



A stall attendant waits for visitors at a stall of Property Lifts, at the Global Lift and Escalator Expo (Gle Expo), at the International Convention City Bashundhara, in Dhaka on Wednesday. The three-day fair ends today.

GLE EXPO

Indian rupee seen weathering dollar surge better than most in emerging FX

REUTERS

Protected against excessive volatility by India's central bank and backed by one of the world's fastest growing economies, the rupee could withstand the US dollar's post-election surge better than many emerging market currencies, economists say.

Expectations that President-elect Donald Trump's expansionary spending plans will lead to higher US interest rates drove the dollar on Wednesday to its highest level in 13-1/2 years against a basket of major currencies.

But while emerging markets currencies have on average lost 4.6 percent against the dollar since Trump's election victory on Nov.8, the rupee has lost only 2 percent.

Against its peers, the rupee is proving attractive.

Its three-month volatility hit an eight-year low earlier this month, while its volatility-adjusted returns, as measured by the Sharpe ratio, are positive at 0.4 percent, while most other Asian market currencies show negative returns, according to Thomson Reuters data.

Analysts expect the rupee to continue to fare better than emerging market peers because of the country's faster economic growth, and near-

record foreign exchange reserves of \$368 billion, which the Reserve Bank of India's regularly dips into to smooth out excessive volatility in the currency market.

"India's external position strengthened significantly over the past couple of years. It doesn't rely on foreign financing as much as it used to. It has also been evident in the rupee being stable," said Shilhan Shah, an economist with Capital Economics in Singapore.

The rupee's sturdiness has come despite net outflows of about \$1.6 billion from Indian bonds and equities and an estimated \$7 billion in outflows in October to meet redemptions from dollar deposits the country raised to help pull the rupee out of a crisis in 2013.

The RBI intervenes frequently on both sides of the market to keep the rupee free of excessive volatility as a matter of policy.

During September, the most recent available data shows the RBI purchased \$9.04 billion in the spot foreign exchange market and sold \$4.4 billion - its heaviest intervention since April 2015.

The rupee's three-month volatility was trading at 6.1 percent after hitting a near 8-year low of 4.475 percent earlier this month. That compares,

according to Reuters' calculations, to Asian currencies' average volatility of 8.7 percent.

Economic indicators should also underpin the rupee. India's economy grew 7.1 percent in the April-June quarter from a year earlier, the fastest pace among major economies.

Analysts expect this to accelerate as the central bank is expected to cut interest rates again after already easing by 175 bps since early last year.

Investors have reacted positively to rate cuts given expectations it will boost economic growth and attract more foreign inflows into equity markets, despite the potential reduction in rupee yields.

India's current account deficit also stood at a negligible \$277 million, or 0.1 percent of gross domestic product, in the April-June quarter, while consumer inflation cooled to a 13-month low in September, helped by moderating food prices.

"We have been constructive on rupee for some time. The currency is very stable. There has been an attractive carry trade in the past month and we continue to hold that view. In our view rupee has been relatively protected from more external factors," said Mitul Kotecha, head of FX strategy at Asia-pacific for Barclays in Singapore.

India acts to help farmers hit by black money crackdown

REUTERS

India's government on Thursday announced immediate steps to ease a cash crunch for farmers amid widespread criticism of Prime Minister Narendra Modi's shock decision to withdraw high-value bills in the middle of the sowing and wedding season.

Farmers have been left stranded as traders have no cash to pay for their produce, while millions of Indians lined up outside banks and post offices for the ninth day to exchange old banknotes or withdraw rationed money from their accounts.

Modi dropped a bombshell on Nov. 8 by abolishing 500 and 1,000 rupee notes that accounted for 86 percent of cash in circulation. The move was aimed at cracking down on the shadow economy but has brought India's cash economy to a virtual standstill.

In the latest in a series of ad hoc steps, Modi allowed farmers to withdraw up to 25,000 rupees (\$368) a week against their crop loans to ensure that sowing of winter crops "takes place properly", a senior finance ministry official said.

Economic Affairs Secretary Shaktikanta Das also said a time limit for farmers to pay crop insurance premiums has been extended by 15 days.

Many of India's 260 million farmers have no bank accounts and depend on local money lenders to fund sowing, which means those that have to borrow to sow winter crops like wheat or rapeseed could face debt trouble without a good harvest.

Indonesia's central bank holds key rate amid 'escalating' global uncertainty

REUTERS, Jakarta

Indonesia's central bank, citing "escalating" global economic uncertainty, on Thursday held its key interest rate steady as expected and trimmed its growth forecast for 2017.

Bank Indonesia (BI) maintained its benchmark interest rate at 4.75 percent, as forecast by 18 out of 19 analysts in a Reuters poll.

Analysts had said market volatility following Donald Trump's victory meant BI could not cut its benchmark for a seventh time this year.

The rate hold "is in line with BI's cautiousness in responding to the escalating uncertainty in the global financial market after the U.S. election," the central bank said in a statement.

In the wake of the U.S. election, foreign investors sold around 19 trillion rupiah (\$523.4 million) of Indonesian stocks and bonds, according to data from the stock exchange and the Finance Ministry.

The rupiah fell sharply after the vote, but then stabilized with the help of BI intervention to ensure it did not drop too rapidly. On Thursday, it was trading at around 13,375 to the dollar, or 2 percent weaker than before Trump's win.

