

Central banks in quandary as US Fed tightening nears

■ UK, Swiss, Nordic banks face different dilemmas even as ECB signals easing

Brussels, Nov 26

EUROPE'S central banks are struggling with divergent quandaries over how to revive inflation and sustain economic growth as the US Federal Reserve prepares to start raising interest rates for the first time since the collapse of Lehman Brothers.

The world's major economies are recovering at very varying paces from seven years of economic and financial crisis, with Japan tipping back into recession and China trying to surmount a severe wobble this year.

While the Fed is widely expected to pull the trigger on a slow but steady tightening from December in response to solid US growth and employment figures, the European Central Bank is likely to ease monetary policy further on December 3.

"It (the ECB) cannot run the risk of disappointing markets, having raised expectations of action," said Ken Wattret at BNP Paribas in London, reflecting the view of a big majority of economists polled by Reuters.

That is because headline inflation remains close to zero in the 19-nation euro area, and core inflation stripped of energy prices and seasonal factors is barely 1%, just half the ECB's target of close to but below 2%.

Meanwhile, the Bank of England is still mulling when to make its first rate rise, and the Swiss and Swedish central banks are fretting over how to combat

Key euro rate faces overhaul as volume drop leaves ECB in dark

Frankfurt, Nov 26: A market interest rate that is key for the European Central Bank and derivatives investors may be overhauled as dwindling volumes are jeopardising its credibility, the rate's provider told Reuters.



Overnight lending between banks has traditionally been the key channel through which monetary policy is executed, making EONIA — the overnight unsecured borrowing rate for euro zone banks — a vital input for the ECB's decisions.

Lending between banks has progressively dried up

since the onset of the global financial crisis, partly as a side-effect of the ECB's own ultra-loose policy. Daily EONIA volume dropped to a record low of 8 billion euros earlier this month.

The drought has raised doubts about whether EONIA is still a reliable gauge for the ECB and for in-

vestors in the market for swaps, which has already been hit by manipulation scandals involving the Euribor and Libor benchmarks in recent years.

The European Money Markets Institute is looking for ways to boost the number of unsecured euro-to-bank loans that are computed every day to set the rate, possibly by expanding the pool of contributing banks, its secretary general Guido Ravetto said in an interview with Reuters. EMMI groups together national banking associations in EU countries. Reuters

crease in monthly purchases of government bonds and perhaps a two-tier deposit rate imposing a stiffer penalty on banks that park money with the ECB.

Monetary hawks such as German Bundesbank chief Jens Weidmann have refrained from publicly opposing further monetary easing, perhaps because German growth is slowing and Berlin's key Asian export markets are weakening.

"You'll never hear the Germans welcome a lower exchange rate but they are quietly satisfied," a senior official of one euro zone central bank said, noting that the euro had shed 6% against the dollar since Draghi flagged another easing.

Weidmann did say last week that measures already taken needed more time to feed through to the economy, adding that the longer the ECB stayed with ultra-loose monetary policy, the greater the risks.

Euro outsiders mull options

Outside the euro area, Bank of England governor Mark Carney says he doesn't know when British interest rates could start to rise, sounding vaguer than before about when to start weaning the economy off record low borrowing costs.

"The question in my mind is when is the appropriate time for interest rates to increase, and that is strongly consistent with the strength of the domestic economy," Carney told members of parliament on Tuesday. Reuters

Draghi, a rabbit, the euro and the magic trick traders envision

London, Nov 26: Mario Draghi needs to come up with something to surprise currency traders next week or risk a euro rebound that would threaten his efforts to boost inflation.

The good news for him is that strategists are gaining confidence the European Central Bank president will pull it off and exceed the market's expectations for monetary easing at the December 3 policy meeting.

Forecasters are cutting their year-end and first-quarter euro estimates at the fastest pace since March, when the start of the central bank's bond-buying program sent the currency tumbling to a 12-year low. Options signal there's a 70% chance the euro will match that low this year, up from 18% when the ECB last met in October.

