

Bank of Japan sees zero inflation in setback for 'Abenomics'

AFP, Tokyo

Japan's central bank said Tuesday that tumbling world energy prices could push inflation to zero, marking a big setback in Tokyo's attempt to kickstart the world's number three economy.

While the Bank of Japan said inflation expectations were "rising on the whole" -- and it held fire on launching fresh stimulus -- the comments underscore faltering efforts to conquer years of deflation that have been blamed for holding back growth.

Inflation "is likely to be around zero for the time being... but, of course, depending on the trend in energy prices it may briefly fall below zero," BoJ chief Haruhiko Kuroda told reporters after ending a two-day policy meeting Tuesday.

"We think that the basic trend in prices... is steadily improving," he added. Tokyo's economy-boosting campaign stumbled after the government raised sales taxes in 2014 to help pay down Japan's enormous national debt.

That hammered consumer spending and led to a brief recession, while falling oil prices have complicated efforts to banish deflation.

The BoJ now expects the core consumer price index to hover in a zero to 0.5 percent range -- a long way from its 2.0 percent target.

That target is a cornerstone of Prime Minister Shinzo Abe's drive to resuscitate Japan's for-

tones, dubbed Abenomics, which also includes big government spending and an overhaul of the highly regulated economy.

Kuroda was tapped by Abe in March 2013 to head up the BoJ, with the former Asian Development Bank boss insisting that sustained inflation could be achieved in about two years.

On Tuesday Kuroda shrugged off questions about whether he would quit over the now-missed target. "What's important is the overall trend (in prices)...and the trend is not down," he added.

Annual labour talks between workers and some of Japan's biggest firms were likely to usher in pay rises and more spending, Kuroda said.

"Given record-high corporate profits and the tight labour market, I think the conditions are there for wage rises," he said.

Speaking to parliament, Japan's premier conceded that dragging the country out of years of stagnant or falling prices was still a way off.

"Unfortunately, we are not in a situation where we have come out of deflation, but we have been able to create a situation where we are making our way out of deflation," Abe said.

However a growing number of economists have cast doubt on the chances of the BoJ reaching its target without further expanding an already huge monetary easing scheme, launched two years ago.

And minutes from the central bank's January meeting showed that three of nine board members

themselves doubted the BoJ would reach the target by next year. "We still think that policymakers will step up the pace of easing at the end of next month to signal their determination to hit the two percent inflation target," Marcel Thieli from Capital Economics said in a commentary.

But Koya Miyamae, an economist at SMBC Nikko Securities, took a different view.

"The BoJ is admitting that consumer prices could fall, while indicating that it's not planning steps to counter that," Miyamae told Bloomberg News.

"The shift cements a view that the BoJ won't add stimulus for a while."

Policy makers shocked markets last October when they expanded their easing programme -- which pumps cash into the banking system in a bid to kickstart the wider economy -- to a rate of about 80 trillion yen (\$679 billion) annually.

Tokyo's policy blitz appeared to be bearing fruit at first, as it drove down the yen and set off a stock market rally.

Prices had also been on the rise, largely due to Japan having to import pricey fossil fuels to plug an energy gap left by the shutdown of atomic reactors after the 2011 Fukushima accident.

But plunging oil prices have dealt a serious blow -- Japan's core inflation rate in January was just 0.2 percent. This was the lowest since a zero level in May 2013, just after the BoJ unleashed its monetary easing programme.



Farzana Chowdhury, managing director of Green Delta Insurance, and Azharul Islam, chief executive of ACE Autos, sign a deal at a programme recently. All motor vehicles sold by ACE Autos will be insured by Green Delta.



Md Ahsan-uz Zaman, managing director of Midland Bank, and Taqsem A Khan, managing director of Dhaka Water Supply and Sewerage Authority, pose after signing a bill-collection agreement at Wasa Bhaban in Karwan Bazar, Dhaka on Monday.



Sayed Nazrul Islam, member (investment) of Bangladesh Export Processing Zones Authority, and Lili, chairman of Sunshine Accessories Manufacturing BD Ltd, attend the signing of an agreement recently to set up a fabric and interlining manufacturing unit worth \$8.7 million at Chittagong Export Processing Zone. It will create 799 jobs.



Taufiqur Rahman, director of Brac Dairy and Food Enterprises, and Shatadru Chattopadhyaya, managing director of Solidaridad Network Asia, attend the signing of a deal at Brac Centre in Dhaka recently to jointly work on enhancing productivity of dairy cows of 17,000 poor and smallholder farmers, especially women.

BMW's sales crown scrutinised as profits shrink, rivals catch up

REUTERS, Frankfurt

For years, record sales of high-performance sports cars meant big profits at BMW that could fund incentives and investment in technology to meet the EU's fuel efficiency rules.

But sales of competitors such as Audi have caught up and profits are shrinking. With BMW's final fourth-quarter earnings out on Wednesday, some in the industry are wondering if the old "sales grow, profits look after themselves" formula no longer works.

