India's central bank weighs rate hike as economy booms

India's economy is growing by nearly nine percent, corporate profits are strong, the stock market is setting new records and the property market is booming.

Now the big question is whether the central bank will step on the brakes at its monetary policy meeting Tuesday and raise interest rates in a bid to curb inflation, which is running at a four-month peak of 5.26

"Domestic factors such as rising inflation despite lower oil prices, robust bank credit and money supply growth and a strong underlying economy favour further tightening," said Deepak Lalwani, a director at London stockbroker Astaire and Partners Ltd

"However, the government's need to keep the economy strong and the US Fed's benign policy of keeping rates on hold for the third consecutive month favours a waitand-see attitude," he said.

"It's a tough call," said Lalwani adding that his "gut feeling" was that the bank would go for a 25-basis point hike, if not next Tuesday, then

at its next policy meeting in January. The bank has hiked its leading short-term rate by 150 basis points since October 2004 to six percent, the highest in four years, in a bid to keep a lid on prices in India, which has the second-fastest expanding

The bank has been raising rates and it has had no impact on growth," said Crisil credit rating agency's economist D.K. Joshi.

big economy after China.

India posted 8.9 percent growth first quarter gross domestic product after the economy expanded by 8.4 percent in the

financial year to March 2006. The stock market is nudging record peaks and second quarter profits are up by an average of over

Bank credit to industry is expanding by over 30 percent and property prices have risen sharply, sparking ears of a bubble

"Inflation is projected to cross six rcent in the next three months," said ICICI Securities economist A. Prasana. "To address the issue, the Reserve Bank should hike rates."

The ruling Congress governmen would like monetary policy to spur growth in Asia's fourth-largest economy

It wants interest rates held as low as possible to help it attain its goal of at least 10 percent expansion, which economists say is needed to make a significant dent in poverty in the country of 1.1 billion people.

Nearly a quarter of India's population live below the poverty line.

"There will be an apparent difference between what I think and what the RBI (Reserve Bank of India) Finance Minister P Chidambaram said earlier this

But if the Congress government lets inflation get too far out of hand, it will alienate its crucial electoral support base, analysts say. On Friday, official figures showed

the wholesale price index, the most closely watched price barometer, had risen to 5.26 percent, up from 4.77 per cent a year earlier. The increase was mainly driven rises in food prices, including

maize, vegetables, eggs soyabeans and edible oils, as well as manufactured goods. The rise in the price of food staples is of key concern to the

Foreign investment plunges in South Korea

Foreign direct investment in South Korea has plunged in the first nine months of this year amid a worsening business climate and falling growth potential, official data showed

Just 790 million dollars flowed in for the nine months to September, just a fourth of the 3.42 billion dollars invested during the same period last year, the central bank said in a report released by Yonhap news

South Korea. Asia's fourth largest economy, has attracted less and less foreign direct investment with 9.25 billion dollars in 2004 and 4.34 billion dollars in 2005, it said.

"It is true that foreigners are withdrawing their investments in South Korea," a central bank official told Yonhap.

"They seem to be worried

about the worsening of the domestic business climate and the weakening potential of economic growth.

South Korea recorded a net outflow of foreign investment of 2.2 billion dollars in September when global supermarket chains Carrefour and Wal-Mart withdrew from here, according to the bank

The central bank has expected the country's economy to expand around five percent this year, but growth is widely expected to slow down next

In the January-September period. South Korean firms' direct investment overseas rose 50 percent year-on-year to 4.97 billion dollars, the bank said South Korean investments in

overseas securities soared to 17.2 billion dollars during the same period from 3.45 billion dollars a year ago, it said.



llias Kanchan, senior deputy director of RB Group of Companies Ltd, the importer of electronics products, motorcycles, and generators, inaugurates Walton Plaza, a showroom of Walton brand products, at Monsur Mansion in Chapainawabgani recently.

SHIPPING

Chittagong Port Berthing position and performance of vessels as on 29/10/2006 Name of L. Port Local Dt of Leaving arriva agent Layar Sentosa BSCA Coastal Express Cont Chenn Great Immensit OEL Freedom Vien Dong-2 Buss 28/10 15/10 Banga Lanka Cont Cont Cont Cont Cont Banga Biraj 19/10 Banglar Robi 15/10 15/10 Everbest Vega PSSL Pil(Bd) CCT/3 NCT/1 NCT/2 CCJ: RM/4 19/10 17/10 15/10 **OEL** Enterprise Sing Ptp Tarj Lumut Kota Cahava QC Dignity 26/10 Ocean Six Banga Borti Noor-e-mostafa Banglar Urmi