"He's going to pull a rabbit out of the hat — we're just not sure what that rabbit will be," said Steven Bell, London-based chief economist and director of macro strategies at BMO Global Asset Management, which oversees about \$244 billion. "The euro is going down heavily."

Bell predicts the shared currency will drop below parity with the dollar next year, after it sank to \$1.0566 on Wednesday, its weakest level since April and approaching this year's low of \$1.0458 on March 16. It was little changed on Thursday at \$1.0619 as of 7.12am New York time.

Ways that Draghi might exceed investors' expectations include lowering the ECB's minus 0.2% deposit rate by 0.2 percentage point,

Bell said. Futures prices compiled by Bloomberg suggest that only a 0.1 percentage-point cut is fully priced in.

The ECB chief may also expand the bank's quantitative-easing plan to include assets such as corporate and local-government bonds or remove the rule preventing it from buying securities that yield less than the deposit rate, according to Bell.

Turbulent year

A weaker euro is key to the ECB's ambition to boost infla-

tion to 2 percent. Yet even after a 12 percent slide this year as policy makers increased the money supply, prices are barely rising across the 19-nation economy. Part of the reason is the euro's mid-year rally as a meltdown in emerging markets prompted investors to unwind riskier trades funded in the currency.

The risk for Draghi — and the euro — is that he fails to live up to the growing speculation that he has a surprise in store.

While the ECB chief has been dropping hints about extending stimulus since the central bank's October 22 meeting,



he's been vague about the details. Further euro losses are by no means assured.

Since the October gathering, strategists surveyed by Bloomberg have cut their median year-end euro forecast by 3 US cents to \$1.07, and their first-quarter outlook by 2 cents to \$1.06. Those predictions still put the shared currency slightly stronger by Dec. 31.

Start button

"For the euro to continue going further, it needs something more than the spin,"

said Neil Jones, the London-based head of hedge-fund sales at Mizuho Bank. "If Draghi actually does come with some decent measures, then we can still get a sharp move lower. We need something physical now. We need the start button to go on further QE."

Jones said he's confident Draghi will either cut the deposit rate by as much as 0.25 percentage point or widen the scope of the 1.1 trillion-euro (\$1.2 trillion) QE program, and sees the euro falling below \$1.05 before year-end and less than \$1 in 2016.

Bloomberg

2 Valeant dermatology drugs' prices increased 1,700%, finds study

Nov 26: Two drugs sold by Valeant Pharmaceuticals International to treat cancer-related skin conditions increased in price by about 1,700% over the last six years, according to a newly published survey that found big increases in the cost of dermatology drugs across the board.

Over all, retail prices of 19 brand-name dermatology drugs from various manufacturers, for acne, infections and other conditions, quintupled from 2009 to this year. Even some generic drugs almost quadrupled in price, according to the study, which was published on Wednesday by the journal JAMA Dermatology.

"We're not talking about new drugs," said Dr Steven P Rosenberg, a dermatologist in West Palm Beach, Fla., who led the research. "We're not talking about exotic drugs. We're not talking about drugs that

are listed as being in shortage." The price increases, he said, "have been off the charts. None of this makes any sense other than that they can get away with it."

The two biggest increases were the Valeant drugs. The drugstore price of a tube of Targretin gel, a topical treatment for cutaneous T-cell lymphoma, rose to about \$30,320 this year, 18 times as much as the \$1,687 in 2009. Most of that increase appears to have occurred after Valeant acquired the drug early in 2013. A patient might need two tubes a month, Rosenberg said.

The retail price of a tube of Carac cream rose to \$2,865 this summer, also 18 times the 2009 price of \$159. Virtually all of the increase occurred after 2011, when Valeant acquired the product. A typical treatment requires one tube, Rosenberg said. NYT

Pfizer's plan to leave US unsettles drug lobbyists

Washington, Nov 26: Pharmaceutical giant Pfizer has long been the most politically active drug maker in Washington, and its representatives have tended to wrap themselves in the American flag while pressing their concerns with lawmakers and regulators.

