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News / Story reproduced with thanks:- FiercePharma

Strong dollar set to slam pharma numbers

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A strong dollar is good, right? Maybe, unless you're a U.S. drugmaker that exports lots of product to Europe. This means you, Pfizer, Johnson & Johnson, et al. As *Dow Jones* points out today, with the dollar up about 15 percent against the euro this year, Big Pharma could find itself slammed when it converts overseas sales back into dollars.

In fact, Pfizer CFO Frank D'Amelio blames the company's poor stock performance--it's down 16 percent this year--at least in part on currency trends. "We have a lot of our revenues outside the U.S.," D'Amelio tells the news service. "There's a lot going on with the euro putting pressure on multinational companies that do international business. Pfizer is clearly one of those companies."

And it's not just Pfizer, as Goldman Sachs recently noted: The firm estimates that currency trends could cut drugmaker sales by 4 percent during the third quarter and 6 percent in the fourth quarter. And Deutsche Bank analyst Barbara Ryan said currency effects could lop 3 percent to 4 percent off projected pharma earnings.

Dow Jones reminds us that currency fluctuations don't tend affect the long-term financial health of these companies, because they balance out over time. But in the short term, the numbers can and do suffer. And to many stock investors, the short term is all that matters.