Japan egg prices soar amid record 16m bird flu cullings

Restaurants struggle amid egg shortages as inflation rises

TOKYO: Egg prices are soaring in Japan as the current avian flu season sees a record 16 million birds marked for culling, impacting both the restaurant sector and households already struggling with inflation. Egg-laying hens make up more than 90 percent of birds in the process of being culled, according to the agriculture ministry, limiting the supply of eggs and pushing prices higher.

The current bird flu outbreak has spread at an unprecedented pace since the season began in October, with at least 80 cases at poultry firms in 26 of the country's 47 prefectures, according to Japan Times.

As of March 2, the wholesale price per kilogram of medium sized eggs was 335 yen ($2.4) in Tokyo, the highest ever since 1993 when data first became available, according to JA.Z-Tamago Co, the egg seller within the JA agricultural cooperative group. Concerns about shortages are also growing, with an increasing number of restaurants opting to suspend offering egg-based dishes. It is expected to take at least six months until egg availability recovers to former levels. Once an infection is confirmed at a poultry farm, all its birds are culled, after which the facility is sanitized and quarantine measures are put in place. It can take between three and seven months for such farms to return to raising chickens as normal again. "Work to resume poultry farming is already under way and (production) should be active in early spring," a Ministry of Agriculture, Forestry and Fisheries official said. "But it will take some time for numbers to recover because farms won't return to 100 percent capacity straight away," the official said. Eggs, along with beansprouts, are normally one of Japan's most stably priced food items so the situation has caused added concern for consumers and suppliers amid as Japan is already experiencing its highest consumer price increases in four decades. Core consumer inflation reached 4 percent in December from a year earlier, hitting a 41-year high due to higher energy and food prices. Japanese casual restaurant chain operator Skylark Holdings began suspending sales of some menu items that use eggs earlier this month, such as fried rice at its Chinese food restaurant chain and fried egg topping at its steak restaurants.

"Due to the shortage of raw materials for chicken eggs caused by avian influenza, we will suspend sales of some products or change the way we serve them for the time being," the company said in a news release. Starting on Wednesday, Sukiya, one of Japan's largest beef bowl chains, raised the price of its flagship beef and rice with raw egg topping and miso soup to 540 yen, an increase of 10 yen, among other items that include eggs at restaurants in certain parts of the country. The dishes are extremely popular with office workers, who often enjoy them for lunch. — Agencies

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Crypto-linked bank failures fuel regulation debate

WASHINGTON: The global cryptocurrency industry has been slammed by setbacks, scandals and high-profile failures in recent months, sparking a regulatory rush to protect consumers from fraud and scams. Global finance was rocked by the collapse of Silicon Valley Bank last week, and the digital currency sector was hit hard by the demise of US crypto lenders Silvergate and Signature-just months after the bankruptcy of troubled crypto exchange trading platform FTX.

Regulators are increasingly keen for oversight of a sector which boomed during the COVID pandemic when many people were stuck at home. The global crypto market stands at more than $1 trillion and has risen sharply in recent months, although it remains far below its 2021 peak of $3 trillion.

'Huge risks'

The number of crypto customers "grew during the COVID lockdowns", Martin Walker, head of banking at the Dutch-based Center for Evidence-Based Management, told AFP. "They joined an unregulated market, investing with huge risks but not realizing they were investing in unregulated and not (always) legal assets," said Walker, who organized a London conference last year of cryptocurrency critics.

He argued that trading platforms were conflicted by their unique position. "They do have conflict of interests (...) as owners are at the same time both taking risk positions in crypto and selling these assets to their consumers," Walker added. "People do not realize this is not allowed in conventional finance." Regulators also want oversight of such platforms because they hook up customers, regardless of experience or knowledge, with the complex world of cryptocurrency.

Such trading platforms are the "link between what would be a very technically complex world, both in terms of finance and technology, with a population that's untrained and not very well informed", Bourgogne University economics professor Ludovic Desmedt told AFP. Added to the picture, cryptocurrencies can experience volatile price swings and their value is not determined via transparent markets-as is the case with traditional currencies, stocks or commodities. As a result, illicit transactions using cryptocurrencies more than doubled last year to almost $21 billion, according to specialist crypto firm Chainalysis. However, this estimate does not include some illegal uses such as drug trafficking.

Crackdown

In the United States, officials are working on a framework to oversee crypto firms, but in September the White House asked regulators to use similar regulatory rules that are applied to other financial service providers. As a result, the Securities and Exchange Commission (SEC) markets regulator took legal action against crypto lenders Genesis and Gemini.

