company's earnings for the April-December period came to 140.4 billion yen, down 42 percent from a year earlier, while revenue ticked up 1.0 percent to 5.7 trillion yen.

But it said it still expects to post a 140 billion yen profit in the fiscal year to March, pointing to strength in its energy and auto units, while a sharp drop in the yen also provided strong support.

"Sales of solar panels for homes continued to be stable in Japan, and demand (in the) automotive-related business steadily increased in its global market," the firm said in a statement.

"Yen depreciation also contributed to the overseas sales increase."

After posting record losses, Panasonic along with rivals Sony and Sharp have launched painful restructuring as falling prices in the television business weighed on their bottom line.

As it moves away from consumer products, Panasonic is pulling the plug on its last remaining TV manufacturing factory in China and will reportedly sell its plant in Mexico owing to a sharp decline in television prices -- its TV business has lost money over the last six years.

MTB

Md Ikram Iqbal, director of CNS Ltd, and Syed Rafiqul Haq, deputy managing director of Mutual Trust Bank, attend the signing of an agreement recently for collection of all types of BRTA fees through the bank's Tejgaon, Dhanmondi, Bashundhara R/A and Mirpur branches. All MTB branches will be equipped to collect fees later.

Jack Ma defends Alibaba amid fakes row

AFP, *Hong Kong*

Alibaba founder Jack Ma has defended his company's reputation after authorities accused it of allowing "illegal" actions on its multi-billion-dollar online shopping platform, saying he does not want it to be seen as a hub for fake products.

The Chinese billionaire spoke out after a powerful Beijing regulator delivered an unusual dressing down of the prominent company, publishing a survey saying only about a third of products sampled from Alibaba's consumer-to-consumer marketplace Taobao were genuine.

"We don't want (to be) misunderstood by the world that we are not transparent. We don't want (to be) misunderstood by the world that Taobao is a platform for selling fake products," Ma said late Monday on a visit to Hong Kong.

In rare public criticism of a domestic firm, the State Administration for Industry & Commerce (SAIC) last week accused Alibaba of allowing "illegal operations" to flourish on its websites, and told its executives to "overcome arrogance."

The SAIC, charged with maintaining market order in China, took aim at Taobao -- which is estimated to hold more than 90 percent of the domestic market -- as well as Tmall.com, a business-to-consumer platform.

Ma said Monday that the company is listening to regulators and pushing for change, adding that the e-commerce giant has sent 400 people to jail for selling fake products. "Doing business anywhere with any regulatory (bodies) you will have a problem, you have to talk, communicate, listen, change and push. This is what we are doing," Ma said.

The comments come after Ma met on Friday with SAIC director Zhang Mao, which could signal a de-escalation of the dispute.

Alibaba is often described as the Chinese version of eBay, but it surpassed the US company in China more than a decade ago, essentially forcing it to retreat in the Chinese market.

Ma, a former English teacher, regained the title of Asia's richest man with the anticipated listing of his firm's Zhejiang Ant Small and Micro Financial Services Group, worth $50 billion, according to Bloomberg Billionaires Index Tuesday.

The financial services firm is mulling a private share sale before an IPO in 2016, Bloomberg reported, citing sources familiar with the company.

SIBL

AMM Farhad, deputy managing director of Social Islami Bank, and Md Shofiqul Islam, company secretary of Dhaka Electric Supply Company, pose at the signing ceremony of a deal recently for collection of electricity bill through the bank.

StanChart considering sale of Philippines retail unit

REUTERS, *Singapore/Manila*

Standard Chartered is looking to sell its retail business in the Philippines, part of a wider bid by embattled CEO Peter Sands to cut costs and shrink the bank's asset base, a person with direct knowledge of the matter said.

The London-listed bank, which entered the Philippines in 1872, would continue to operate its corporate banking business in the country to focus on top clients such as San Miguel, the nation's biggest conglomerate, the source said.

A spokesman for Standard Chartered said the bank would "not comment on speculation". The source declined to be identified as the matter is not yet public.

Standard Chartered's assets in the Philippines total $1.72 billion, according to the country's central bank. It currently has five branches and over 500 employees in the Southeast Asian nation, according to the bank's website. Two-thirds of those employees are in its retail business, the source said.

It was not immediately clear how much the retail business would fetch, as no breakdown of StanChart's retail assets in the Philippines is available. It could be left with one branch if the sale goes ahead, the source said.

Sands is under pressure from investors to reverse a two-year decline in the bank's fortunes that have seen its shares lose 46 percent of their value in the last two years. Some are calling for him to be replaced.

The CEO has been shuttering businesses where the lender had failed to achieve sustainable scale. Last month StanChart closed the bulk of its global equities business and said it would ax 4,000 jobs in retail banking.

In December Standard Chartered sold its Hong Kong and Shenzhen consumer finance businesses to a consortium that included China Travel Financial Holdings, U.S. hedge fund York Capital Management Global Advisors and financial firm Pepper Australia Pty Ltd.

The sale could attract bids from Philippine lenders who dominate the local banking business and further a government-backed goal of bringing consolidation to the domestic banking sector.

Antonio Moncupa, president of Philippines' EastWest Banking Corp, said his firm would consider a bid for StanChart's retail banking assets.

"We will surely consider. But we need to see the bidding process details first in making a decision," he told Reuters on Tuesday.

The country's deputy central bank governor, Nestor Espenilla Jr, said in July smaller players in the country's overcrowded banking market would need to grow, combine with a local player or sell out..