BB: Kesinee I	Marine-1 Idle	P.	Kel Mtcl	22/9	
Vessels due at oute	ranchorage				
Name of vessels	Date of	L. Port	Local	Type of	Loading
	arrival	call	agent	cargo	ports
Amer	30/10	Sing	CEL	Cont	Sing
CSAV California	29/10	Cbo	PSSL	Cont	Sing
Tian Ling	29/10		Move	C. Clink	
Kang Long	29/10	Novo	Rainbow	Wheat	
Santa Barbara	30/10	Krabi	Uniship	C. Clink	
Golden Star	29/10		ANCL	C. Clink	
Bela	29/10	Sing	Barwil	Scraping	
Yick Hua	5/11	Novo	Allseas	GI(St. C)	
Banga Bijoy	31/10	Col	Baridhi	Cont	Col
Kota Petani	30/10	Sing	Pil(Bd)	Cont	Sing
Ocean Melody	30/10		IBSA	Supply V./I	_
Hua Hui	2/11	Sing	Move	Slag	
Sea Master One	30/10	Sing	PML	Cont	Sing
New Legend Star	31/10	Tian	Cosco	Gi	_
Pan Express	1/11		ANCL	C. Clink	
Ja Pallas	1/11		Vega	Cont	Sing
Surplus	1/11	Sing	Asa	GI(st. C)	-
Sea Bridge	3/11	"	PSAL	Urea (BCIC)	
Banga Bodor	1/11	Pkl	Baridhi	Cont `	P. Kel
Marisa Green	1/11	Pkl	Everbest	Cont	Sing
Spring Trader	1/11		Everett	GI(st. C)	-
Kota Berjaya	1/11	Sing	Pil(Bd)	Cont	Sing

Xnress Resolve RSL BSC Banglar Moni Sing Cont Alexandros M Vessels At Kutubdia

Name of vessels agent **IBSA** Rast OWSL

Crude Oi

Cont

Cont

Cont

Cont Cont Cont

Cont Cont Cont

Cont Cont

Cont

Cont

Sugar(bag Tsp/s. Ash

GI(S. Feld)

t/instruction

Ballast

Wheat

C. Clink

Mop(p)

Wheat(p

C. Clink

C. Clink

Wheat

C. Clink

R. Phos

Slag

C. Clink

R/A(27/10)

R/A(28/10)

23/10

23/10

24/10 24/10

26/10

10/10

25/10

10/3

R/A(21/6)

R/A(16/10

R/A(26/10)

11/10 17/10

17/10 21/10

25/10 26/10

26/10 21/10

QCSL QCSL

 PML

Seaco

Unique

MVSL

Baridh

MTCL

Litmond

Litmond

Sing Sing Col P. Kel Col Sing Sing Sing Sing Kol

Purb

Bank Chen

Krabi

Kaki

Col

Ctg

--Uae

Ukra

Sing Jadd Marsh

Sing Krabi Sing Indo Moro

Sing Chenr

The above are the shipping position and performance of vessels at Chittagong Port as per berthing sheet of CPA supplied by Family, Dhaka.

Banglar Jyoti Vessels ready

Xpress Manaslu

Gao Cheng

Banga Borat

Mir Damad

Eid-a-Mostaf

Chung Jin-2

Brave Royal

Samsun Apollow

Banga Barta

Raf Raf

Al Barakat-1

Victory Prima

Banglar Maya

Solar Europe

Hao Xing

Holy Light

Astron Spirit

Asrar-a-mostafa

Svvatov Georgy

Vessels not entering

Masidra Kayangai

Banglar Shourabl Asrar-a-Mostafa

Vessels awaiting employ

Bounty-7

Vessels not read

XINHUA, Kuwait City

The price of Kuwaiti crude oil slid to 52.83 US dollars per barrel (dpb) on Friday from previous day's 5.357 dpb, keeping the trend of dropping, Kuwait Petroleum Corporation (KPC)

The KPC predicted the dropping trend would continue, attributing it mainly to technical and geopolitical conditions such as relative stability in the Mideast, high oil supply in market and predicted global economic growth slowness following a relatively

on Aug. 8.

Global gas demand to

by 2020 XINHUA, Kuwait City

exceed oil

The world demand for natural gas would increase in the coming decades and exceed the demand for oil by 4.4 percent yearly until 2020, a report issued by Kuwaitbased Global Investment House The report also predicted that

the proportion of world natural gas to total global energy would rise to 28 percent in 2030 from 2005's 23.5 percent

"Technological progress specifically in the transport and communication sector, will be a major factor for increased dependence on natural gas as a source of energy in the Middle East area between the years 2003 and 2030," the report said.

It revealed that Gulf Cooperation Council (GCC) states held 25 percent of the world's proven natural gas reserves as early as the end of 2005 Four member states of the six-

member GCC, namely Qatar, Saudi Arabia, the United Arab Emirates (UAF) and Kuwait were among the 20 largest countries in natural gas reserves worldwide, ranking third, fourth, fifth and 20th respectively.

