# Star BUSINESS

E-mail: business@thedailystar.net

# India's central bank tipped to raise rates

**AFP,** *Mumbai*

The Reserve Bank of India is expected to hike short-term rates by 25 basis points to 6.25 percent in a review this week with inflation near a two-year high, analysts said.

Wholesale inflation -- the most closely watched price index -- stood at 5.95 percent for the week ended January 13.

Prices are now well above the annual rise of 5.0 to 5.5 percent expected by the central bank for the year ended March, and will prompt it to stem the rise in a monetary policy review on January 31, analysts said.

"We expect this trend to continue. The RBI will increase the repo and reverse repo rates by 25 basis points," said Rajeev Malik, Asia economist with JPMorgan Chase Bank based in Singapore, in reference to the central bank's key overnight borrowing and lending rates.

India's economy grew by 9.1 percent in the fiscal first half ended September, while credit growth has been expanding by over 30 percent annually, which led the central bank to warn in its last review in October of signs of "overheating."

In the October review, the RBI raised the repurchase rate by a quarter percentage point, or 25 basis points, to 7.25 percent and kept its reverse repurchase rate at a four-year high of 6.0 percent.

But despite government efforts to lower prices by cutting import duties on items like wheat, wholesale food prices have gained more than nine percent in the past year as farm output fell short of targets.

The rise in food prices has become a sensitive political topic in the country where almost two-thirds of the population live near or below the poverty line of two dollars a day.

This month, Finance Minister P. Chidambaram said the inflation numbers were "a matter of concern" and his ministry was in touch with the Reserve Bank and the agriculture ministry to control the price without damaging the fast pace of growth.

"The government has found that items of daily use by the common man ... are causing concern," he told reporters. "We will watch the situation carefully and take whatever steps require to be taken."

Analysts said Chidambaram's comments were a clear signal interest rates would rise in the latest central bank review.

"I see the reverse repo going up by 25 basis points," said D.K. Joshi, principle economist at Indian credit rating agency Crisil.

Analysts note that the Congress party-led government that came to power in May 2004 has repeatedly said "price stability is one of the highest priorities."

"Inflation is a highly sensitive issue for the government," said T.K. Bhaumik, chief economist at India's largest private company, Reliance Industries.

Since it began its tightening cycle began in late 2004, the central bank has been using a variety of tools to fight inflation.

In December, it boosted the amount of money that banks must keep with the central bank, raising the cash reserve ratio by 50 basis points to 5.5 percent in a bid to suck out liquidity and tame credit growth.


PHOTO: EXIM BANK

**Export Import Bank of Bangladesh Ltd (Exim) Chairman Md Nazrul Islam Mazumder and Managing Director Mohammed Lakiotullah, among others, are seen at the annual Managers' Conference 2007 on Saturday in Dhaka.**

PHOTO: PASHCHIMANCHAL GAS COMPANY

**The seventh annual general meeting (AGM) of Pashchimanchal Gas Company Ltd, a concern of Petrobangla, was held recently in Dhaka. Chairman of the company Md Emdadul Hoque presided over the AGM, which was attended, among others, by directors.**


PHOTO: LEMON

**Md Tanvir Rahman, director of M Rahman & Co Ltd, and Tanvir Ibrahim, head of Corporate Sales of Banglalink, sign an agreement on behalf of their organisations recently in Dhaka. Under the deal, the generator importing & marketing company will enjoy the benefits of mobile operator's 'enterprise' package.**

# US automakers head for showdown with union

**AFP,** *Detroit, Michigan*

As financial losses mount, US automakers are headed for a showdown with their union ahead of contract negotiations this summer.

While the United Auto Workers union made major concessions last year as General Motors and Ford began racking up multibillion dollar losses, dissent is brewing among the rank-and-file.

One issue which has drawn significant union ire is that Ford is considering giving bonuses to executives while it is in the midst of laying off 44,000 workers and shuttering 16 plants across North America.

## CURRENCY

Following is Sunday's (January 28, 2007) foreign exchange rate statement by **Standard Chartered Bank**

**Major currency exchange rates**

| | BC Sell | TT Buy |
|---|---|---|
| US dollar | 69.55 | 68.20 |
| Euro | 91.51 | 86.59 |
| Pound | 137.84 | 132.03 |
| Australian dollar | 54.98 | 51.73 |
| Japanese yen | 0.58 | 0.56 |
| Swiss franc | 55.94 | 53.90 |
| Swedish kroner | **9.87** | 9.13 |
| Canadian dollar | 59.44 | 57.21 |
| Hong Kong dollar | 8.91 | 8.72 |
| Singapore dollar | 45.71 | 44.13 |
| UAE dirham | 19.09 | 18.42 |
| Saudi riyal | 18.69 | 18.04 |
| Danish kroner | 12.60 | 11.34 |
| Kuwaiti dinar | 237.18 | 234.27 |

* All currencies are quoted against BDT
* Rates may vary based on nature of transaction

