

# Australia keeps rates on hold at record low

AFP, Sydney  
Weak inflation, sluggish wage growth and high levels of household debt saw Australia's central bank keep interest rates on hold at a record low on Tuesday.  
The Reserve Bank of Australia slashed the cash rate from November 2011 to August 2016 to 1.50 percent to boost the economy as it transitioned away from a mining investment boom and it has not moved since.  
Most economists are not expecting the bank to lift them until late next year, or even 2020, given household debt and slow wages growth continues to affect consumer spending.  
And with one of Australia's big four lenders -- Westpac -- pushing up its mortgage borrowing costs out-of-cycle since the

central bank last met in August, the chances of an official rate hike appear to have receded even further.  
Other major banks are widely expected to follow suit.  
"While the rise in mortgage rates on average is small at around 15 basis points, it's still another dampener on consumer spending and home-buyer demand," said AMP Capital chief economist Shane Oliver.  
"It will hit the home-buyer market particularly in Sydney and Melbourne at a time when it's already down. As such it's a de-facto monetary tightening and is yet another reason for the RBA to remain on hold for longer." The RBA continues to put its faith in lower unemployment helping to boost wage growth and eventually lift inflationary pressures.



**Md Arfan Ali, president and managing director of Bank Asia, and Maliha M Quadir, founder and managing director of travel service provider Shohoz.com, exchange signed documents of a deal at the bank's corporate office in Dhaka on Monday for providing ticketing services through the bank's agent banking network.**

# Ten years later, risks lurk to global economy

AFP, Washington  
The US financial system 10 years ago was brought down by toxic investments with mysterious acronyms. Today the risks to global economic stability have familiar names: China, emerging market contagion, Brexit and... Donald Trump.  
In the years since the 2008 crisis, which caused tens of millions of people to lose their homes, led to hundreds of millions losing their jobs and destroyed trillions of dollars in wealth, the global economy has recovered.  
The International Monetary Fund (IMF) projects the global economy will grow by 3.9 percent this year and next, confirmation of the solid worldwide recovery.  
But with the United States at the center of multiple trade disputes, the outlook faces challenges.  
IMF Chief Economist Maurice Obstfeld warned that "the risk that current trade tensions escalate further... is the greatest near-term threat to global growth."  
And the most powerful central bank in the world, the US Federal Reserve, echoed that warning almost word for word: "an escalation in international trade disputes has a potentially consequential downside risk for real activity."  
Since moving into the White House, US President Donald Trump -- brandishing his "Make America Great Again" pledge -- has upended trading relations, with his attacks that make no distinction between allies and rivals.  
One of his main targets has been the North American Free Trade Agreement, the 25-year-old pact with neighbors Canada and Mexico, which he has called a "ripoff

and a "disaster" for the United States.  
Trump insisted on renegotiating Nafta, and then with an agreement practically in hand, his derogatory remarks about Canada -- the top US trading partner -- last week derailed the talks. He has attacked the European Union as a competitor, at a time  
another \$200 billion in Chinese goods in the crosshairs.  
The effects are beginning to be felt in the world's second largest economy and if it ratchets up it could have a snowball effect on investment, supply chains and confidence. When Lehman Brothers was allowed  
chase homes without regard for their ability to pay.  
But when the Fed began raising interest rates in 2004, the house of cards collapsed.  
And now after years of interest rates at zero, the Fed again is raising rates. Veterans of the Great Recession are unsure where the next major crisis will erupt.  
"To borrow from Tolstoy, every happy market is the same, but every crisis market is different in its own way," Nicholas Colas of DataTrek Research said.  
So where are the warning signs?  
The US economy is running on all cylinders with an unemployment rate at a historic low around four percent, no signs of inflation and the stock exchange breaking records. The 2010 Dodd-Frank Act limited risk-taking and forced banks to hold large cash reserves.  
As a result, "the banking sector is the most regulated sector today after utilities," said Steve Eisman, one of the financiers who spotted the subprime bubble and profited from it.  
But the economy has been recovering for 10 years, and the certainty is that there will be another crisis.  
"So I don't know which will cause the next crisis, but I'm fairly sure it's not Dutch tulips... and not subprime mortgages," said Aaron Klein, an expert on regulations at the Brookings Institution.  
And political risk expert Ian Bremmer of the Eurasia Group questioned whether today's global powers would respond as effectively as they did in 2008 or after the 9/11 terrorist attacks.  
"There's more than enough political stability in today's world to handle the headlines of the day," Bremmer said. "But