Kuwait's crude oil price continues to drop

Affected by the international oil prices, which has dropped bellow 60 dollars from an earlier price of almost 80 dollars, Kuwait's oil price also shrank from an all-time high price of 68.68 dpb registered

With a self-boasted proven oil reserves of about 101.5 billion barrels. Kuwait now produces

As a member of the Organization of Petroleum Exporting Countries (OPEC), Kuwait's production share in the cartel is around 2.247 million barrels per day (bpd) since July 2005 until the end of this month.

OPEC decided in Doha, Qatar, recently to cut oil production by 1.2 million bpd as of the total output decreases to 26.3 million bpd next month

Geo Eastern Wira Keris Banga Boral Ja Vesta Martha Russ Esham Fastern Star Mare Hibernum Pacific Express Kota Rancak Banga Bonik Cape Bonavista

long period of booming growth.

2.55 million barrels of crude oil

PHOTO: PARTEX FURNITURE INDUSTRIES Partex Furniture Industries Ltd opened a new showroom--Partex Gallery--in Savar, Dhaka recently. Senior officials of

deals cover aviation, railways, power Gallois, Airbus president and chief executive officer, at the China and France last week signing ceremony

China-France mega

ANN/ CHINA DAILY

signed a series of deals covering aviation, railways and nuclear power in Beijing.

China Aviation Supplies

Import and Export Group signed an agreement with Airbus for the purchase of 150 A320 aircraft and a letter of intent for 20 A350XWB

The purchase represents the largest single transaction ever for Airbus in China, the company said Thursday.

It is also the first time that China has showed interest in buying the A350, Airbus' longrange wide-body model which is available from 2012 and planned as competition to Boeing's new

ropean aircraft mak also signed a framework agreement on the establishment of an A320 Family Final Assembly Line in Tianjin

According to the agreement, aircraft assembly in China will begin in early 2009, with the aim of ramping up production to reach four aircraft per month by

"While the aircraft sections will continue to be produced in Europe, the establishment of such an assembly line, which will deliver aircraft to the same standards as those produced in Europe, is beneficial to both China and Europe," said Louis

In the field of railways, Alstom of France has signed a letter of intent with the Ministry of Railways to deliver the powerful 500 "Co-Co" (triple axle) locomo-

The deal is valued at 1.2 billion euros (US\$1.5 billion) in total, with Alstom's share worth 300 million euros (US\$375 million) and 900 million euros (US\$1.13 billion) for its Chinese partner Datong Electric Locomotives.

Alstom will design and produce the first 100 locomotives. Most of the production and quality control of the first 100 units will be carried out at its Belfort (France) plant.

The remaining 400 locomo tives will be built at the Datong Electric Locomotives site in China. This company has already partnered Alstom in a 2005 contract to manufacture 180 BoBo electric (twin axle) Incomptives

China Guangdong Nuclear Power Holding Co Ltd and the French national energy group, EDF, signed a deal on nuclear power production, plant construction and project development. EDF also signed an agreement with China Datang Corporation on power plants in

CURRENCY

Following is Sunday's (October 29, 2006) forex trading statement by Standard

Indian rupee

Major currency exchange rates						
	BC Sell	TT Buy				
US dollar	68.00	66.88				
Euro	88.11	83.99				
Pound	130.35	125.39				
Australian dollar	53.39	50.37				
Japanese yen	0.59	0.56				
Swiss franc	54.91	53.06				
Swedish kroner	9.39	8.72				
Canadian dollar	61.32	59.13				
Hong Kong dollar	8.76	8.59				
Singapore dollar	44.06	42.67				
UAE dirham	18.67	18.06				

Danish krone Kuwaiti dinar

cross currency transactions was limited. The USD rose marginally against the

and ranged between 6.50 and 7.00 percent. International Market

The international markets were closed month low against a basket of major government reported a slowdown in US

Exchange rate of some currencies

45.05

*The forward rates are indicative only and fixed

1.50

טוג	00.11	03.99	Pak rupee	60.64	1.11	
ound	130.35	125.39	Lankan rupee	107.38	0.63	
ustralian dollar	53.39	50.37	Thai baht	36.72	1.84	
panese yen	0.59	0.56	Malaysian ringgit	3.65	18.47	
wiss franc	54.91	53.06				
wedish kroner	9.39	8.72	USD forward rate against BDT			
	04.00	E0 40		Buy	Sell	
anadian dollar	61.32	59.13		Duy	0011	
anadian dollar ong Kong dollar	61.32 8.76	59.13 8.59	1 M	66.97	68.10	
			1 M 2 M		* * *	
ong Kong dollar	8.76	8.59		66.97	68.10	

