# Termationa WEDNESDAY, JANUARY 16, 2019

FAST FOOD FEAST

**Donald Trump** @realDonaldTrump

Great being with the National Champion Clemson Tigers last night at the White House. Because of the Shutdown I served them massive amounts of Fast Food (I paid), over 1000 hamberders etc. Within one hour, it was all gone. Great guys and big eaters!

# Quick



### Walmart walks away from tie-up with CVS

WALMART HAS OPTED to end its involvement in the network of commercial and Medicaid pharmacies run by CVS Health after the two companies failed to agree on pricing, CVS said. The company said Walmart sought reimbursement increases that would lead to higher costs for clients and consumers."At a time when everyone is working hard to find ways to reduce healthcare costs, Walmart's requested rates would ultimately result in higher costs for our clients and consumers," Derica Rice, president of CVS Caremark, said in a statement.

### US core producer prices dip for first time in a year

A KEY MEASURE of US producer prices unexpectedly fell in December and the overall gauge declined more than forecast amid lower oil prices, signaling potential inflation pressures in the economy are contained. Excluding food and energy, producer prices decreased 0.1% from the prior month, the first decline in a year, according to a labour department report on Tuesday.

### German GDP grew 1.5% in 2018, weakest in 5 yrs

THE GERMAN ECONOMY grew by 1.5% in 2018, the weakest rate in five years and a clear slowdown from the previous year, a preliminary estimate from the Federal Statistics Office showed on Tuesday. Germany is struggling with a cooling of the global economy, trade disputes triggered by US President Donald Trump's 'America First'policies and the risk of Britain leaving the EU without a deal in March.

### Walgreens-Microsoft deal to rival Amazon

WALGREENS BOOTS ALLIANCE is teaming with Microsoft to design new 'digital health corners' for its stores, as both companies look to battle an ever-expanding Amazon.com. For Walgreens, the pharmacy giant must contend with looming competitive threats from Amazon and other upstarts looking to disrupt the drugstore business.

### German court throws out Qualcomm's Apple case

A PATENT LAWSUIT filed by Qualcomm against Apple was thrown out by a German court on Tuesday, in a reversal for the US chipmaker after it won a recent court ban on the sale of some iPhones in the country. The regional court in the city of Mannheim dismissed the Qualcomm suit as groundless in an initial verbal decision, saying the patent in question was not violated by the installation of its chips in Apple's smartphones.

### Ivanka to help pick WB chief but isn't in the race

IVANKATRUMP IS helping manage the US nomination of a new leader of the World Bank, the White House said. Ivanka will work with treasury secretary Steven Mnuchin and acting chief of staff Mick Mulvaney to nominate a successor to outgoing World Bank President Jim Yong Kim, spokeswoman Jessica Ditto said in a statement.

### **COUNTERING SLOW GROWTH**

# China plans more stimulus Ghosn's latest bail request

Trade war with the United States has also heaped uncertainty on China's near-term outlook

**REUTERS** Beijing, January 15

CHINA WILL AIM to achieve 'a good start' in the first quarter for the economy, the state planner said on Tuesday, signalling authorities could roll out more stimulus measures in the near term to counter slowing growth.

China will strengthen monitoring of its economic situation and improve its 'reserve' of economic policies, the National **Development and Reform Commission** (NDRC) said in a statement.

The world's second-biggest economy slowed in 2018 as Chinese authorities carried out painful long-term structural adjustments to transition to a more gradual but sustainable growth trajectory.

A trade war with the United States has also heaped uncertainty on China's near-term outlook. Exports unexpectedly fell the most in two years in December in a sign of mounting pressure on the economy. Premier Li Keqiang said China

achieved its key 2018 economic targets, which were 'hard-worn', and seeks a strong start to the economy in the first quarter to establish conditions helpful to meeting this year's goals, according to state television on Monday.

Sources told *Reuters* last week that Beijing was planning to lower its growth target to 6-6.5% this year after an expected 6.6% in 2018, the slowest pace in 28 years.

The proposed target, to be unveiled at the annual parliamentary session in March, was endorsed by top leaders at the annual closed-door Central Economic



Work Conference in mid-December, the sources told Reuters.

Annual growth of about 6.2% is needed this year and in 2020 to meet the ruling Communist Party's longstanding goal of doubling gross domestic product and incomes in the decade to 2020, and to turn China into a 'modestly prosperous'nation.