**Exchange rate of some currencies**

| | Per USD | BDT per Currency |
|---|---|---|
| Indian rupee | 44.17 | 1.56 |
| Pak rupee | 60.73 | 1.13 |
| Lankan rupee | 108.55 | 0.63 |
| Thai baht | 33.50 | 2.06 |
| Malaysian ringgit | 3.50 | 19.67 |

**USD forward rate against BDT**

| | Buy | Sell |
|---|---|---|
| 1 M | 68.30 | 69.65 |
| 2 M | 68.42 | 69.76 |
| 3 M | 68.56 | 69.94 |
| 6 M | 68.74 | 70.53 |

## SHIPPING

### Chittagong Port

**Berthing position and performance of vessels as on 28/1/2007**

| Berth No. | Name of vessels | Cargo | L. Port call | Local agent | Dt of arrival | Leaving | Import disch |
|---|---|---|---|---|---|---|---|
| J/2 | Zenovia | Wheat(p) | Novo | Mutual | 19/1 | 10/2 | 2670 |
| J/3 | Eid-a-mostafa | GI | P. Band | Cla | 23/1 | 2/2 | 2431 |
| J/4 | Hun Jiang | GI | Xing | Cosco | 21/1 | 30/1 | 1901 |
| J/5 | Cheng Yun | TSP | Chin | Cosco | 24/1 | 27/1 | 2126 |
| J/6+5 | Jin Ping | GI(Y Peas) | Vanc | Litmond | 14/1 | 2/2 | 2322 |
| J/7 | Komsomolets Sakhalia | Urea(Bcic) | Sing | Seacom | 22/1 | 31/1 | 550 |
| J/8 | Ju Yong Guang | GI (S. Ash/s.sulp) | Xing | Cosco | 23/1 | 30/1 | 1707 |
| J/9 | Markovo | Urea(bcic) | Long | PSL | 18/1 | 31/1 | 826 |
| J/10 | Phoenix | Cont | Ptp | PSSL | 19/1 | 29/1 | -- |
| J/11 | Kota Rakayet | Cont | Sing | Pil(Bd) | 21/1 | 31/1 | -- |
| J/13 | Kota Rukun | Cont | Sing | Pil(Bd) | 21/1 | 31/1 | 202 |
| CCT/1 | Rio Lawrence | Cont | Ptp | QCSL | 17/1 | 29/1 | 535 |

**Vessels due at outer anchorage**

| Name of vessels | Date of arrival | L. port call | Local agent | Type of cargo | Loading ports |
|---|---|---|---|---|---|
| Pac Palawan | 30/1 | Sing | CEL | Cont | Sing |
| Hoang Son | 30/1 | Yang | Gla | GI(log) | -- |
| Cape Henry | 28/1 | Sing | APL | Cont | Sing |
| Pacific Express | 28/1 | Sing | Pil(Bd) | Cont | Sing |
| Athos | 29/1 | Vanc | Rainbow | GI(Y. Peas) | -- |
| Champion Vincita | 29/1 | Hald | Rsship | Scraping | -- |
| Yongxing | 29/1 | Col | PSSL | Cont | Col |
| Yong Jiang | 29/1 | Tianjin | Cosco | GI | -- |
| Oel Fenterprise | 31/1 | CBO | PSSL | Cont | Col |
| Oel Freedom | 31/1 | Sing | PSSL | Cont | Sing |
| Qc Wisdom | 1/2 | Sing | QCSL | Cont | Sing |
| Cec Vision | 31/1 | Hald | Sunshine | Power Tr | 16 Pkgs |
| Precious River | 1/2 | Sing | Vega | Cont | Sing |
| Banga Borti | 31/1 | Sing | Baridhi | Cont | Sing |

**Tanker due**

| | | | | | |
|---|---|---|---|---|---|
| Overseas Primar | 28/1 | Kuwa | MSTPL | HSD/MS | -- |

**Vessels at Kutubdia**

| Name of vessels f | Cargo | Last port call | Local agent | Date of arrival |
|---|---|---|---|---|

**Outside Port Limit**

| | | | | |
|---|---|---|---|---|
| Wira Keris | -- | -- | IBSA | R/A(4/1) |
| Pacific Champion | Pro. Equip | -- | IBSA | R/A(25//1) |
| Sea Drill-6 | Pro. Equip | -- | IBSA | 8/1 |
| Gulf Dril-9 | Pro. Equip | -- | IBSA | 3/1 |
| Pacific Steel | -- | -- | IBSA | R/A (20/1) |

**Vessels at outer anchorage**
**Vessels ready**

| | | | | |
|---|---|---|---|---|
| Eagle Progress | Cont | P. Kel | Everbest | 19/1 |
| Banga Borat | Cont | Sing | Bdship | 22/1 |
| Martha Russ | Cont | Sing | QCSL | 22/1 |
| Dali | Cont | Col | Seacon | 23/1 |
| Banga Lanka | Cont | Sing | Bdship | 24/1 |
| Eastern Star | Cont | -- | PML | R/A (16/1) |
| Eagle Pioneer | Cont | Sing | CT | 25/1 |

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

## STOCK