



Ali Reza Iftekhar, managing director and CEO of Eastern Bank Ltd, inaugurates the 82nd branch of the bank at Jamgora of Ashulia, Savar on December 22. M Nazeem A Choudhury, head of consumer banking, and other senior officials were present.

# Japan logs ninth monthly price fall in November

AFP, Tokyo

Japan's consumer prices fell for the ninth straight month in November, official data showed Tuesday, while household spending declined and unemployment ticked up.

It was a further blow to efforts from the government and the Bank of Japan to pump up the world's number three economy with massive public spending and aggressive monetary easing.

Prime Minister Shinzo Abe came to office in late 2012 and launched a growth plan -- a mix of massive monetary easing, government spending and red-tape slashing.

But economists are increasingly writing off the "Abenomics" spend-for-growth policy.

Core consumer prices declined 0.4 percent on-year, the internal affairs ministry said. There was a forecast of a 0.3 percent fall among private economists.

Tokyo officials have blamed external factors, such as falling energy prices and uncertainty

related to emerging economies, for their failure to achieve a promised two percent inflation target.

Last month, the central bank said it expected to hit two percent inflation by March 2019 -- four years later than its original target and the latest in a string of delays.

Under deflation, general price falls can discourage companies from making capital investments, while also slowing production.

Deflation can also discourage spending by consumers, who might postpone purchases until prices drop further or save money, creating further pressure on businesses.

"When you look at CPI along with the consumer spending data, you see domestic demand itself is weak," Hiroaki Muto, chief economist at Tokai Tokyo Research Centre, told Bloomberg News. "Exports and production are recovering but consumers haven't loosened their purse strings," he said.

"I don't see anywhere the kind of dynamism

that will make two percent inflation achievable," Muto said.

The internal affairs ministry also said that Japan's household spending fell for the ninth consecutive month, declining 1.5 percent in November from a year ago.

The nation's unemployment rate edged up to 3.1 percent in November from the 3.0 percent registered in October, the ministry said.

BoJ governor Haruhiko Kuroda has repeatedly voiced his optimism about the economy and his commitment, with the solid US economy while emerging economies also moderately pick up.

In a speech on Monday Kuroda said consumption should gradually improve, while citing "a significant fall in crude oil prices" as negatively impacting prices in Japan.

It "has been a tough year, both for businesses and the Bank (of Japan)," Kuroda said of 2016 in a speech to a gathering hosted by Keidanren, Japan's largest business lobby.

# Argentine finance minister sacked amid recession

AFP, Buenos Aires

Argentine President Mauricio Macri sacked his finance minister Alfonso Prat-Gay on Monday, shaking up his economic team amid a stubborn recession that has made his center-right reforms deeply unpopular.

"The president asked him to resign," chief of staff Marcos Pena told a press conference. "It's a matter of policy differences."

Prat-Gay's ministry will be split in two, Pena said.

Nicolas Dujovne, a respected economist, will take over as finance minister. Luis Caputo, who previously served Prat-Gay as budget secretary, will take over the newly created budget ministry.

Caputo was the government's envoy for negotiations that ended Argentina's decade-old legal battle with US hedge funds demanding full repayment on defaulted Argentine bonds.

It is Macri's first cabinet reshuffle since he swept to power just over a year ago, putting an emphatic end to 12 years of left-wing rule.

Prat-Gay had been instrumental in a flurry of market-oriented reforms, including the end of foreign exchange controls -- which triggered a sharp devaluation of the peso and sent annual inflation soaring above 40 percent.



REUTERS/FILE

Argentina's finance minister Alfonso Prat-Gay attends the annual meeting of the World Economic Forum in Davos, Switzerland.

Other reforms under his watch included the removal of subsidies for public transportation, electricity and gas, which triggered angry protests.

Macri says his reforms are necessary to revive Latin America's third-largest economy. But as he starts his second year in office, the promised growth has yet to arrive.

The Argentine economy is forecast to shrink by two percent this year.

Macri's government is banking on growth of 3.5 percent in 2017, with inflation falling to 17 percent.



IDLC FINANCE

Arif Khan, chief executive officer of IDLC Finance Ltd, receives the 'gold award' at ICSB National Award for Corporate Governance Excellence 2015 in the non-bank financial institution category from Mashur Rahman, economic affairs adviser to the prime minister, at a ceremony at Sonargaon hotel in Dhaka recently.



NCC BANK

Md Nurun Newaz Salim, a director and chairman of the risk management committee of NCC Bank, inaugurates the 105th branch of the bank at Parshuram, Feni on Monday. Khairul Alam Chaklader, a director, and Golam Hafiz Ahmed, managing director and CEO, were also present.

# Oil edges further above \$55 ahead of supply cut deal

REUTERS, London

Oil edged further above \$55 a barrel on Tuesday, drawing support from expectations of tighter supply once the first output cut deal between Opec and non-Opec producers in 15 years takes effect on Sunday.