China has lowered the level of reserves that commercial banks need to set aside for the fifth time in a year, to spur lending, particularly to small and medium-sized firms. Beijing has also cut taxes and fees, and stepped up infrastructure investment to shore up the economy.

This year, China will step up fiscal expenditure and implement larger tax and fee cuts. The cuts will focus on reducing burdens for small firms and manufacturers, the finance ministry said in a statement on Tuesday.

Stabilising employment is the government's top priority, NDRC vice-chairman Lian Weiliang said at a press conference on Tuesday.

China will speed up investment projects and local government bond issuances, but will not resort to 'flood-like' stimulus, Lian said.

### Yuan defies gloom to head to six-month high

**CHINA'S YUAN** is shrugging off poor economic data to head for its strongest level in six months, but the gains are coming so fast they're casting uncertainty over the rally's longevity. The currency rose as much as 0.42% to 6.7383 per dollar on Tuesday, in line for its highest close since July. It

has rallied 1.8% this year, the thirdbest performer out of 11 Asian exchange rates tracked by Bloomberg. The advance comes amid a string of worse-than-expected economic numbers, spurring warnings from the likes of Mizuho Bank and Rabobank Group that a correction could be on the horizon.

"The yuan has reached its peak in the short term, as weak economic fundamentals won't support a further rapid rally," said Xia Le, Hong Kongbased chief Asia economist at Banco Bilbao Vizcaya Argentaria SA. Trade data could get 'uglier' in the coming two quarters, he said. "The central bank may take measures, such as verbal warnings and window guidance, to slow the appreciation."

China's exports in dollar terms fell 4.4% in December from a year earlier and imports slumped 7.6%, the worst readings since 2016. Data on industrial profits, manufacturing, retail sales and producer prices have also been soft, adding to signs that fundamentals surrounding the Chinese economy have yet to respond to policy makers' efforts to shore up - BLOOMBERG

# Tokyo court denies Nissan

**REUTERS** Tokyo, January 15

**THE TOKYO DISTRICT** Court on Tuesday denied former Nissan Motor chairman Carlos Ghosn's request for release on bail after his indictment last week on two new charges, making it likely the once-feted executive remains jailed for months.

Lawyers for Ghosn have appealed the decision and could receive a response within the next day.

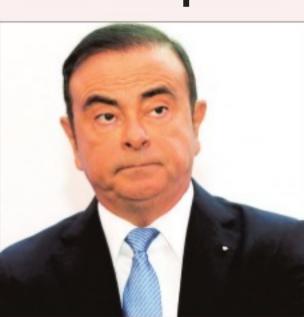
Ghosn awaits a lengthy criminal trial that could be as long as six months away, his lawyers have said. It is rare in Japan for defendants who deny their charges to be granted bail ahead of trial.

The executive has remained in a detention centre in Tokyo since November 19, when he was first arrested on allegations of under-reporting his salary for five years through 2015.

The court did not give a reason for denying bail. At a hearing last week, when his lawyers asked for reasons for his continued detention, the court cited concerns that Ghosn would try to flee or tamper with evidence.

Ghosn was indicted on Friday on charges of aggravated breach of trust for temporarily transferring personal investment losses to Nissan in 2008, and understating his salary for three additional years through March 2018. He has denied the charges.

His arrest sent shockwaves through



Carlos Ghosn

Ghosn awaits a lengthy criminal trial that could be as long as six months away, his lawyers have said. It is rare in Japan for defendants who deny their charges to be granted bail ahead of trial

the auto industry and rocked Nissan's alliance with Mitsubishi Motors Corp and France's Renault.

Ghosn, who masterminded Nissan's financial turnaround two decades ago, has since been removed from chairmanship positions at Nissan and Mitsubishi but remains chairman and chief executive at Renault.

### Suit for damages against Ghosn soon

NISSAN PLANS to file a civil suit against ousted chairman Carlos Ghosn to claim for damages resulting from alleged misuse of company funds, a person with knowledge of the issue said, which would add to the high profile executive's legal headaches.

Ghosn, who remains chairman and chief executive of Nissan partner Renault, has already been charged with three counts of financial misconduct and has been held at a detention centre in Tokyo for nearly two months.

Indian-origin WH

deputy spokesman

RAJ SHAH, THE first Indian-American to

hold a top White House Press Office post, has

quit to join an arm of a prominent commu

nications and lobbying firm, becoming the

latest of several senior officials to leave the

Shah, 34, White House deputy

Trump administration in recent months.