229.84

economic growth in the third quarter Local Market FX: Local inter-bank FX market was that was more dramatic than expected. subdued on Sunday. The demand for The soft gross domestic product data USD remained stable but the volume of reinforced the message from the

Bangladeshi taka Money Market Money market was active on Sunday Call money rate remained unchanged

on the weekend. The dollar fell to a onecurrencies on Friday after the

Federal Reserve this week that there was no immediate need for a move in interest rates, although it did encourage those who expect a cut in official rates. The dollar suffered its largest daily decline in a month against the yen, and at one point hit three-week lows against the euro. In late trading in New York it registered its biggest monthly fall against a basket of currencies since May. The euro was last up nearly 0.4 percent against the dollar, having hit a three-week peak, while against the yen it was down 0.3 percent.

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Congress party, which owes its surprise 2004 general election

victory to support from India's poor

The inflation jump followed figures released earlier this month

showing a 9.7 percent rise in August's industrial output, which

economists said raised chances

raise rates at the meeting," said

moving at great speed and inflation-

ary pressures are clearly evident."

"The bank is no doubt going to

Even if the bank hikes its main

"The interest rate hikes have not

monetary policy tool, the reverse

repo rate, on Tuesday it may not be

the end of the tightening cycle,

been impacting growth and as long

as there are inflationary pressures,

the RBI will have to continue (tight-

economists say.

ening)," Joshi said.

"The economy has been

that the bank would boost rates.

Gholam Nabi, managing director of Hotels International Ltd (HIL) that runs Pan Pacific Sonargaon Hotel, and S Prabagar, chief operating officer of Commercial Bank of Ceylon Ltd, among others, pose for photographs with some of the first clients of 'DotCom Teen Saver Account', a savings product of the bank designed especially for the teenagers, at the bank's Sonargaon Hotel booth in Dhaka recently.

VoIP set to impact telecoms market in Asia-Pacific

The Asia-Pacific telecommunications market is seeing a dramatic change in the business landscape as players look for opportunities in new technologies like Voice Over Internet Protocol (VoIP) and Internet Protocol Version 6 (IPV6).

The recent Asia-Pacific Wholesale Telecommunications Congress here has identified some of the profitable investment opportunities in the region via VoIP and IPV6.

Calvin Lee, vice president (Asia-Pacific and Middle East) of Deutsche Telekom, said IPV6, which supports greater capacity in web-based business, would be the future of the Internet, replacing the current IPV4.

The widespread use of business

over the Internet has created tremendous demand for Internet addresses (network address to identify and communicate on a computer network), he said. IPV6, which supports a greater number of IP addresses to meet future demand of Internet-capable

devices, is touted as the mainstream

of future technology. It is the backbone or foundation for the growth of personal computers (PC) and non-PC digital devices, entertainment and communication devices.

VoIP is another revolutionary

the company, among others, were present at the inauguration.

technology in the telecommunica-

tions age that is poised to take over traditional communications over the public switched telephone network

VolP, which runs on broadband Internet, allows tremendous opportunities in cost savings for overseas voice calls and management of calls between mobile and fixed phone

lines as well as teleconferencing. "Every digital device on the planet needs to have an IP address. Most of these devices will be sufficiently powerful to incorporate a VoIP client, allowing a voice call to be made from almost any digital device," said Lee, stressing the importance of IPV6 as a comple-

mentary support for VoIP. Although VoIP telecommunication still has many hiccups, such as unreliability in power transmission and quality of voice as compared to old-fashioned analogue telephone lines, it is still the core technology in voice communications, especially for long-distance overseas calls and IP-based telecommunications

among large corporations. Internet Protocol, a method by which data is sent from one computer to another on the Internet, would open up new uses for voice. but it would also affect revenues in the traditional voice markets, said

This major shift is expected to result in increased pressure on service providers to find new nonvoice applications for revenue and

differentiation, he said. Although VoIP may presently not have good voice quality, efforts are being vigorously pursued to ensure that it eventually matches landline telephone calls.

For instance, networking-based

Cisco recently announced its voice-

ready wireless capabilities, building upon the widespread adoption of VoIP, and WiFi or wireless networks. Avaya, another major network provider and supplier of IP telephony systems, is also working on

solutions to allow connectivity

between the VoIP phones and

mobile phones. VoIP is gaining in its effort to become a mainstream communication channel with the widespread used of Skype, which allows free calls on the computer-to-computer

Another VoIP service provider, Vonage, offers cost-effective communication and provides users an experience similar to traditional telephone service. Vonage is available in the US, Canada and the United Kingdom.

William Wai, vice president (marketing and customer services) of Hong Kong-based HKCOLO, said China was expected to see the future growth in development of VoIP services.