

Business Need to know

Economics

UK jobs: More than 3,000 jobs were axed across the UK yesterday as banks, retailers, media and construction groups braced for a grim Christmas and a tough new year. Santander, the Spanish bank, has cut 1,900 jobs at its British subsidiaries Abbey, Alliance & Leicester and Bradford & Bingley while the axe also fell on collapsed retailer Woolworths, whose administrator Deloitte has laid off 700 at its EUK distribution business. **Page 62**

UK currency: Sterling hit a new record low against euro and a basket of currencies. The euro rose more than 0.8 per cent during Friday to a record of 89.84 pence. Trade-weighted sterling fell to 78.9, the lowest level on daily Bank of England records dating back to 1990.

US retail sales: A record 14.7 per cent fall in petrol sales helped to drag US retail sales down for the fifth consecutive month in November, the longest period on record. Overall sales fell by 1.8 per cent, compared to a 2.9 per cent drop in November. Sales excluding cars fell by 1.6 per cent, after a 2.4 per cent drop the previous month. The decline was more modest than the 2 per cent drop forecast by economists, but the weak figures provided no substantial relief from the gloom over the outlook for the US economy.

Japanese stimulus: Taro Aso, Japan's Prime Minister, announced a Y23 trillion (£169 billion) economic stimulus package in a final attempt to rescue the world's second-biggest economy from its sharpest recession since the Second World War. Mr Aso's plan is aimed at "protecting basic livelihoods". **Page 73**

US wholesale: Figures from the Labor Department show US wholesale prices fell 2.2 per cent in November amid plunging energy prices. The fourth monthly drop followed a decrease of 2.8 per cent in October and 0.4 per cent in September.

US consumer sentiment: The Reuters/University of Michigan's index of US consumer confidence rose to 59.1 from November's 55.3, the highest since September. US consumer sentiment improved in December, boosted by falling petrol prices and shop discounts.

Chinese retail: China's annual retail sales growth slowed to 2.8 per cent in November from 22 per cent in October, official figures showed. This was the lowest increase since February when sales rose by 19.1 per cent.

Banking & finance

Standard Chartered said that it increased its holding in its Indian securities firm to 74.9 per cent, in line with terms agreed when it bought the company, and would invest \$4.5 million (£3.01 million) in the unit. Standard Chartered bought 49 per cent of UTI Securities in January for \$36 million and renamed it Standard Chartered-STCI Capital Markets.

Halifax: The UK bank, which is the process of being taken over by Lloyds TSB, announced a shake up of its current account charges. The bank unveiled a new Reward account which will impose a daily fee of £1 for customers who use an arranged overdraft, or £5 daily for an unarranged overdraft. It has

World markets



The day's biggest movers

Company	Change
Omega International Agrees management buyout	+62.7%
Travis Perkins Reassures on annual earnings	+6.7%
Aggreko Upbeat trading update	+4.2%
Northern Foods Share Capital raises rating to "buy"	+1.7%
GlaxoSmithKline Positive test results	+0.2%
Standard Life Morgan Stanley downgrades to "underweight"	-4.9%
WS Atkins Dresdner cuts to "reduce" from "hold"	-8.7%
Rightmove Connells places 21 million shares	-11.3%
Man Group Negative comments from Moody's	-15.5%
HBOS Reports rising bad debts	-23.0%

scrapped all other penalty interest rates and charges. The new overdraft charges will be rolled out throughout next year. **Page 67**

Deutsche Bank: One of the German bank's most prominent traders is sitting on a \$1 billion (£670 million) loss. New York-based Boaz Weinstein, who co-heads the bank's global credit trading business, made the loss in the disruption caused by Lehman Brothers' collapse, but it could be eradicated or reduced when it reports its fourth-quarter figures. The bank reported a €435 million profit in the third quarter.

Construction & property

Rightmove: The property search website operator, said that Connells, the estate agency, sold 21.2 million shares in the company at 155 pence each on Friday, about 16 per cent discount to their closing price on Thursday, making the price about £32.9 million.

