

# Recession deepening, says Obama

LONDON: The US economy shrank at the fastest rate since Ronald Reagan's presidency, Japan's business outlook worsened, and European inflation tumbled, adding pressure on policymakers to quickly stimulate growth.

US gross domestic product fell at an annualised 3.8 per cent in the fourth quarter, as consumers spent less for a second-straight quarter.

"The recession is deepening and the urgency of our economic crisis is growing," President Barack Obama said yesterday at the White House. "This is a continuing disaster for America's families."

year low, and unemployment rose to eight per cent. Analysts said that adds to pressure on the European Central Bank to cut its target interest rate below two per cent, already a record low.

And figures from the Reserve Bank of Australia showed total credit unexpectedly fell in December, fuelling expectations of a central bank rate cut next week.

In Europe, the banking industry's sea of red ink grew as Belgian-French financial services group Dexia SA forecast a 2008 net loss of €3 billion (RM13.8 billion), cutting its dividend and eliminating 900 jobs.

## WORLDWIDE JOB CUTS

**■ BIGGEST LAYOFFS ANNOUNCED** *From Sept 1, 2008, by location of headquarters*

North America		Europe		Asia - Pacific	
Citigroup	75,000	Metro AG	15,000	NEC	20,000
Bank of America	45,500	Rio Tinto	14,000	Sony Corp	16,000
Hewlett-Packard	24,600	British Telecom	10,000	Hitachi	7,000
Pfizer	19,500	Barclays	9,050	Nissan	2,500

  

**■ TOTAL JOB CUTS ANNOUNCED\*\***  
*From Sept 1, 2008, by location of headquarters*

Region	Financial	Other sectors	Total
North America	181,520	179,260	360,780
Europe	45,600	180,060	206,660
Africa	-	5,500	5,500
Asia-Pacific	-	1,480	36,480
<b>World Total</b>			<b>817,140</b>

  

**■ LATEST LAYOFFS**

North America	
Pfizer	19,500
Caterpillar	17,000
Sprint Nextel	8,000
Home Depot	7,000
Europe	
ING	7,000
Philips	6,000
Corus	3,500

  

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**REUTERS**

*\*\*Only tallies cuts of 1,000 or more employees in financial sector, 2,000 or more in other sectors*

Though the decline was less steep than the 5.4 per cent that economists expected, it was the sharpest drop since the first quarter of 1982. But a buildup of unsold inventories cushioned the drop, and may make first-quarter results look worse.

"Firms were not cutting production as fast as their sales were falling," said Nigel Gault, chief US economist of Global Insight in Lexington, Massachusetts.

Obama is working with Republicans as the Senate prepares next week to consider an economic stimulus plan that could cost US\$900 billion (RM3.2 trillion).

In Japan, rising unemployment, slowing household spending and a dim industrial outlook fanned fears of deflation and a contracting economy.

Electronics giant Hitachi Ltd said it may suffer Japan's largest-ever annual loss by a manufacturer, while chipmaker NEC Corp announced 20,000 job cuts.

Industrial production fell a record 9.6 per cent in December, while annual core inflation slowed to 0.2 per cent.

Japan's quarterly GDP data, due in February, is expected to show its economy fell at a double-digit clip.

Meanwhile, Euro zone inflation fell in December to 1.1 per cent, nearly a 10-

Stephen Green, chairman of HSBC Holdings Plc, which is Europe's largest bank and has so far not needed government support, said fair value accounting and capital adequacy rules had worsened the financial crisis.

Despite the rise in British mortgage lending, UBS economist Amit Kara said the housing market remained tough.

"It's clearly better than expected, but it's important to remember that we are coming off all-time lows. These numbers are consistent with further pretty sharp falls in house prices."

Major global companies are providing daily evidence of how deep the global crisis is biting, costing governments trillions of dollars and threatening millions of jobs.

Toyota Motors was likely to post a 2008-09 operating loss in excess of its latest forecast of ¥150 billion (RM6 billion), a company source said, because of big production cuts planned in coming months.

The *Nikkei* business daily said Toyota's loss would hit ¥400 billion.

Rival Honda Motor lowered annual profit forecasts for the fourth time in a year and after a Dec 17 warning. — Reuters

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### Jobless rate in selected industrialised countries



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\*data for 2nd quarter \*\*data for November 2007 and September 2008