So when the company announced this week that it would abandon not only the flag but the United States, its planned move to Ireland stunned the medicine industry's lobbying corps — not the least because Pfizer's chief lobbyist, Sally Susman, is the daughter of one of President Obama's biggest, most generous benefactors, Louis Susman.

Susman, a former Clinton administration staff member and a major fund-raiser in her own right for Obama and Hillary Rodham Clinton, must now make the argument to Washington that cutting her company's tax contributions to the United States Treasury by moving

its headquarters to Dublin is actually good for the United States.

"Any permanent solution to combating inversions should be legislated by Congress," said Senator Orrin Hatch of Utah, chairman of the tax-writing Senate Finance Committee.

Obama's Treasury Department has twice changed tax rules to dissuade such "corporate inversions," and Republicans and Democrats alike — from the president to the new speaker of the House, Paul Ryan — have pressed for a tax-code rewrite to thwart them.

"Ironically, an inversion makes it easier for an American company to invest in the US and less likely that it will be encumbered by competitive tax disadvantages — or acquired by a foreign competitor," Susman, Pfizer's executive vice-president for policy, external affairs and communications, said in an emailed statement on Wednesday that echoed those



Sally Susman is the chief lobbyist for Pfizer, which will be based in Ireland after a merger

made in phone calls by her boss, Ian C Read, Pfizer's Scottish-born chief executive.

It is a talking point that six veteran lobbyists for other pharmaceutical companies and organizations said was causing the industry serious heartburn.

"This Pfizer thing is humongous, and I think it could change the course of history for the entire industry," one

of the industry's top lobbyists said in an interview. "Pfizer shot us all in the collective foot."

The lobbyists asked for anonymity since criticizing Pfizer or the industry's present position in Washington could get them fired.

The pharmaceutical industry was once the world's most profitable, its companies topping lists of the world's most admired cor-

Black Friday retailers pile on discounts to lure shoppers

New York, Nov 26: The shaky condition of US retail will be put to the test this weekend, when Wal-Mart Stores, Macy's and other chains roll out their Black Friday specials.

About 135.8 million Americans are expected to shop in stores or online over the four-day weekend, according to the National Retail Federation, the largest US retail trade organization. The amount they've spent has declined over the past two years, dropping 11% to \$50.9 billion in 2014.

Though consumers are benefiting from lower fuel prices and unemployment rates, retailers have their challenges. Mall traffic is in the midst of a long-term slow-down, and shoppers are spending more on experiences and less on stuff. More

recently, a warm autumn has curtailed sales of seasonal merchandise, leaving stores with excess inventory. All those factors point to a need for heavy discounting — good for consumers, but not so great for retailers' profits.

"From the perspective of the amount of discounting that's going on, the over-inventory situation, it seems like there are going to be a lot of great deals in the next 45 days," said Bob Drbul, a retail analyst at Nomura Securities International.

Consumer spending

The idea that consumers won't spend without some serious enticement got a boost on Wednesday, when Commerce Department figures showed household spending rose less than forecast in October. Purchases increased



0.1% for a second month, while the median forecast of 74 economists in a Bloomberg survey called for a 0.3% advance.

And while the NRF's traffic forecast represents a 1.6% increase from last year, there's a risk that fewer shoppers than expected may show up. Last year, the NRF had forecast 140.1 million con-

sumers would hit stores and e-commerce sites, 4.8% more than actually turned out, according to its post-weekend shopping survey.

Some stores are pulling back on their Thanksgiving weekend hours this year and electing to spread more of their specials throughout the month. But the weekend after Thanksgiving is still one of the busiest for US retailers, who use the period to highlight their offerings. Wal-Mart said it expects record crowds on Friday, even though it's putting most of its discounts online first.

Amazon effect

Also hurting retailers is Amazon.com. The e-commerce behemoth has been luring shoppers with its free, two-day shipping membership program and an increased focus on fashion

that's challenging even industry stalwarts like Macy's, Drbul said.

