Tata Motors quarterly profit soars

AFP, *Mumbai*

India's top vehicle maker Tata Motors reported Friday a near four-fold rise in quarterly net profit, powered by higher demand for its British luxury brands Jaguar and Land Rover and better domestic sales.

The company said its global operations, including Jaguar and Land Rover, showed a consolidated net profit of 24.2 billion rupees ($537 million) for the three months ended December, up from 6.5 billion rupees a year earlier.

The profit for the three months beat market forecasts of 22 billion rupees.

Revenues rose 22 percent to 316 billion rupees for the quarter.

"We saw robust demand growth in the domestic market and for our premium luxury brands," C. Ramakrishnan, chief financial officer of Tata Motors, told reporters.

He said he was "cautiously optimistic" about demand over the medium term.

However, he said that high commodity prices and input costs were a cause for concern along with mounting interest rates making it more expensive for consumers to take out loans for cars.

Tata Motors has said it would resort to hiking the prices of its cars in response to rising commodity prices as a last resort.

For the quarter to December, the Jaguar-Land Rover business showed a profit of $439.6 million, up from $87.9 million a year earlier as demand for cars improved

Markets worry: What next? for Egypt after Mubarak

AFP, *Washington*

Global markets showed quick approval of Egyptian strongman Hosni Mubarak's resignation Friday, but analysts quickly began worrying about what comes next in the absence of a clear path for the future for the country.

After three decades of relative stability, the lack of a clear leadership and the specter of popular impatience with the transition kept analysts on edge, even amid the euphoria Mubarak's departure.

John Sfakianakis, an economist at Riyadh-based Banque Saudi Fransi -- part of the French Credit Agricole CIB group -- called Mubarak's ouster good news, short-term, "but not necessarily perfect news."

"If violence doesn't come back, then Mubarak's exit can be used as a breather toward opening the stock market, calming bond yields and bringing down credit default swaps," he told AFP.

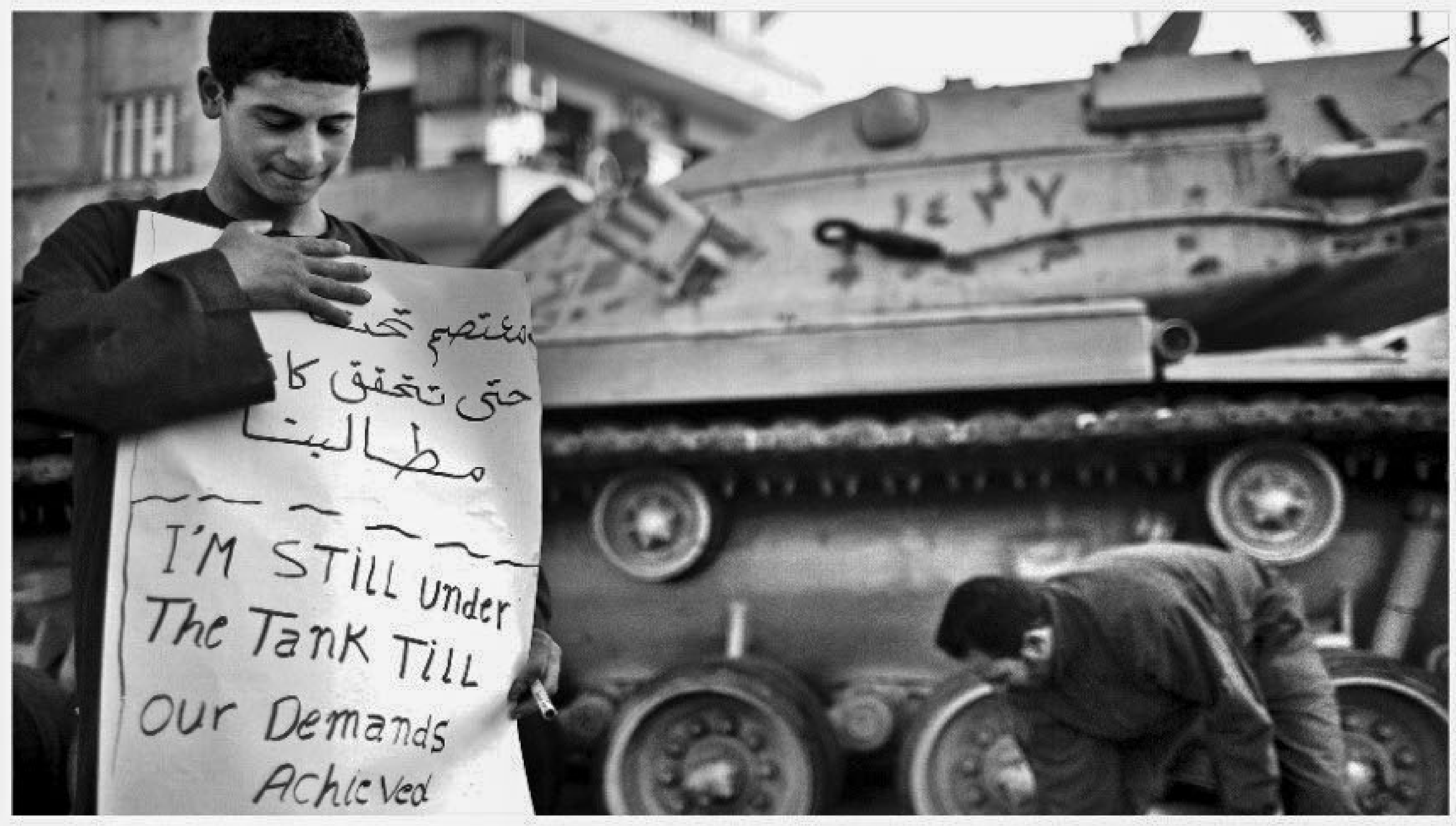
"But if the street begins to make demands on regime change and violence erupts, then things will get worse for the economy and Egypt's reputation."