Raj Shah quits

Trump admn

PRESS TRUST OF INDIA

Washington, January 15

## Huawei founder says company would not share user secrets

**ASSOCIATED PRESS** Shenzhen (China), January 15

THE FOUNDER OF Huawei said on Tuesday his company would refuse to disclose

secrets about its customers and their communication networks, trying to lay to rest concerns the Chinese tech giant might spy for the Communist government. Ren Zhengfei spoke in a rare meeting

with foreign reporters as Huawei Technologies tries to protect its access to global telecom carriers that are investing heavily in next-generation technology. His comments were the 74-year-old former military engineer's most direct public response to accusations his company is controlled by the ruling Communist Party or is required to facilitate Chinese spying. Huawei, the biggest global supplier of

network gear used by phone and internet companies, is China's first global tech brand. The United States, Australia, Japan and some other governments have imposed curbs on use of its technology

The United States, Australia, Japan and some other governments have imposed curbs on use of its technology over such concerns

over such concerns.

"We would definitely say no to such a request," Ren said when asked how the company would respond to a government demand for confidential information about a foreign buyer of its telecom technology. Asked whether Huawei would challenge such an order in court, Ren chuckled and said it would be up to Chinese authorities to 'file litigation'. Ren said neither he nor the company have ever received a government request for 'improper information' about anyone.

Huawei is facing heightened scrutiny as phone carriers prepare to roll out fifthgeneration technology in which Huawei is a leading competitor. 5G is designed to support a vast expansion of networks to serve medical devices, self-driving cars and other technology.

## VW, Ford team up on trucks, eye deals on EVs and self-driving cars

Frankfurt, January 15

**VOLKSWAGEN AND FORD** Motor said on Tuesday they will join forces on commercial vans and pickups and are exploring

shared development of electric and self-driving technology, actions meant to save the automakers billions of dollars. Ford and

announced their partner ship against the backdrop of the Detroit auto show. The tie-up, which starts with sales of vans and medium-sized pickups in 2022, will not involve a merger or equity stakes, the companies said.

The expanding alliance, which will be governed by a joint committee that includes the CEOs of both companies, highlights the growing pressure on global automakers to manage the costs of developing electric and self-driving vehicles, as well as technology to meet tougher emissions standards for millions of internal combustion vehicles they will sell in coming years. Ford will provide more details on how

the alliance affects Ford's regional operations in coming weeks, but does not expect any job cuts in Ford plants as a result of the alliance, Ford Chief Executive Officer Jim Hackett said.

build medium-sized pickups for both companies, Volkswagen said. Ford will also engineer and build larger commercial vans for European customers, while Volkswagen will develop and

Ford will engineer and

plant in Turkey, VW said. The companies estimate the commercial van and pickup cooperation will yield

improved annual pretax operating results starting in 2023. Ford and VW have signed a memorandum of understanding to jointly develop electric and self-driving vehicles, VW Chief

Executive Officer Herbert Diess said.

spokesman and a former researcher at the build a city van. Vans could be built in Ford's Republican National Committee, was in the administration since president Trump took office in January 2017.

Shah will lead the Media Group, the press wing of Ballard Partners, a lobbying firm with offices in Florida and Washington, NYT reported

His portfolio recently included helping prepare Justice Brett M Kavanaugh for his Senate confirmation hearings to the Supreme Court. Shah will lead the Media Group, the press wing of Ballard Partners, a lobbying firm with offices in Florida and Washington, *The New York Times* reported.

"I'm excited to join Brian, Jamie and the top-notch team to launch Ballard Media Group. Our team, with years of proven results, will provide the strategic communications clients need to navigate these challenges and successfully deliver their message to the right audience," Shah said in his statement. He will work with Jamie Rubin, a Democrat who was a spokesman for Madeleine Albright, the former secretary of state, the report said, quoting the officials.

Shah's departure comes as the White House press and communications teams have been depleted. Several aides have moved on to roles at government agen-

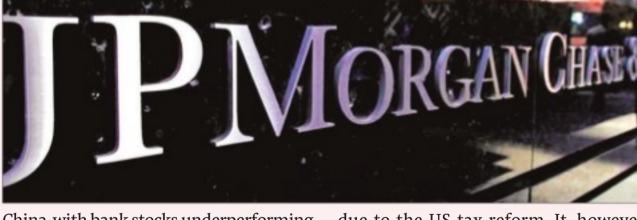
#### JPMorgan misses profit estimates as bond trading slumps Wells Fargo revenue misses on **REUTERS**

New York, January 15

JPMORGAN CHASE REPORTED a lowerthan-expected quarterly profit as a slump in bond trading outweighed gains from higher interest rates and loan growth.

