India bans 328 combination drugs in setback for pharma companies

REUTERS, *New Delhi*

The Indian government has banned 328 combination drugs in a blow to both domestic and foreign pharmaceutical firms, but the ban has been cheered by health activists worried about growing antibiotic resistance due to the misuse of medicines.

The Indian government had in 2016 banned about 350 such drugs, referred to as fixed-dose combinations (FDCs), but the industry mounted various legal challenges that prompted the Supreme Court to call for a review by an advisory board.

The health ministry on Wednesday said the board had found there was "no therapeutic justification for the ingredients contained in 328 FDCs and that these FDCs may involve risk to human beings".

It said it was prohibiting the "manufacture for sale, sale or distribution for human use" of the 328 FDCs with immediate effect. It did not name the drugs or give any brands.

The president of the Indian Drug Manufacturers' Association, Deepnath Roychowdhury, said the order would have an impact on a market worth an estimated 16 billion rupees ($222 million) a year for such drugs, which are produced by both small and large pharmaceutical companies.

He said the verdict would be respected.

Combination drugs are used to improve patients' compliance, as it is easier to get patients to take one drug rather than several.

REUTERS/FILE

A medical representative talks to a chemist at a market in Pune, India.

But inconsistent enforcement of drug laws in India has led to a proliferation of such medicines based on state approvals, rather than from the central government.

Health authorities have warned that the increasing use of antibiotic combinations may be contributing to antibiotic resistance, with India of particular concern because of the large volume of combination drugs being taken.

Malini Aisola of the All India Drug Action Network welcomed the government ban, saying it was a step towards addressing a "grave situation". "The people of India have been made the consumers of unsafe medicines for too long," she said.

Companies such as Indian unit of Abbott Laboratories had filed court appeals against the government's 2016 order.

Abbott did not respond to a request for comment and it was not immediately clear how the ban would impact it.

The ministry also said 15 FDCs had been kept out of the purview of the current ban.

Oil slips from four-month highs

REUTERS, *London*

Oil prices fell on Thursday, slipping back from four-month highs as investors focused on the risk that emerging market crises and trade disputes could dent demand even as supply tightens.

Benchmark Brent crude oil was down 65 cents a barrel at $79.09 by 1000 GMT. US light crude fell $1.15 to a low of $69.22 a barrel and was last at $69.35, down $1.02.

The International Energy Agency said on Thursday that although the oil market was tightening at the moment and world oil demand would soon reach 100 million barrels per day (bpd), global economic risks were mounting.

"Things are tightening up," the agency said in its monthly report, but added: "As we move into 2019, a possible risk to our forecast lies in some key emerging economies, partly due to currency depreciations versus the US dollar raising the cost of imported energy."

"In addition, there is a risk to growth from an escalation of trade disputes," the Paris-based agency said.

ECB to scale back crisis measures despite tense outlook: analysts

AFP, *Frankfurt*

The European Central Bank will not shirk from scaling back its crisis-fighting stimulus Thursday, analysts expect, even as trade tensions, emerging market woes and Italy bucking budget rules shade the economic outlook.

An actual rise in interest rates, at historic lows since 2016, remains a long way off for the Frankfurt-based institution, they predict.

But President Mario Draghi is unlikely to see risks to growth and inflation in the 19-nation single currency area as big enough to warrant slowing his exit from mass bond-buying.

So-called "quantitative easing" -- designed to pump cash through the financial system and into the real economy, powering growth and inflation -- is slated to fall from the present 30 billion to 15 billion euros ($17.4 billion) per month from October, before ending it in December.

"The auto pilot, turned on in June, should stay on" at Thursday's meeting, economist Carsten Brzeski of ING DiBa said.

Back then, Draghi proclaimed "confidence" in the outlook for growth and inflation, saying risks "broadly balanced" between positive and negative were not enough to knock off course the bank's pursuit of stable price growth close to but below 2.0 percent.

"The fundamental backdrop clearly speaks for the ECB exiting its ultra-loose monetary policies," UBS analysts commented, pointing to relatively steady growth in the eurozone and rising wages likely to stoke prices towards the target.