BI Governor Agus Martowardojo told reporters on Thursday that the intervention was in line with market mechanisms. He affirmed that Indonesia will not impose capital controls.

"We would like to emphasize that Indonesia will maintain the system of free flow of capital," he said.

Analysts say the currency could come under pressure again if the Federal Reserve

raises interest rates in December.

BI thinks the Fed will hike the U.S. rates by 25 basis points next month, its deputy governor said, and then five more times until the end of 2018.

Capital Economics said Thursday's hold "suggests that the central bank is currently more concerned with maintaining a stable exchange rate than supporting the economy. With the U.S. set to start hiking interest rates soon, we think BI's easing cycle is nearing an end."

Weihen Ng of ANZ said he expects BI "to maintain a neutral monetary policy stance and remain on hold for an extended period of time." BI has cut its main policy rate this year by a total of 150 basis points.

Despite the cuts, loan growth has continued to weaken. As of September, annual expansion of outstanding loans was at its weakest in nearly seven years, 6.47 percent, as commercial banks grappled with increased levels of bad loans.

Sluggish loan expansion was one reason annual growth in Southeast Asia's largest economy decelerated to 5.02 percent in the third quarter, from 5.18 percent in April-June.

On Thursday, BI amended its forecast for 2016 growth to 5.0 percent instead of a range of 4.9-5.3 percent.

The forecast for 2017 was changed to 5.0-5.4 percent, rather than 5.1-5.5 percent.

"BI faces a difficult balancing act," Capital Economics said. "Despite having cut interest rates six times this year already, the domestic economy could clearly do with some additional support... But the threat of further falls in the rupiah means that BI is likely to act with caution."



JAMUNA BANK

Nur Mohammed, chairman of the executive committee of Jamuna Bank and chairman of Jamuna Bank Foundation, and Shafiqul Alam, managing director of the bank, open the Sreenagar branch in Munshiganj yesterday.



RANGS PROPERTIES

Raj Hoq, chief executive officer of Rangs Properties Ltd; Syed Muttakillah, SM Faiz Bin Nizami and Mahtab Uddin, chief operating officers, pose at a flat handover ceremony of Rangs Marc Residence at Gulshan in Dhaka on November 12.

Uber tells Taiwan: you are scaring away investors

AFP, Taipei

Uber warned Taiwan on Thursday that it was scaring away foreign investors as the ride-hailing app faces a potentially massive hike in fines for operating illegally on the island.

The US company has been racking up fines since it entered the Taiwan market in 2013 for running a business without the proper registration to operate as a taxi service.

In the past Uber drivers have faced fines of around Tw\$50,000 (\$1,570) but the cabinet this month proposed a maximum penalty of Tw\$25 million (\$785,000) -- the highest in the world, according to the company's Taiwan general manager Likai Gu.

Authorities have also asked Apple and Google to remove Uber's app from their platforms but the government has yet to impose an outright ban on the company.

The moves "send a clear message to would-be startups to steer clear of Taiwan, deterring both local entrepreneurs and foreign investment," Mike Brown, Uber's Asia Pacific general manager, wrote in an open letter to President Tsai Ing-wen,

published Thursday.

Brown said that existing regulations were a "poor fit for new technologies and business models".

Since taking office in May, Tsai has outlined plans to kickstart Taiwan's economy, including making the island into an "Asian Silicon Valley" by encouraging and fostering start-up technologies.

"We felt like we were making progress," Uber's Gu told AFP in a phone interview, referring to the company's meetings with officials before the shock proposal to raise fines.

He declined to comment on local media reports that the National Taxation Bureau of Taipei has ordered the company to pay Tw\$135 million (\$4.2 million) in back taxes and penalties.

Despite the hurdles, the San Francisco-based firm launched its food delivery service UberEats in Taiwan on Tuesday.

The US startup has expanded to more than 50 countries and is worth some \$50 billion, but has faced multiple legal challenges and protests from traditional taxi drivers who feel they are being forced out of the market.

Toyota to sharpen focus on electric cars

REUTERS

Toyota Motor Corp said on Thursday it is setting up a new in-house unit to develop electric vehicles as the Japanese automaker speeds up efforts to produce more of the lower-emission cars.

Toyota said the unit would initially consist of four people - one each from the automaker, machine manufacturer Toyota Industries Corporation, and parts suppliers Aisin Seiki Co and Denso Corp.

The team will be responsible for planning a strategy for developing and marketing electric cars to keep pace with tightening global emissions regulations, a Toyota spokesman said, and will expand by drawing upon engineers, designers and other personnel from various sections of the company as needed.

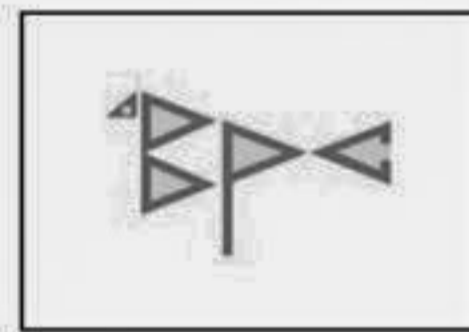
"Regulations on lower emissions vehicles are changing very quickly, so we also have to respond quickly," spokesman Itsuki Kurosu said.

"With its small size, the new venture will be able to be more nimble in its planning and decision making, to speed up the process to develop electric cars."

The automaker, which has invested heavily in hydrogen fuel-cell vehicles as the most promising "green" alternative to conventional cars, this month said it would like to have the option of developing full-sized electric vehicles.



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