Shares of the largest US bank by assets fell 3% in early trading as the lender posted declines in revenue in three of its four main businesses in the fourth quarter. Overall adjusted fixed income trading revenue fell 18% as investors fled commodities and credit trading markets due to spikes in volatility toward the end of 2018.

Trading desks at banks have been shaken by global growth concerns and the ongoing trade war between the United States and



China, with bank stocks underperforming the S&P 500 index in 2018 by 13%.

JPMorgan's profit also took a hit from a 6% rise in expenses as it invested in technology, marketing and real estate.

year ago when it took a one-time charge

The bank's net income rose 67% to \$7.07 billion, or \$1.98 per share, from a

due to the US tax reform. It, however, missed analysts'average estimate of \$2.20 per share, according to IBES data from Refinitiv. Net interest income rose 9% to \$14.5 billion, helped by higher interest rates in 2018. The bank's average core loan book rose 6% compared with the year-earlier quarter.

weakness in consumer banking Wells Fargo on Tuesday reported quarterly revenue that missed analysts' estimates, as revenue across all its banking units declined, especially at community banking, the unit at the centre of its 2016 sales scandal. Shares of the San Francisco-based lender were down 1.22% at \$48.42 in early trading. The bank's total revenue fell 5% to

\$20.98 billion in the fourth quarter, while consumer loans fell 3%. Analysts on average were expecting revenue of \$21.73 billion, according to IBES data from Refinitiv. Wells managed to make good on its promise to reduce costs to combat expenses related to its sales scandal. Noninterest expenses fell 21% to \$13.34 billion.

# cies or have left the Trump administra tion entirely.

### **SELECTIONS FROM**

## The Economist

BARACK OBAMA'S NOMINATION of Jim Yong Kim as president of the World Bank was unexpected in Washington, DC, where the trained physician was little known. His imminent departure also comes as a surprise. Kim said on January 7th that he would step down next month, three years before his second term ends, to take up a position at Global Infrastructure Partners (GIP), a privateequity firm in New York.

In fact Kim probably decided to leave months ago. He would have felt he had secured his legacy after a triumph last year,

when he persuaded shareholders to agree to a paid-in capital increase of \$13bn, expanding the bank's lending capacity from \$60bn to \$100bn by 2030. Once he had begun talking to his next employer, he could not stay long without creating a potential conflict of interest — GIP also invests in infrastructure in poor countries. He will not be missed by everyone. A reorganisation he oversaw was loathed by staffers, and he fired several senior staff members, some of whom had only recently been given new roles. Relations improved only in 2016, when his management responsibilities were passed on to Kristalina Georgieva, a former European Union commissioner, who took the newly created role of chief executive. She will act as interim president until Kim's replacement is chosen.

Like Kim, the new chief will be caught between America, the bank's largest

#### FINANCE AND ECONOMICS JIM JUMPS

# The World Bank's president resigns abruptly

Jim Yong Kim departs for a position at a private-equity fund

shareholder, and China, its third-biggest one. Though Kim's support for China's 'Belt and Road' infrastructure initiative drew criticism from officials at America's treasury department, America's suspicion of China worked to his advantage when he was negotiating the capital increase. The bank agreed to charge higher interest rates on loans to upper-middle-income coun-

tries such as China, and to prioritise lending to poorer ones, in return for more money. Some treasury officials think lending to China is at the expense of needier recipients, though others see little harm in it, since it brings both profits and a modicum of influence. An understanding between America

and Europe has meant that the bank's boss



is always American, while a European leads the IMF. And although it dislikes multilateral institutions, the Trump administration will probably insist this pattern continues, regarding the job as a restraint on China's ambitions. Dina Powell, a banker at Goldman Sachs who advised Trump on capital increase. Scott Morris of the Centre for Global

national security, is rumoured to be in the

running. She is thought to have helped

gain White House approval for the bank's

Development, a think-tank in Washington, DC, points out that 2012, when Kim won, was the first time candidates from poorer countries were in the running, and America's relations with the rest of the world have soured since. An Ameri can nominee who is hawkish on China and opposes the bank's green-finance projects, or is seen as a political stooge, would set off a row. Powell would have the advantage of being a globalist. In any case, developing countries would need to unite behind one candidate to have any chance of overturning convention. That would be a bigger surprise for bank-watchers than any yet.

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