Nevertheless, "the balance of risks has become more unfavourable in recent months," the bankers added.

Draghi in the summer highlighted the danger of trade friction between the United States and China and the European Union.

With President Donald Trump now threatening to hit all imports of Chinese goods into America with tariffs, fears of a global economic slowdown triggered by protectionism have only grown.

Elsewhere, currency crises that have flared in major emerging economies Turkey and Argentina now risk undermining eurozone export partners like Germany and Spain.

And within the euro area, governments and financial markets fear Italian ministers will honour pricey electoral promises rather than shrinking Rome's tottering debt pile of 132 percent of annual gross domestic product -- more than twice the EU target.

Despite official reassurances, the so-called "yield spread" -- which measures the difference in perceived risk between Italian and ultra-safe German government bonds -- remains uncomfortably high.

Neither is macroeconomic data all rosy.

While headline inflation reached 2.0 percent last month, "core" inflation -- which rules out volatile items like food and energy prices -- notched up just 1.0 percent.

And unemployment across the euro area remains stubbornly high compared with other advanced economies, at 8.2 percent -- limiting upward pressure on salaries and, indirectly, prices.

Turkey lira plunges as Erdogan slams central bank

AFP, *Ankara*

Turkish President Recep Tayyip Erdogan on Thursday launched a blistering attack on Turkey's central bank, causing a sharp fall in the value of the lira just ahead of a crucial rate decision.

The bank is widely expected to raise rates this afternoon to calm economic turbulence after the lira nosedived in the last weeks and inflation soared to almost 15 percent.

But Erdogan -- who has been accused by critics of pressuring the nominally independent central bank -- charged it with failing to control inflation and again aired his unorthodox view that low rates bring inflation down. "As of today I have not seen the central bank fix inflation rates as they promised," Erdogan told a conference in Ankara.

"Interest rates are the cause, inflation is the result. If you say 'inflation is cause, the rate is the result', you do not know this business, friend," he added.

Erdogan again described interest rates as a "tool of exploitation" but vowed that "we cannot be taken advantage of".

Markets reacted badly to Erdogan's comments, with the lira losing 3.5 percent in value against the dollar at one point. It later rallied slightly to trade at 6.45 lira, a loss of 1.6 percent on the day as traders awaited the decision.

It was not immediately clear if Erdogan's comments signalled that the central bank would not lift rates when the decision is announced at 1100 GMT or if he was angry at the prospect of a likely hike.

"There has been no change in my sensitivities on the issue of interest rates," Erdogan said.

"The central bank is independent and makes its own decisions," he added.

Bank of England holds rates steady

REUTERS, *London*

The Bank of England kept interest rates on hold on Thursday and highlighted greater financial market concerns about Brexit, a month after raising borrowing costs for only the second time in more than a decade.

The BoE said its nine rate-setters voted unanimously to hold rates at 0.75 percent, in line with economists' expectations in a Reuters poll, and said there had been limited domestic developments since its Aug. 2 meeting, other than on Brexit.

"Since the Committee's previous meeting, there have been indications, most prominently in financial markets, of greater uncertainty about future developments in the (European Union) withdrawal process," the central bank said.

The BoE's regional staff reported businesses were tightening cost control and holding off on investment ahead of Britain's March 2019 withdrawal from the EU. Exporters surveyed for the BoE saw a 40 percent chance that Brexit would hurt their sales.

Nonetheless, BoE staff raised their forecast for third-quarter growth to 0.5 percent from 0.4 percent, partly due to stronger consumer spending over an unusually warm summer.

Most economists polled by Reuters do not expect the BoE to raise rates again until after Britain has left the EU, and the BoE reiterated that business, financial market and household reaction to Brexit would affect the path for monetary policy.

Sterling was little changed after the decision.

"The Bank of England will not want to unsettle the UK's delicate recovery with an ill-timed rate hike," said Tom Stevenson, an investment director at fund managers Fidelity International.