Global oil prices dropped and stock markets spiked upward almost immediately after Mubarak's ouster was announced Friday.

Traders had grown uneasy that rising tensions could spill into violence over the weekend, after Mubarak defied pressure and clung to power.

Those worries dissipated as tens of thousands of protesters on the streets in Cairo and Alexandria erupted in jubilant cheers when he finally threw in the towel.

But, at least on the London oil market, prices just as quickly



AFP

A man holds a banner next to an armoured personnel carrier at Cairo's Tahrir Square, the epicentre of the popular revolt that drove veteran strongman Hosni Mubarak from power, yesterday.

went into reverse, amid the ongoing uncertainty in a country that sits astride a key oil shipment corridor, the Suez Canal.

While the oil price in New York -- representing a less-immediately vulnerable market -- dropped $1.15 to $85.58 in closing trades Friday, the Brent North Sea contract in London finished 56 cents higher at $101.43 per barrel.

Gains on stock markets in Europe and the Americas were also moderated by the murky picture of the way forward, said brokers.

"We think having the military take over was the best solution in ending the deadlock between the protestors and Mubarak," said Win Thinn at Brown Brothers Harriman.

"However, there are still more questions than answers with regards to Egypt's ultimate fate and so investors must be prepared for ongoing volatility."

As the crisis in Egypt unfolded the biggest concern was for interruptions of oil shipments through the country.

Some three million barrels a day pass through, mostly northward toward Europe. Two million barrels pass through the Suez Canal and another million moves via a Red Sea-Mediterranean pipeline.

Reflecting that concern, Brent prices rose as much as four dollars a barrel during the protests, topping $102.

Other assets, however, were not deeply affected. Investment management giant PIMCO pointed out that investors did not seek the traditional safe haven of the US dollar during the period.

"It's hard for markets to know how to react to Egypt: It's important geopolitically, but it's not systemic in a traditional sense," said PIMCO's Mohamed El-Erian in a tweet Friday.

SEB Commodity Research analyst Filip Petersson was optimistic that the Egyptian military would more likely be a calming influence.