MJ Gleeson: The UK urban regeneration company has announced a 78 per cent reduction in its headcount as it cuts costs in reaction to the property market downturn. The company will cut its workforce to 50 from 224, reducing its annual payroll to £3.5 million from £12 million. Directors will also take a pay cut. The cuts exclude its profitable Powerminster unit.

Lonrho: The UK-based conglomerate with various interests in Africa, said that its e-Kwikbuild unit received two contracts worth \$5 million (£3.34 million) for pre-fabricated buildings in Angola. It said that the first contract, worth \$4.5 million, was from Kimbo Limbowa, a non-governmental or-

ganisation, to build a school. The second was from Sul Engineeria for buildings near Luanda.

Consumer goods

Omega International: The kitchen furniture group, has agreed a £30.5 million management buy out deal.

Engineering

US carmakers: President Bush threw an eleventh-hour lifeline to America's stricken car industry after being faced with the collapse of the country's iconic and once-mighty auto manufacturers. Abandoning his longstanding objection to using part of the \$700 billion Wall Street rescue fund to help save Ford, General Motors and Chrysler, Mr Bush appeared ready to reverse course after Republicans killed off an emergency car industry rescue on Thursday. **Page 68**

Honda: The No 2 Japanese carmaker said that it is making more production cuts in North America as it adjusts to lower demand. Honda is lowering production by another 119,000 vehicles, bringing anticipated production for its fiscal year which ends March 31 to 1.3 million cars and light trucks. Honda has cut production by 56,000 units this fiscal year.

Charter International: said that it will achieve underlying earnings for 2008 in line with the expectations.

Armor Designs: has won its first export order, a deal to provide body armour to a police force in Latin America. The deal clears the way for more international sales. The company, which did not provide any financial details, said that

it meant that Armor Designs now has full export licensing registration and compliance.

Health

Novartis: The drug company said that the first Phase III results for its FTY720 drug showed superior efficacy to a current standard of care for patients with relapsing multiple sclerosis. Regulatory submissions for the drug in the United States and the European Union remain on track for the end of 2009.

Pfizer: The world's largest pharmaceutical company, said that it will cut 700 jobs in France out of its total French workforce of 3,000 as part of the US drugmaker's global reorganisation. The New York-based company, said that the cuts would be made on a voluntary basis and would concern both its sales force and main office staff.

Industrials

Bayer: The German healthcare and chemicals company would continue to target an increase in underlying earnings next year even though the economic environment is worsening, weighing particularly on its plastics and foams business, Werner Wenning, the chief executive, said. Bayer still plans to increase earnings before interest, taxes, depreciation and amortisation, adjusted for special items, in 2009.

ArcelorMittal: The world's largest steelmaker, plans to cut a further 650 jobs in Belgium on top of the 800 cuts it announced earlier this week. ArcelorMittal's plant in Ghent would shed production and maintenance jobs over the next three years, a plant spokesman said. The company, which employs 5,200 people there, said that it would seek to avoid compulsory redundancies.

Leisure

Las Vegas Sands: The international casino owner is cutting more than 200 jobs from its Venetian and Palazzo casino-hotels on the Las Vegas Strip as part of an effort to save \$100 million (£67 million) annually throughout the company. Ron Reese, the Sands spokesman, said that the company will announce the layoffs, which amount to about 2 per cent of the two casinos' 10,000-strong workforce, on Friday.

RoadChef: Delek, the Israeli property group that acquired the motorway services operator in March last year for £425 million, confirmed that it intended to seek a minority equity partner, but refuted any suggestion of an outright sale.

Media

Channel 4: The UK commercial broadcaster will find out in the next six weeks whether it is likely to be privatised, forced into massive cuts, or bailed out, possibly by means of a merger with part of the BBC. Ministers are giving serious consideration to a merger between Channel 4 and the BBC's commercial arm — an idea that is winning some support as an alternative to handing over £100 million a year of cash from the £3.4 billion BBC licence fee. **Page 70**

United Business Media: The publishing and exhibitions group,

reiterated that 2008 results should be in line with market consensus but said it would cut 350 jobs in preparation for a difficult 2009. The company said the market expects sales of £870 million to £880 million and earnings per share of 55p to 57p.