**This file photo taken on October 15, 2010 shows a short sale home in the Spring Valley area in Las Vegas.**

when Brussels is facing the uncertainties of Brexit; and with China, Trump has unleashed multiple waves of punitive tariffs to pressure them to make concessions.  
His aggressive campaign against Beijing could enter a new phase this week, with  
to collapse on September 15, 2008, the scale of the disaster became apparent.  
Huge sums were invested in ultra-sophisticated -- and opaque -- financial instruments based on a lie: "subprime" mortgages that in a long era of very low interest rates allowed many people to pur-

# Indian airline losses could reach \$1.9b this year

REUTERS, New Delhi  
Indian airlines are expected to post combined losses of up to \$1.9 billion this financial year led by full-service carriers like Air India and Jet Airways driven by rising costs and low air fares, aviation consulting firm CAPA India said.  
The loss forecast for the 12 months ending March 31 is up from an estimated \$430 million to \$460 million sector-wide loss in January largely due to the depreciation of the rupee and a rise in oil prices, CAPA said in a report released on Monday evening.  
Ticket prices have not risen to compensate for higher costs, and CAPA said with the exception of Interglobe Aviation Ltd's IndiGo, none of the airlines have strong enough balance sheets to comfortably withstand higher costs and lower yields. "Most carriers are ill-equipped to withstand cyclical downturns," CAPA said in the report. "Airlines have completely lost pricing power as a result of the rapid influx of capacity."  
India is the fastest-growing domestic aviation market in the world and carriers have placed orders for hundreds of new Airbus SE and Boeing Co jets.  
But airlines have struggled to stay profitable despite filling nearly 90 percent of seats and seeing a more than doubling of domestic passenger numbers over the last four years.  
India is one of the cheapest domestic airline markets in the world and promotions such as \$50 one-way tickets on the two-hour flight from Mumbai to Delhi are easy to find.  
CAPA estimated Indian airlines, including money-losing state-owned Air India Ltd, need an additional \$3 billion of capital in the near term to shore up their balance sheets.  
The government in June said it had failed to attract bidders for a 76 percent stake in the national carrier, which is dependent on handouts to keep operating.  
Jet Airways (India) Ltd last month reported a quarterly loss of 13.23 billion rupees (\$185.79 million) and said it was seeking to cut costs, inject capital and monetise its frequent flyer programme.

# Amazon India unveils Hindi website, app in battle with Flipkart

REUTERS, New Delhi  
Amazon.com on Tuesday launched a Hindi version of its mobile website and app for Android smartphones in a bid to make deeper inroads into India's fast-growing e-commerce market, stepping up its battle with Walmart's Flipkart unit.  
None of India's other leading e-commerce portals - Flipkart, Snapdeal or Paytm Mall - currently have a local language version of their apps or websites, and the move to launch a Hindi app and website could give

Amazon access to tens of millions of new customers in India's small towns and villages.  
"What we believe is, Amazon.in in Hindi is a critical step to actually address the next 100 million customers," Manish Tiwary, Vice President, Category Management at Amazon India told reporters at a news conference.  
Amazon is looking to win over the next 100 million customers in the country, its India head Amit Agarwal told Reuters in April. The country's e-commerce market is tipped to grow to

\$200 billion in a decade, according to Morgan Stanley.  
Flipkart, along with its fashion units Myntra and Jabong, is slightly ahead of Amazon in India's online retail, according to Forrester estimates.  
Amazon also has plans to support more local Indian languages on its shopping app and mobile website and will also extend the service to mobile platforms beyond Android, said Kishore Thota, Amazon India's head of customer experience and marketing, without giving a timeline.