"My guess is that we will see a military-led dialogue and optimism in the country over the coming weeks. Some of the risk premium in the crude oil market is likely to fade as a result."

"Initial reaction will be good for risk assets -- and this has seen oil, gold and silver slide and equities rise," said CMC Markets analyst Michael Hewson.

"Once the hullabaloo has died down, though, the key test will be how the military fills the vacuum created by this action, and the effect this has on risk appetite going forward."

Nokia joins forces with Microsoft in mobile phone war

AFP, *Helsinki*

Nokia, the world's largest mobile phone maker, said Friday it was slashing jobs and joining forces with US giant Microsoft in a major strategy shake-up that left investors disappointed.

In an effort to radically change course and fight off encroaching competition from RIM, Apple and Google, chief executive Stephen Elop said Windows Phone would now serve as Nokia's primary smartphone platform.

Canadian Elop -- a former Microsoft executive who in September became the first non-Finn to lead Nokia -- also announced changes to Nokia's executive board and "substantial" job cuts.

"Nokia is at a critical juncture, where significant change is necessary and inevitable in our journey forward," Elop said.

"There will be substantial reductions in employment in various locations around the world," he told a press briefing in London, without giving further details.

The announcements were met with sharp disappointment on the stock market, with investors expecting more and with more details.

Nokia's stock closed down 14.22 percent to 7.00 euros ($9.48) on a Helsinki stock exchange down 0.70 percent.

Speaking alongside Microsoft chief executive Steven Ballmer, Elop said the mobile phone market had changed from a battle of devices to "a war of ecosystems."

That war has proved difficult for Nokia, which has over the past two years seen increasing competition in the lucrative smartphone sector from Apple's iPhone, Research in Motion's (RIM) Blackberry and phones operated by Google's Android operating system.

As part of its new partnerhsip with Microsoft, Nokia smartphones will be adopting Microsoft's phone platform.

"I think there was a recognition that for something to effectively compete and ultimately win against Android and iPhone, it would require some big muscle," Elop said.

Even though Elop's history with Microsoft had sparked speculation of some kind of cooperation, observers had also said Nokia could join forces with Google to get its hands on the suucessful Android operating system, particularly as Microsoft's platform has also struggled against Android or the iPhone.

Spain economy shrinks 0.1pc in 2010

AFP, *Madrid*

Spain's jobs-scarce economy shrank 0.1 percent in 2010 as the government slashed spending to avert an Irish-style debt crisis, provisional data showed Friday.

The economy fared better than the government's grim forecast for a 0.3-percent decline but even as the figures turned positive again late in the year, there was still not enough growth to make any impression on the country's massive jobless queues.

Spain finished 2010 with the highest unemployment rate in the industrialised world at 20.33 percent.

In the fourth quarter of 2010 alone, GDP edged up 0.2 percent, the National Statistics Institute (INE) said.

The Spanish economy slumped into recession during the second half of 2008 as the global financial meltdown compounded the collapse of the once-booming property market.

