

India inflation eases after interest rates left steady

AFP, New Delhi

India's inflation rate eased to 4.36 percent on falling food prices, official data on Friday showed, after the central bank held benchmark interest rates steady earlier in the week.

Inflation dropped in line with market expectations for the week ended July 21 from 4.41 per cent for the previous week on the back lower prices for food items such as pulses, fruits and eggs.

According to the wholesale price index -- India's most closely watched cost-of-living monitor -- inflation stood at 4.72 per cent for the sane period a year ago.

The latest inflation figures came after the Reserve Bank of India in its quarterly policy review on Tuesday kept its key repo rate steady at 7.75 percent.

But the bank warned hawkishly that "inflationary pressures remain and are more persistent than before, along with high commodity and asset prices."

In an effort to cool credit demand, the central bank cut the amount of money available for loans by hiking the commercial banks' cash reserve requirements by 50 basis points to seven percent.

The Reserve Bank of India said billions of dollars of foreign investment in the stock market this year has flooded banks with the cash that is fuelling a boom in consumer and business spending.

Analysts say the central bank could call for a further rise in the cash reserve ratio if the problem of excess liquidity does not ease.

This week's inflation figure was comfortably within the central bank's medium-term target of 4.0 to 4.5 percent for the next three to four years and well below its goal of five percent for this fiscal year to March 2008.

Earlier this year, inflation rose to a two-year high of close to seven percent -- prompting the central bank to warn that the economy was showing signs of overheating.

India's economy expanded by a scorching 9.4 percent in the 2006-07 financial year and similar strong growth is forecast this year.

SHARES SEEN VOLATILE

NEXT WEEK

Another report from Mumbai adds: Indian share prices are set to experience another week of volatile trade as investors and funds continue to be impacted upon by sentiment from uncertain global market trends, dealers

said.

For the week to August 3 the Indian benchmark fell 96.17 points or 0.63 percent to 15,138.4 amid concerns overseas funds could exit emerging markets over US credit problems associated with subprime mortgages.

Earlier this week, the Reserve Bank of India hiked its cash reserve ratio (CRR) for banks by 50 basis points to seven percent in a bid to check excess liquidity, while keeping short-term borrowing rates unchanged.

The central bank said in a quarterly review that while inflation had fallen below its five percent forecast for the year to March 2008 from nearly seven percent earlier this year, commodity and asset price rises remained a concern.

"(In the context of) the hawkish tone on inflation and financial risks and the latest CRR hike, further tightening can not be ruled out," said Manika Premisingh, economist at brokerage Edelweiss Securities.

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Toyota posts record 32pc quarterly profit

AP, Tokyo

Toyota, on track to overtake General Motors as the world's biggest automaker this year, said Friday its April-June profit jumped 32.3 percent to a record high for a quarter, lifted by strong overseas sales and a weaker yen.

Surging gas prices have proved a big plus for the Japanese automaker, as drivers flock to Toyota's fuel-efficient models, including the Camry, the best-selling model in the U.S., and the Prius gas-electric hybrid.

"The results are fantastic," said Tsuyoshi Mochimaru, auto analyst with Lehman Brothers in Japan.

Foreign sales are going strong, and the weak yen, which raises the value of overseas earnings when converted into yen, is making rosy earnings even rosier as Toyota's exports grow, Mochimaru said.

Group net profit at Toyota, which also makes the Lexus luxury model and compact Corolla, totaled 491.54 billion yen (\$4.1 billion) for the quarter through June, up from 371.50 billion yen the same period the previous year.

Honda Malaysia sets target for 2 new models

ANN/THE STAR

Honda Malaysia Sdn Bhd expects to sell 60 units annually of each of its newly launched Civic Type R and Civic Hybrid in the local market, managing director and chief executive officer Atsushi Fujimoto said.

"The availability of these models is limited in Malaysia due to import restrictions. They are very popular worldwide, so there are only limited units," he said after the launch yesterday.

Fujimoto said there was currently a three-month waiting period for both new models.

"With the introduction of these new models, Malaysia has the same line-up of the 8th generation Civic as Japan. Malaysia is also the only country in Asia outside Japan where the Civic Type R is being offered," he added.