Jan. 1 brings the official start of the deal agreed by the Organisation of Petroleum Exporting Countries and several non-Opec producers to lower production by almost 1.8 million barrels per day (bpd).

Brent crude LCOc1 was up 5 cents at \$55.21 a barrel by 0941 GMT. The global benchmark reached \$57.89 on

Dec 12, the highest since July 2015. US crude CLC1 gained 20 cents to \$53.22.

"Opec's output cuts are nearing, but because there's hardly any news on producers, the market is stuck in the doldrums," said Tomomichi Akuta, senior economist at Mitsubishi UFJ Research and Consulting in Tokyo. Trading was shut on Monday for the Christmas holiday and volume was expected to be light on Tuesday.

Major Opec members such as Saudi Arabia and Iraq have informed customers of lower supplies. But Libya and Nigeria - which are exempt from reductions because conflict has curbed their output - have been increasing production.

Libyan output was 622,000 bpd on Monday, up slightly from levels recorded before an armed faction agreed to lift a two-year blockade on major western pipelines on Dec. 14, the National Oil Corporation (NOC) said.

While the outright price of crude is being supported by the prospect of lower supplies, the impact in the physical market will probably differ according to the type of crude.

Price differentials for lighter crudes could weaken once the supply cut comes into force as producers are expected to trim back output of their heavier grades, analysts at JBC Energy said in a report.

# ECB tells Monte dei Paschi it needs to raise \$9.2b

REUTERS

The European Central Bank has told Monte dei Paschi it needs to plug a capital shortfall of 8.8 billion euros (\$9.2 billion), higher than a previous 5 billion euro gap estimated by the bank, the lender said on Monday, confirming what sources told Reuters.

Last Friday the Italian government approved a decree to bail out Monte dei Paschi after Italy's No. 3 lender failed to win investor backing for a desperately needed 5 billion euro capital increase.

The bank said on Monday it had officially asked the ECB last Friday for go ahead for a "precautionary recapitalization".

A precautionary recapitalization is a type of state intervention in a struggling bank that is still solvent. It means only a modest bail-in of investors though the government can buy shares or bonds only on market terms endorsed by EU state aid officials in Brussels.

In its reply, the ECB said it had calculated the capital it believed the bank needed on the basis of a shortfall emerging from European stress test of large lenders earlier this year.

In those tests Monte dei Paschi was the only Italian bank to come short under an

adverse scenario.

The ECB said the lender was solvent but signaled the bank's liquidity position had rapidly deteriorated between the end of November and December 21, Monte dei Paschi said.

"The bank has quickly started talks with the competent authorities to understand the methodologies underlying the ECB's calculations and introduce the measures for a precautionary recapitalization..." it said.

The bank's problems date back several years but successive Italian governments have failed to tackle the issue, which became a political taboo this year with new EU rules banning state bailouts unless private investors take losses first.

The European Commission said on Friday it would work with Rome to establish conditions were met for a bailout of Monte dei Paschi.

But on Monday ECB policymaker Jens Weidmann said plans for a state bailout of Monte dei Paschi should be weighed carefully as many questions remain to be answered.

Italy's market watchdog Consob said last week the bank's shares and securities would be suspended from trading until the conditions of a state bailout become clear.

# Toshiba says may book write-down of several billion dollars

AFP, Tokyo

Toshiba said Tuesday it may book a one-time loss of several billion dollars over a US subsidiary's acquisition of a nuclear power service company.

The Tokyo-based conglomerate said in a statement that costs linked to the 2015 transaction will possibly come to "several billion US dollars, resulting in a negative impact on Toshiba's financial results".

The exact figure of the potential write-down, however, is "still subject to determination," it added. The announcement came after Toshiba shares closed nearly 12 percent lower on media reports about the potential loss earlier in the day.

Toshiba said the possible write-down was related to the valuation of the purchase by its US subsidiary Westinghouse Electric of a US nuclear service company.

Westinghouse and seller Chicago Bridge & Iron have turned to an independent accountant to resolve a dispute over differences in asset valuations, Toshiba said earlier this year.

"Westinghouse has found that the cost... will far surpass the original estimates" of \$87 million, Toshiba said, adding that will result "in (a) far lower asset value than originally determined". As a result, Westinghouse and Toshiba may both book one-time losses for this fiscal year ending March 2017, it said, adding it will announce a revised earnings forecast as soon as possible.

Toshiba is currently expecting an annual net profit of 145 billion yen (\$1.24 billion), up 45

percent from an earlier estimate, on sales of 5.4 trillion yen. The announcement is the latest blow to Toshiba, a once-proud pillar of corporate Japan.

It has been besieged by problems, most notably a profit-padding scandal in which bosses for years systematically pushed subordinates to cover up weak financial results.

In an intensive overhaul, the company has been shedding businesses and announced the sale of its medical devices unit to camera and office equipment maker Canon.

Investors had welcomed the makeover, with Toshiba shares climbing 77.3 percent this year through Monday.



AFP

The logo of Toshiba Corporation is displayed at the company's headquarters in Tokyo yesterday.