Target Corp has countered by providing free shipping and returns on its holiday orders, while Wal-Mart plans to offer more than four times as many discounts as last year on the Monday following the Thanksgiving weekend.

Once considered the official start to the holiday shopping season, Black Friday bargains have been increasingly overshadowed by retailers rolling out specials earlier in November. Still, the NRF estimates that the weekend accounts for about 10% to 15% of total holiday sales.

"We expect a robust four days," said Sarah Quinlan, head of market insights at MasterCard Advisors. "It still is a major kickoff period." Bloomberg

MEP INFRASTRUCTURE DEVELOPERS LIMITED
CIN: L45200MH2002PLC136779
Regd. Office: A-412, boomerang, Chandivli Farm Road, Near Chandivli Studio, Andheri (E), Mumbai 400 072
E-mail: investorrelations@mepinfra.com • Website: www.mepinfra.com
Tel: 91 22 6120 4800 • Fax: 91 22 6120 4804

NOTICE OF THE POSTAL BALLOT AND REMOTE E-VOTING INFORMATION
NOTICE is hereby given pursuant to the provisions of Section 110 and other applicable provisions of the Companies Act, 2013 (the "Act") read with the Companies (Management and Administration) Rules, 2014 including any statutory modifications for the time being in force and other applicable laws and regulations the Members of MEP Infrastructure Developers Limited ("the Company") to seek their approval by way of Postal Ballot and e-voting in respect of resolutions as set out in Notice dated November 25, 2015. The Postal Ballot Notice and Form have been sent electronically to the Members within [other than those who had requested for physical copy or whose email address is not registered with the Depository Participant ("DP")], to their email address as registered with their DP and made available to the Company by the Depositories and physical copies of the Postal Ballot Notice and Form have been sent to all other Members at their registered address to the permitted mode.

The voting rights of Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date, i.e. on **Friday, the 20th day of November, 2015.**

The Company has completed the dispatch / email of Postal Ballot Notice and Form on **Thursday, November 26, 2015.**

Pursuant to provisions of Section 108 of the Companies Act, 2013 read with the rules made thereunder and Clause 35B of the Listing Agreement, the Company is pleased to provide to its members facility to exercise their right to vote by electronic means. The facility of casting votes by the members using an electronic voting system on the Resolutions set forth in the Postal Ballot Notice through services provided by National Securities Depository Limited ("NSDL").

The remote e-voting facility shall commence on Friday, 27th November, 2015 at 9.00 a.m. and ends on Saturday, 26th December, 2015 at 5.00 p.m. The e-voting module shall be disabled for voting thereafter and remote e-voting shall not be allowed beyond the said date and time. During this period shareholders of the Company, may cast their vote electronically on the terms mentioned in the Notice of the Postal Ballot. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The communication relation to the remote e-voting, inter alia, containing User ID and Password along with a copy of the Notice of the Postal Ballot has been despatched to the members. This communication and Notice of the Pare available on the website of the Company at www.mepinfra.com and on the website of NSDL at URL:https://www.evoting.nsdl.com/.

Members, who have not received the Postal Ballot Notice and Form, may download the same from the website of the Company www.mepinfra.com or send a request at rrt.helpdesk@linkintime.co.in for obtaining duplicate copy of the same.

In case of any queries/grievances relating to voting by electronic means, the members/Beneficial owners may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members at the Downloads Section of [NSDL at URL:https://www.evoting.nsdl.com/](http://URL:https://www.evoting.nsdl.com/) or call on Toll Free No.: 1800 22 2990 or contact Mrs. Pallavi Mhatre, Assistant Manager, National Securities Depository Limited, Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai-400013, Phone (022) 2499 4545 e-mail: evoting@nsdl.co.in or pallavid@nsdl.co.in

BY ORDER OF THE BOARD
For MEP INFRASTRUCTURE DEVELOPERS LIMITED
Sd/-
SHRIDHAR PHADKE
COMPANY SECRETARY

Place: Mumbai
Date: 27/11/2015