Dhaka Electric Supply Authority (Desa) and Brac BDMail Network Ltd (bracNet) have recently entered into an agreement under which bracNet will offer online connectivity for Desa's electronic billing purposes. Senior System Analyst of Desa Md Rabiul Hasan and Deputy General Manager of bracNet Tawfiq Hassan signed the deal, while other senior officials from both the sides were present.



PHOTO: STANCHART

Participants of a workshop on 'Changing Face of International Trade' pose for photographs in Dhaka. Standard Chartered Bank recently organised the daylong event where some 71 participants from 65 local and multinational corporate bodies took part.

Weekly Currency Roundup

July 29-August 02, 2007

Local FX Market

The US dollar/BDT market was liquid and USD remained steady against the BDT in the week. The dollar showed little movement against the Bangladeshi taka.

Money Market

Overnight money market was flat this week. The call money rate was range bound and most of the deals ranged between 6.50 and 6.60 percent throughout the week.

International FX Market

This week saw a technical correction in favour of the dollar, as it recovered from its record low versus the euro and multi year lows against the sterling. The yen however recovered against the dollar after investors started to unwind their risky carry trade positions.

US Dollar

The US dollar recovered from its record low of 1.3850, after a sharp technical correction. Worries about the ongoing problems in the US subprime mortgage market have led investors to reverse their position on riskier assets such as foreign stocks. Analysts said that the US currency could continue to benefit from heightened risk aversion, as US investors repatriate cash after exiting risky position.

Euro

The euro fell against the dollar and the yen, after the technical correction, but near the end of the week remained steady above \$1.36. The ECB has held its interest rate steady this week, but may indicate for a rate hike in September.

Yen

The yen gained ground against the US dollar, as investors were reversing their carry trade positions. Carry trade involves borrowing low interest bearing currencies such as the yen and invest in the high yielding currencies such as the US dollar and the euro.

- Standard Chartered Bank

US employers bracing for immigration rules

AP, Washington

Employers across the country may have to fire workers with questionable Social Security numbers to avoid getting snagged in a Bush administration crackdown on illegal immigrants.

The Department of Homeland Security is expected to make public soon new rules for employers notified when a worker's name or Social Security number is flagged by the Social Security Administration.

The rule as drafted requires employers to fire people who can't be verified as a legal worker and can't resolve within 60 days why the name or Social Security number on their W-2 doesn't match the government's database.

Employers who don't comply could face fines of \$250 to \$10,000 per illegal worker and incident.

"There's a lot of fear and anxiety about what this rule is going to mean, particularly in the agricultural sector," said Craig Regelbrugge, spokesman for the American Nursery and Landscape Association and co-chairman of the Agriculture Coalition for Immigration Reform.

For years, the Social Security Administration has sent "no match" letters to workers and their employers notifying them of the information discrepancies, to make sure money withheld from a person's paycheck is credited to the correct worker. The letters are not shared with other government agencies

because of privacy laws.

Although employers are prohibited from hiring illegal workers, their responsibilities with the letters have generally ended with notifying the workers of the discrepancies and leaving it to them to deal with it.

Attorneys have warned many employers to be careful not to fire a worker because they got a letter, because the no-match could be the result of a typo in a name or number, a computer error, a name change that wasn't reported after marriage or other reasons.

But those who don't comply with the new rule could be deemed as knowingly hiring an illegal worker.

The Department of Homeland Security says the new rule provides guidance to employers on how to deal with workers who receive no-match letters and what to do fire them if the issue is not resolved in 60 days and they can't verify their workers are legal. It gives employers who comply immunity from penalties if illegal workers are found at their business in an investigation or raid, said Russ Knocke, Homeland Security department spokesman.

U.S. Immigration and Customs Enforcement, a division of the Homeland Security Department, "is going to be tough and aggressive in the enforcement of the law," Knocke said. "You are going to see more work site cases. And no more excuses."



PHOTO: GRAMEENPHONE

Erfanuddin Ahmed, deputy managing director of Bank Asia Ltd, and Mahboob Hossain, head of Direct Sales of Grameenphone Ltd, recently sign an agreement on behalf of their organisations. Under the deal, the bank will enjoy special rates and services of the mobile phone operator under its 'Business Solutions' package. Senior officials from both the sides are also seen.



PHOTO: A POSITIVE

The 'DBH Deposit Annual Sales Conference' was held recently in Dhaka. Prizes were given away to selective deposit associates and sales executives at the conference where officials of Delta Brac Housing Finance Corporation Ltd (DBH) were present.