Preliminary results show that margins at BMW's auto division have fallen to their lowest in nearly five years, the latest sign that the sales crown title it has successfully defended for almost a decade is increasingly costly.

"There is an obsession with volume growth in the German premium segment and it needs to come to an end, otherwise it becomes a negative spiral of discounting, eroding the brand equity," said Arndt Ellinghorst, head of automotive research at Evercore ISI.

Super Mario to go mobile as Nintendo ventures into smartphone games

REUTERS, Tokyo

Japanese video game maker Nintendo Co Ltd will venture into smartphone games, heeding calls from investors to boost revenue by taking iconic characters like Super Mario to players increasingly shunning its consoles.

Nintendo, which already warned its annual operating profit would halve on weak console sales, said on Tuesday it was teaming up with online gaming firm DeNA Co Ltd to develop and operate gaming apps.

The two companies will also launch later this year an online membership service accessible on mobile devices as well as Nintendo's existing Wii U console and the portable 3DS.

"This will allow us to build a bridge between smart devices and gaming consoles," Nintendo President Satoru Iwata told reporters. "It doesn't mean smart

devices will eat away at gaming consoles, it will create an entirely new type of demand."

Investors have long called on Nintendo to shift its focus to mobile devices after losing customers to both smartphone gaming app makers and console rivals like PlayStation maker Sony Corp and Xbox maker Microsoft Corp.

The company had so far resisted these calls, pinning its hopes on hit games such as "Mario Kart 8". But in January, it halved its operating earnings target for the fiscal year through March to 20 billion yen (\$169 million), citing weak 3DS sales in the year-end holiday season.

Under the partnership, Nintendo and DeNA would buy 22 billion yen worth of shares in each other. As a result, Nintendo will acquire a 10 percent stake in DeNA while DeNA will acquire a 1.2 percent stake in Nintendo.

Sony confirms Q3 net profit, annual loss

AFP, Tokyo

Sony on Tuesday said its net profit for the three months to December more than tripled from a year earlier, but confirmed it was on course to incur an annual loss.

The improvement stems mainly from a weak yen, increased sales of smartphones, robust PlayStation console businesses and strong demand for image sensors for cameras, the firm said.

This increase was partially offset by a significant decrease in sales in other operations, it said.

It was "primarily related to Sony's exit from the PC business, and a decrease in sales in the Pictures segment, mainly due to lower Motion Pictures and Television Productions sales," it said.

Sony posted a net profit of 90 billion yen (\$742 million) for the October-December term, the company said in a finalised earnings report.

Sony published provisional estimates in February as final numbers were delayed after a cyberattack at its Hollywood film unit -- linked to North Korean satire "The Interview" -- compromised "a large amount of data".

The 90-billion-yen profit was slightly up from the 89 billion yen the group estimated in February, and more than three times bigger than 26.4 billion yen in the same quarter of 2013. Sales grew 6.5 percent from a year earlier to 2.56 trillion yen and operating profit more than doubled to 182.1 billion yen, up from earlier estimated 2.55 trillion yen and 178.3 billion yen.

The company said it expected to lose 170 billion yen in its fiscal year ending on March 31, confirming its February estimate.

It also confirmed its projections of 20 billion yen in annual operating profit and 8.0 trillion yen in sales.

The finalised net-loss estimate is down by more than a quarter from a loss of 230 billion yen the group warned of last year. Sony has struggled in the consumer electronics business that built its global brand, including losing billions of dollars in televisions over the past decade as fierce competition from lower-cost rivals pummelled the TV subsidiary's finances.

Contract farming to be made compulsory for betel leaf export to EU

FROM PAGE B1

The agriculture ministry also filed cases against eight firms for using fake phytosanitary certificates to export vegetables to the EU, while the commerce ministry cancelled export licences of four firms.

Faruque said the volume of betel leaves export to the EU might be low due to the tightened measures.

"Europe is a big market for vegetables. Our export will grow eventually if we can ensure export of safe and hygienic betel leaves and vegetables."

Bangladesh is an important exporter of betel leaves, with the produce raking in \$56 million in 2012. The main markets are the UK, Italy and Saudi Arabia, according to the EU audit report. The ban on betel leaf export to the EU is expected to expire on June 30.

The EU is one of the major markets for Bangladesh's \$209-million fruit and vegetable export industry. The country fetched \$105 million from vegetable and fruit exports in the July-February period of fiscal 2014-15, up 5 percent year-on-year, according to Export Promotion Bureau.

German investor sentiment hits 13-month high

AFP, Frankfurt

Investors in Germany are optimistic about the outlook for Europe's biggest economy given the strength of domestic demand, but concerns about Greece and Ukraine could sour sentiment in future, data showed on Tuesday.

The widely watched investor confidence index calculated by the ZEW economic institute rose for fifth consecutive month to a 13-month high of 54.8 points in March, ZEW said in a statement.