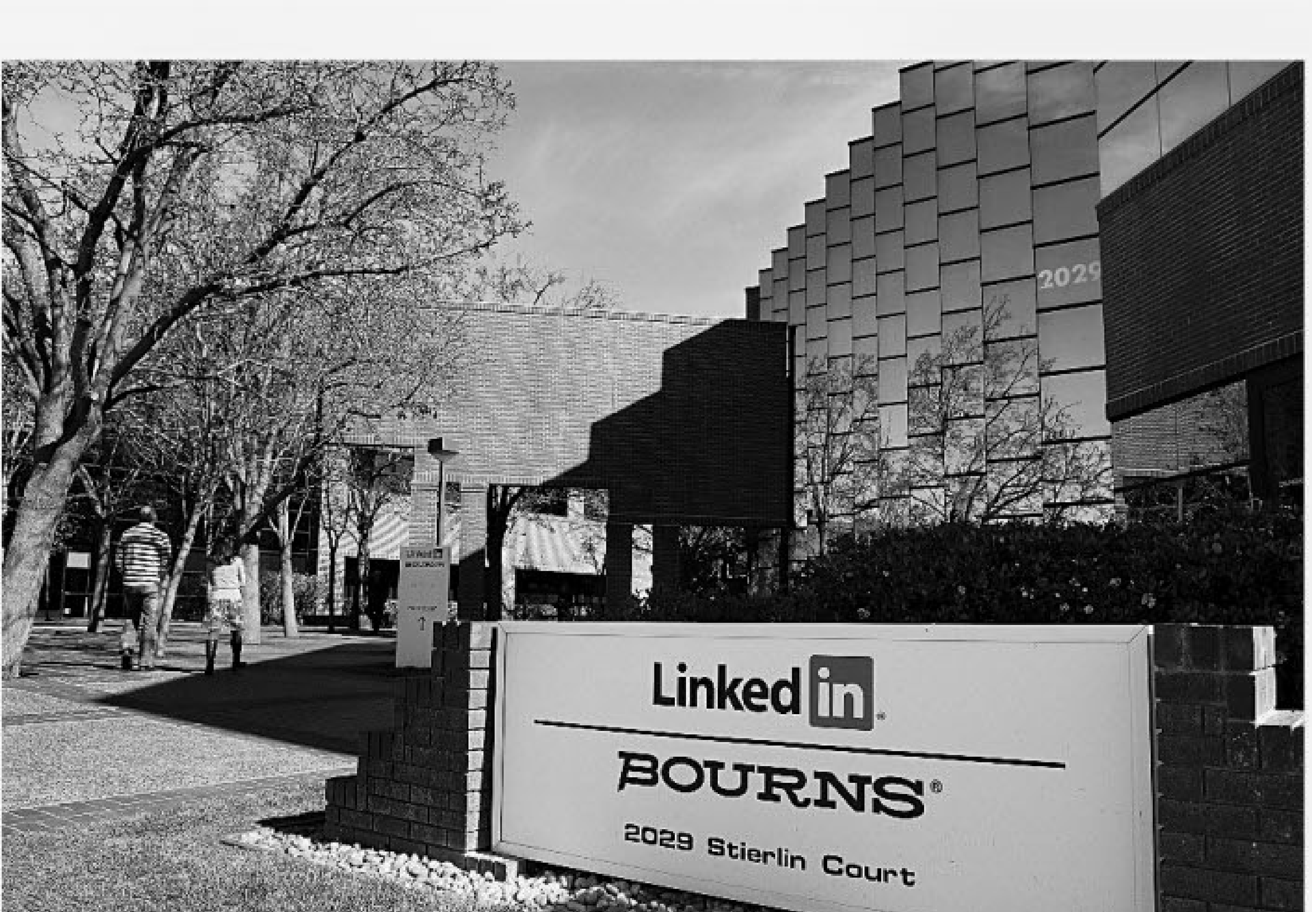
It emerged with meagre growth rates in the first half -- 0.1 percent in the first quarter and 0.2 percent in the second -- before going into neutral in the three months to September.

Prime Minister Jose Luis Rodriguez Zapatero's Socialist government anticipates only a moderate improvement this year, with 1.3-percent growth and a jobless rate still scaling dizzying heights at 19.3 percent.

On Friday, the government approved what it called a "shock plan" to curb unemployment, including financial help to companies to hire people under 30 and for the long-term jobless.

Spain's major challenge has been to avert the debt quagmire that forced Greece and Ireland to accept European Union-IMF economic and financial rescues last year.

As the European Union's fifth-biggest economy, a rescue for Spain would dwarf previous debt crises in the bloc and force a re-think of the entire eurozone rescue mechanism.



AFP

A sign is posted in front of the LinkedIn headquarters on Friday in Mountain View, California. Online business networking site LinkedIn filed paperwork with the Securities and Exchange Commission in January for an initial public offering later this year.

Ford plans to slash debt by $3 billion

AFP, *Chicago*

Ford announced plans Thursday to slash its debt by nearly three billion dollars by redeeming securities for cash and stock as it works to regain its investment-grade credit rating.