And in February, the SEC ordered crypto firm Paxos Trust to stop issuing dollar-pegged cryptocurrency BUSD, a stablecoin, for the world's biggest trading platform Binance. European Union draft laws, scheduled to take effect next year, will compel crypto platforms to be more rigorous and transparent in their operations. In Britain, the government launched a consultation this year to establish a regulatory framework for the sector as it seeks to avoid falling behind the EU and United States. — AFP

Britain warns over 'unacceptable risk' at payment firms

LONDON: Britain's financial regulator has voiced concern over "unacceptable risk" at some of the nation's non-bank payment firms due to "insufficient controls". The Financial Conduct Authority wrote to bosses of almost 300 payment firms Thursday to urge them to safeguard customers' money, prevent use for financial crime like fraud or money laundering, and have robust governance. The watchdog warned it would "take swift and assertive action", including sanctions and even closure where standards are not met. A source close to the FCA said the letter was not linked to recent turmoil over collapsed US lender Silicon Valley Bank and the plight of troubled Swiss giant Credit Suisse.

"We welcome the competition and innovation we have seen in the payments sector and the improved choice, convenience and value this can provide for customers," wrote Matthew Long, director of payments and digital assets, in the letter. "However, we remain concerned that many payments firms do not have sufficiently robust controls and that as a result some firms present an unacceptable risk of harm to their customers and to financial system integrity." Long said the "risk of customer harm" was heightened by "tightening economic conditions and the cost-of-living crisis". The FCA had identified "common issues" at payment firms including a "lack of liquidity risk management" and a "failure" to consider holding more capital, while some lacked scenario planning and stress-testing.—AFP

SANTA CLARA: A display lists Silicon Valley Bank (SVB) achievements as customers gather to withdraw money at SVB's headquarters in Santa Clara, California. — AFP

Bank fears return to haunt global stock markets

NEW YORK: Stocks markets tumbled again on Friday as fears of a banking crisis resurfaced despite massive financial lifelines thrown at embattled lenders to prevent contagion across the sector. Markets had rallied on Thursday after Wall Street titans including JP Morgan, Bank of America and Citigroup pledged to inject $30 billion into First Republic Bank.

Credit Suisse had also rebounded after it said it would borrow up to $54 billion from the Swiss central bank. But shares of First Republic Bank and Credit Suisse dove back deep in the red on Friday, with the US lender slumping 33 percent and Switzerland's second biggest bank dropping eight percent.

The stock prices of other major banks also fell, with JP Morgan, Citigroup and Bank of America down at least three percent. The wider markets were also in the red. On Wall Street, the S&P 500 finished down 1.1 percent. In Europe, London stocks closed down 1.0 percent, while Frankfurt slumped 1.3 percent and Paris dropped 1.4 percent to cap a rollercoaster week.

"The negative disposition for the broader market has a familiar driver: worries about the state of the banking industry," said market analyst Patrick O'Hare at Briefing.com. Banks stepped in to save First Republic over fears it could suffer a run of withdrawals by customers worried it would follow US lenders Silicon Valley Bank and Signature Bank, which went under last week and fueled fears of another financial crisis. O'Hare said the market was unnerved by data showing that bank borrowing from the US Federal Reserve's discount window hit a record high of approximately $153 billion for the week ending March 15, "exceeding anything seen during the financial crisis." The Fed's discount window allows banks to quickly access funds, providing them with liquidity when customers withdraw more deposits than expected, and the record figure is an indication of stress in the sector. "This week has been a liquidity crisis, but it seems that the moves by authorities to remedy the situation have not completely reassured wary investors," said Chris Beauchamp, chief market analyst at online trading platform IG.

The dollar fell against its major rivals, while oil prices sank more than four percent at one point before clawing back some of that ground. "Oil prices have been pummeled this week as turmoil in the banking sector has increased the risk of a significant economic slowdown or recession this year," said market analyst Craig Erlam at Oanda trading platform.

Fed's next move

Investors will focus next week on whether the US Federal Reserve will stick to its interest rate-hike policy to combat inflation. Before the SVB crisis unfolded, there had been a widespread expectation the Fed would ramp up its tightening campaign and push on for as long as needed until it had quelled inflation. But with SVB's demise largely blamed on the sharp rise in borrowing costs-fueling fears of a repeat at other banks-speculation has swirled that the Fed may stop hiking and maybe even cut rates to provide some stability.—AFP