**Syed Mahbubur Rahman, managing director of Dhaka Bank, and Sylvana Q Sinha, founder and managing director of Praava Health, exchange documents after signing a deal at the latter's office at Banani in the capital on August 30. The bank's employees will get 20 percent discount and credit and debit cardholders 15 percent discount at Praava Health.**

# In India, Google races to parry the rise of Facebook

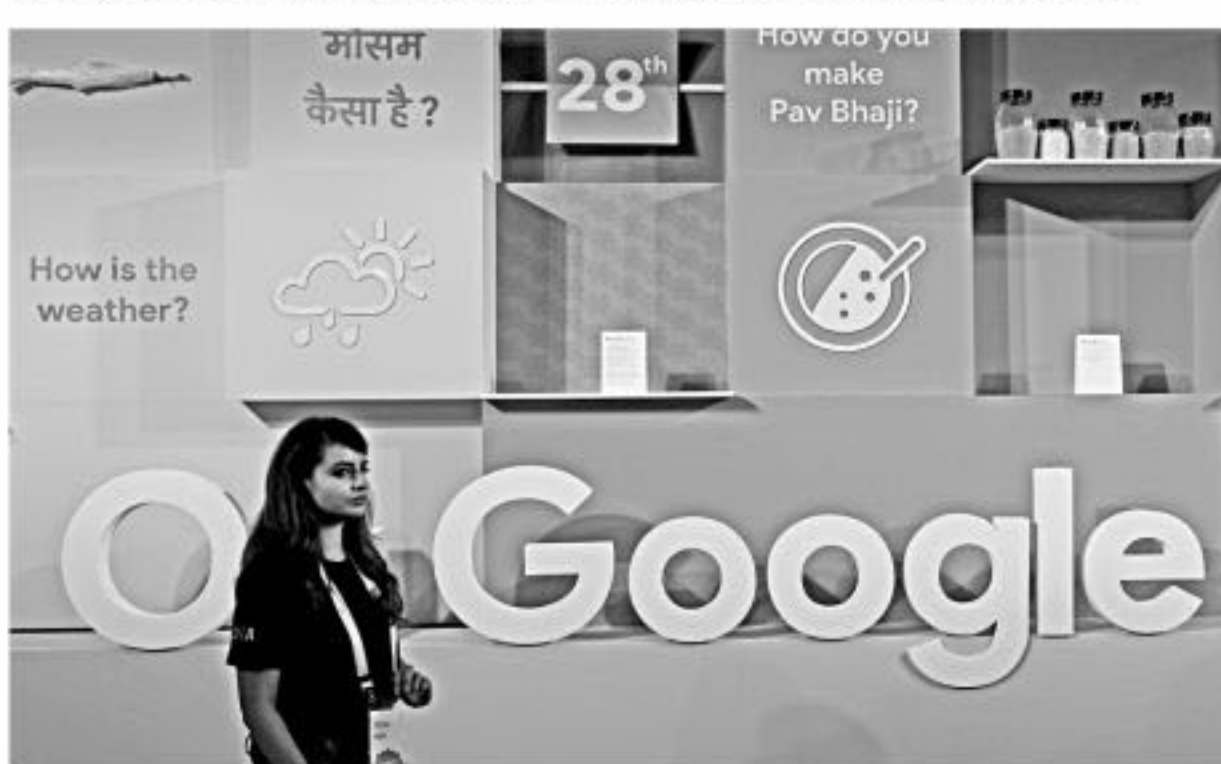
REUTERS, San Francisco/Mumbai  
Google retains only a slight lead over Facebook in the competition for digital ad dollars in the crucial India market, sources familiar with the figures say, even though the search giant has been in the country far longer and has avoided the controversies that have dogged its rival.  
Facebook's success has shaken Alphabet Inc's Google, led by an Indian-born CEO, Sundar Pichai, who has made developing markets a priority.  
Google officials in India earlier this year were alarmed to learn that Facebook Inc was likely to generate about \$980 million in revenue in the country in 2018, according to one of the sources. Google's India revenues reached \$1 billion only last year. Facebook and Google declined to comment on Indian revenue figures or the competition between the two companies.  
Google is now pushing back, attempting to lure customers with better ad-buying tools and more localized services. The revamped strategy mirrors initiatives that have succeeded in boosting the time Indian consumers spend with Google services.  
The battle in India reflects an epic challenge for Google in developing markets around the world that are crucial to the company's long-term growth - many consumers in those country's are gravitating to Facebook and its siblings, Instagram and WhatsApp, at the expense of Google search and YouTube, and advertising dollars are quick to follow.  
"Facebook is a far more user-friendly platform even though they haven't created features specifically for Indian advertisers," said Vikas Chawla, who runs a small ad-buying agency in India.