The redemption comes after Ford reduced its debt by $14.5 billion and doubled its annual profit to $6.6 billion in 2010.

"We remain focused on reducing our automotive debt as the core automotive business continues to strengthen," Lewis Booth, Ford executive vice president and chief financial officer, said in a statement.

"We are pleased with the progress we have made, and we are committed to continuing to improve our balance sheet to lay a solid foundation for a strong and profitably growing business in years to come."

Ford offered holders of the securities the option of converting the securities into stock.

The redemption will lower annualized interest costs by about $190 million and will result in a first quarter charge of up to about $60

US trade gap widens as China deficit hits record

AFP, *Washington*

The US trade deficit grew in December as imports rose at the fastest pace since June, while the politically sensitive gap with China hit a record for the year, official data showed Friday.

Despite a solid rise in US exports, the data showed that a surge in consumer spending and a jump in commodity prices help hike the country's imports bill.

The Commerce Department reported the country's trade deficit in goods and services rose to a seasonally adjusted $40.6 billion, from $38.3 billion in November.

The rise was a tick higher than the $40.4 billion expected by most analysts, but remained below the 2010 peak of $50.0 billion in June.

Both import and export volumes rose, reflecting growth in a recovering global economy led by China and other major emerging economies.

"Continued strength in the global economy, especially in Asia, is likely to keep exports on its recent impressive trajectory while the expected moderation in consumer spending -- after an unusually strong fourth quarter -- is likely to cool import growth," said David Resler at Nomura Globa Economics.

President Barack Obama's plan to double exports by 2015 to help to spur jobs creation appeared to get a boost after December exports surged to the highest level in more than two and a half years.

The US sold $163.0 billion in goods and services to foreign countries in December, up 1.8 percent from the prior month.

Exports of goods, at $115.5 billion, were the strongest since August 2008, the month before the Lehman Brothers bankruptcy brought the nation's troubled financial system to the brink of collapse.

But imports increased at the fastest pace since June, by 2.6 percent to $203.5 billion, crossing the $200

AFP

National flags of US and China wave in front of an international hotel in Beijing.

billion threshold for the first time since that month.

Amid rising oil and commodity prices, imports of foods, feeds and beverages hit an all-time peak of $8.0 billion.

Joel Naroff of Naroff Economic Advisors noted that more than 80 percent of the import goods rise came from crude oil, petroleum and fuel oil purchases.

"Rising energy costs are bleeding the economy," he said.

Though the trade gap with China shrank 19 percent to $20.7 billion, for all of 2010, it swelled to $273.1 billion, topping the 2008 record of $268.0 billion.

For the second year running China surpassed Canada as the largest seller of goods to the United States.

The report was likely to fuel US accusations that China deliberately keeps the yuan currency undervalued to boost exports.

While the Treasury Department cleared China of charges of currency manipulation a week ago, it still urged Beijing to allow the yuan to trade more freely, and in Congress several lawmakers said this week they would revive legislation to punish China for alleged unfair trade practices.

For all of 2010, the US trade deficit of $497.8 billion was sharply bigger than the prior year's $374.9 billion, but well below the 2008 level of $698.8 billion.

Obama's pledge in January 2010 to double exports between 2009 and 2014 appeared to be on track after exports rose 16.6 percent last year.

US exports made strong gains last year, rising 21.6 percent with Canada and 26.7 percent with Mexico.

To fast-growing emerging economies, exports surged 32.2 percent with China and 35.8 percent with South Korea, while exports to Brazil soared 35.5 percent.

In low-growth Europe, however, exports were up 9.0 percent to the eurozone, led by an 11.3 percent rise with Germany, the biggest economy.

Exports to Japan rose a solid 18.4 percent.

International trade was one of the most important drivers of the economy in the final quarter, US data showed.

Gross domestic product grew 3.2 percent from a year ago in the October-December period, thanks to an estimated contribution from exports of 3.5 percentage points.