Natural resources

Commodity prices: Goldman Sachs has reduced its commodity price forecasts, citing a collapse in global economic growth and demand because of the credit crisis. The US bank which earlier this year predicted an oil price spike to \$200 a barrel now expects crude to average \$45 a barrel next year. Forecasts for industrial metals aluminium and copper traded on the London Metal Exchange were cut to \$1,410 and \$2,950 a tonne next year from \$2,310 and \$5,230.

Anglo American: The mining group is expected to announce a \$4 billion (£2.7 billion) cut in capital expenditure next year as it lowers production to cope with a drop in demand for metals. The company is likely to slow expansion in Chile, Brazil and South Africa after a collapse in commodity prices. It is looking to almost halve its \$9 billion planned capital expenditure budget. A statement will be made on Wednesday. **Page 71**

Royal Dutch Shell: The oil company's Dutch pension fund has fallen into deficit as share market turmoil knocked 40 per cent off the fund's value, forcing the oil major and employees to increase contributions. The fund said that its funding ratio was 85 per cent at the end of November, down from 180 per cent at the end of 2007. A Dutch pension fund manager estimated the company would need around €2 billion to bring the funding ratio to 100 per cent.

Retailing

John Lewis: The high street stores group reversed double digit sales losses this week after the Government's 2.5 per cent cut in VAT kicked in. While weekly sales at the department store chain continued to fall, down 6.6 per cent, it was less than the previous three weeks when trade has tumbled between 13 and 14 per cent. Sales across the partnership, which includes the Waitrose supermarket chain, fell by a 4.2 per cent.

Support services

Aggreko: The Glasgow-based temporary power provider, said that demand for energy in developing countries would help push profits ahead of expectations. Aggreko said sales at its International Power Projects business, which provides long term-power generators to countries with a shortfall in supply, would rise by 51 per cent in the fourth quarter.

Travis Perkins: said that trading across both trade and retail divisions remains broadly in line with its view of the market and that it expects annual earnings to be in line with market expectations. **Page 65**

Technology

Nintendo: November sales of Wii, the games console produced by Nintendo, more than doubled in the US from the same period last year to a record-breaking two million units. The figure was a

record for any console in any month excluding last December, and eclipsed rival machines, according to NDP Group, the market researcher. **Page 73**

SmartFOCUS: The UK provider of marketing software, gave warning that its full-year results would be below expectations because of contract and project delays and said that it remained cautious about 2009. The company said that it had been unable to convert its perpetual licence model to a software-as-a-service model in accordance with its strategy.

Telecoms

Alcatel-Lucent: The world's biggest maker of fixed-line networks, said it will cut 1,000 managerial jobs and reduce its sub-contractors by 5,000 as part of a plan to return the company to profitability. The cuts bring the total job losses at the group to 22,500.

Transport

Aer Lingus: Ryanair's €748 million (£670 million) bid for Aer Lingus looks increasingly unlikely to succeed after it emerged that Aer Lingus was seeking a white knight and that the Irish Takeover Panel had criticised elements of the bid. Colm Barrington, the chairman of Aer Lingus pleaded for another investor to keep the airline out of Ryanair's clutches. **Page 71**

BAA: A strike at Air France and the demonstrations which closed Bangkok's international airport meant BAA's seven UK airports handled one million fewer passengers than in the same month last year. The seven airports handled just 9.8 million passengers during the month — 8.9 per cent down on November last year. BAA is owned by Spanish construction giant, Ferrovial. **Page 71**

Utilities

Sales tax: European Union leaders deferred until March a decision on whether to prolong reduced rates of sales tax on local services. The European Commission has proposed extending the system, which is due to expire in 2010 and which allows 18 EU states to levy value-added tax rates below the 15 per cent standard level on services from bicycle and home repairs to haircuts.

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