Facebook ads, compared with those on Google search or YouTube, tend to transcend language barriers more easily because they rely more on visual elements, said Narayan Murthy Ivaturi, vice president at FreakOut Pte Ltd, a Singapore-headquartered digital marketing firm. Pinpointing younger consumers and rural populations is easier with Facebook and its Instagram app, he and other ad buyers said.  
And Facebook is succeeding in India, which boasts the fastest-growing digital ad market of any major economy, despite internal turmoil and political controversy. It has been without a country head for the last year, and has faced a series of incidents in which rumors circulating on Facebook and WhatsApp have prompted mob violence.  
"India is the most important market for the 'Next Billion Users' initiative," Caesar Sengupta, the head of the effort, told Reuters on the sidelines of the annual "Google for India" event in New Delhi last week.  
For many years Google designed its services for early adopters of new technology, who tended to be in Silicon Valley, said Nelson Mattos, who oversaw Google's Europe and Africa operations for several years. Great products would then find a broad global audience.  
"Over time, as you saw the growth of Facebook, the importance of WhatsApp and other tools in these new markets, and not the same adoption of Google, the company started to realize that maybe they had to change that approach," Mattos said.  
Shortly after taking the helm three years ago, Pichai mapped a new strategy for places such as India: More services tailored to locals; more marketing on radio, billboards

and TV; more local staff and start-up investment.  
Google's India workforce has more than doubled since to more than 4,000 employees, or about eight times Facebook's presence, according to a tally of LinkedIn profiles and company statements.  
Its products evolved too, becoming easier to use with low data plans. Smartphone apps such as Files Go and Tez - rebranded last week as Google Pay - were aimed at Indians.  
"There's definitely a sea change," said Asif Baki, a user researcher at Google who oversees two-week "immersion trips" in developing markets for senior executives and staff.  
The efforts are bearing fruit. Indian users during the first half of this year spent more time on Google services than on Facebook services, according to estimates from audience measurement firm Comscore. Over a similar period a year ago, Facebook came out on top.  
Extending those gains to the ad business is a work in progress. A handful of Google executives, including leaders for display ads and small business advertisers, traveled to India earlier this year in a previously unreported trip to better understand the needs of Indian clients.  
The visit spurred them to consider ideas such as enabling advertisers to reach users only in a particular Indian state, since language and literacy vary greatly around the country, according to a person familiar with the discussions.  
At the New Delhi event, Google unveiled a plan to bring Indian newspaper content online, to increase the supply of search results - and ads - available in regional languages.  
Google still has to reckon with other issues. Small businesses in emerging markets are less likely to have websites, a foundation for Google ad campaigns but unnecessary for Facebook.

Facebook and Google between them took 68 percent of India's digital ad market last year, according to advertising buyer Magna. Media agency GroupM estimates digital advertising spending will grow 30 percent in India this year.  
The Facebook phenomenon is evident close to home for Google. During a recent lunch period, six out of 10 people who walked out of Google's Bangalore offices while looking at their phones told Reuters they were checking WhatsApp. All 10 said they regularly used WhatsApp.  
Eight Indian ad buyers interviewed by Reuters were divided on whether Facebook would overtake Google in Indian ad revenue. That such a question would even be debated explains why Pichai, Google's chief executive, has pressed to flip the company's approach to emerging markets.  
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**A woman walks past the logo of Google during an event in New Delhi, India.**