"Economic sentiment in Germany remains at a high level. In particular, the continuing positive development of the domestic economy confirms the expectations of the experts," said ZEW president Clemens Fuest.

"At the same time, limited progress is being made with regard to solving the Ukraine conflict and the sovereign debt crisis in Greece. This has a dampening effect on sentiment," Fuest added.

The index fell short of analysts' expectations for a more robust rise to 60.0 points.

For the survey, ZEW questions analysts and institutional investors about their current assessment of the economic situation in Germany, as well as their expectations for the coming months.

The sub-index measuring financial market players' view of the current economic situation in Germany jumped by 9.6 points to 55.1 points in March, its highest level since July 2014.

"The March ZEW reading may have dis-

appointed analysts' high expectations. But optimism is still growing," said BayernLB economist Stefan Kipar.

"It could also feed into hard economic data in the coming months," Kipar said. But "momentum may remain moderate against the backdrop of uncertainty surrounding Greece and Ukraine," he added.

Natixis economist Johannes Gareis felt the Greek crisis "is steadily disappearing from the radar screen of German investors."

This was reflected in the strong rise in the blue-chip DAX index which is now firmly above 12,000 points, driven by optimism about the European Central Bank's ultra-expansive monetary policy, the expert argued.

"At this stage, there is no strong case for beginning to question the strength of Germany's economic recovery," he said.

Berenberg Bank economist Christian Schulz attributed the rise in the ZEW index to "the tailwinds of cheap oil, a weaker euro and lower funding costs for companies and households."

However, the new Greek risk may be dampening optimism somewhat, he cautioned.

ING DiBa economist Carsten Brzeski felt that over the last two years, the ZEW index "has returned as an interesting and more reliable indicator for future economic growth."

"As a main beneficiary of the ECB's programme of quantitative easing, supported by sound domestic fundamentals, the German economy should power ahead," he said.

Commercial papers: short-cut to funds

FROM PAGE B1

Furthermore, since less documentation is needed, corporates can access the funds quicker through a CP than by way of the traditional loan method, said Mohammad Jahangir Alam, head of structured finance at City Bank that has arranged a Tk 75 crore-CP for ACI and has Tk 150 crore of deals in the pipeline for the next two months.

For instance, Bengal Plastics, a leading plastic goods maker, has recently raised Tk 50 crore through a CP, as it could get the funds promptly, said Md Jashim Uddin, vice-chairman of Bengal Group of Industries.

Commercial paper would be a promising product for Bangladesh due to its

unique features, SK Sur Chowdhury, deputy governor of Bangladesh Bank said in November last year.

For many corporations, borrowing short-term money from banks is often a laborious and annoying task. The desire to avoid banks as much as possible has led to the widespread popularity of CP, according to industry people.

The Reserve Bank of India introduced CP in 1990 in a bid to enable highly-rated corporate borrowers to diversify their sources of short-term borrowings and provide an additional instrument to investors. RBI also issued a guideline in this regard.

suman.saha@thedailystar.net



Alamgir Shamsul Alam, president of Real Estate and Housing Association of Bangladesh, leads a delegation of the association to meet SK Sur Chowdhury, deputy governor of Bangladesh Bank. REHAB has urged the central bank to allow single-digit interest refinancing to help boost the sector.

পূজিবাজার এর উপর সার্টিফিকেট কোর্স

বিআইসিএম সরকারী অর্থায়নে পরিচালিত পূজিবাজারের জন্য একটি বিশেষায়িত জাতীয় শিক্ষা প্রতিষ্ঠান। আগামী ০৫ এপ্রিল, ২০১৫ তারিখ থেকে ইন্সটিটিউট নিয়ে উল্লিখিত সার্টিফিকেট কোর্স সমূহ শুরু করছেঃ

সময়কাল	প্রশিক্ষণ ফি
১. সিকিউরিটিজ লজ অব বাংলাদেশ (Securities Laws of Bangladesh)	১০ দিন ৫,০০০/-
২. একাউন্টিং ফর ফাইন্যান্সিয়াল ইন্সট্রুমেন্টস (Accounting for Financial Instruments)	০৫ দিন ৫,০০০/-
৩. টেকনিক্যাল এনালাইসিস (Technical Analysis)	০৫ দিন ৫,০০০/-

প্রশিক্ষণ সময়ঃ বিকাল ০৬:০০ টা - সন্ধ্যা ০৮:৩০ টা।
রেজিস্ট্রেশনের শেষ তারিখঃ ০২ এপ্রিল, ২০১৫

কোর্স সম্পর্কে বিস্তারিত তথ্যের জন্যঃ www.bicm.ac.bd
রেজিস্ট্রেশনের জন্য যোগাযোগঃ +৮৮-০২-৭১৩১৯০

বাংলাদেশ ইন্সটিটিউট অব ক্যাপিটাল মার্কেট (বিআইসিএম)
বিজিআইসি টাওয়ার (৪র্থ তলা), ৩৪, তোপখানা রোড, ঢাকা