The country's largest lender, BDO Unibank Inc, bought Citibank's thrift bank unit in the country in late 2013.

Standard Chartered's Philippines unit ranks as 18th biggest in the country in terms of assets, trailing foreign banks such as Citibank which is at number 11. The top three local banks BDO Unibank, Metropolitan Bank & Trust Co and Bank Of the Philippine Islands control 43 percent of the country's banking assets, according to central bank data.

Sharp expects loss as TV, smartphone businesses slump

AFP, *Tokyo*

Japanese consumer electronics giant Sharp on Tuesday reversed its fiscal year profit forecast, warning that it would instead lose about $256 million, as a slump in its television and smartphone screens businesses dented growth.

The maker of Aquos brand electronics said it now expects to book a 30 billion yen shortfall in the year to March, after earlier predicting a profit of the same amount, while sales would come in at 2.9 trillion yen.

Osaka-based Sharp -- which lost 7.2 billion yen in the nine months to December -- had warned earlier that its full-year earnings would miss previous forecasts owing to a "deterioration" in sales at home and fierce competition in the liquid crystal display business.

The disappointing reversal comes as local media, including the leading Nikkei business daily, said Sharp's top executives would take pay cuts of as much as 55 percent over the losses -- a common act of atonement in Japan's business world.

"We revised the previously announced forecast as we anticipate worsening profits," Sharp said in a statement on Tuesday. It also pointed to "greater-than-expected changes in (the) business environment, such as rapid fluctuations in exchange rates and a price decline in small- and medium-size LCD business".

Sharp -- a key Apple supplier that is a leader in screens for smartphones and tablets -- also pointed to weakness in its energy unit, where sales tumbled because of slumping demand for solar cells.

In response, "we will take drastic cost-cutting measures, undertake a review of unprofitable businesses, and further streamline head office", Sharp said.

The company had swung back to profit in the fiscal year to March 2014 after two years of huge losses, thanks to stronger sales and cost-cutting.

Sharp, along with Sony and Panasonic, has been undergoing a painful restructuring to move past years of losses that were largely tied to huge losses in its TV unit as lower-cost rivals overseas pose a heavy challenge.

AFP

Japan's electronics giant Sharp president Kozo Takahashi is surrounded by reporters after he announced the third quarter financial result in Tokyo yesterday.

However, a sharply weaker yen has partly offset the decline as it inflates the value of repatriated overseas income.

In the nine months to December, Sharp said operating income tumbled 37.1 percent while sales slipped 3.1 percent from a year earlier.

"Despite the weak yen, Sharp is still struggling, especially in the smartphone sector," said Mito Securities analyst Keita Wakabayashi.

"It's wrestling with severe price competition from Chinese and South Korean competitors so it has to cut costs even more to survive. The company is a still in a critical period."

By contrast, Panasonic said Tuesday it was still on track to book a 140 billion yen annual profit, as it moves away from the struggling television business.

Rival Sony -- which is expecting a huge 240 billion yen full-year loss -- is to publish partial results on Wednesday. The company earlier announced it would delay the release of its full quarterly earnings report after a cyberattack damaged the computer network at its Hollywood film unit.

The firm said its Sony Pictures Entertainment would not have time to put together financial statements after the attack, which was linked to its controversial North Korea satire "The Interview" and has been widely blamed on Pyongyang.

Greeks head to Rome with new proposals to end debt crisis

AFP, *Rome*

Greece's radical new leaders flew into Rome Tuesday seeking to build support for new proposals aimed at ending a stand-off with the country's creditors and its European Union partners.

In an interview with the Financial Times, Greek Finance Minister Yanis Varoufakis said the leftist-dominated government in Athens would be making proposals for "a menu of debt swaps" that would avoid the need for any of the country's mountain of foreign debt to be written off.

Under an approach he described as "smart debt engineering," Varoufakis proposed the issuing of two new types of bonds.

One would be linked to nominal economic growth to refinance European rescue loans and the other would be "perpetual bonds" that would replace Greek bonds owned by the European Central Bank.

The approach would avoid creditors having to take a hit on the Greek debt, an outcome that is fiercely opposed by several EU countries led by Germany, and would be politically hard to stomach for the likes of Ireland, which was forced to stick to a painful programme of spending cuts as a condition of its own bailout in the aftermath of the 2007 financial crisis.

Varoufakis was to hold talks in Rome with his Italian counterpart Pier Carlo Padoan while Prime Minister Alexis Tsipras will travel from Cyprus to meet with his Italian counterpart Matteo Renzi over lunch.

The debt swaps proposal is likely to get a sympathetic hearing from Renzi, who is well-placed to broker an end to the confrontation as he has the ear of German Chancellor Angela Merkel but is in the camp of those in the EU who want a more flexible, growth-first approach to the bloc's economic policy.

"I believe it is crucial to send a clear message: we want to move the discussion on economic policy from austerity and rigour towards growth and investment," Renzi said on Monday.

"We have to change economic policy at the European level, not just for Greece or any other country."

The stakes involved in the stand-off were underlined on Monday by British finance minister George Osborne, who warned that a potential failure to resolve the crisis was "fast becoming the biggest risk to the global economy."

Despite a restructuring in 2012, Greece is still lumbered with debts of more than 315 billion euros, upwards of 175 percent of gross domestic product, an EU record. Greece would need to dedicate its entire annual wealth for two years to repay the amount.