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PLANNING

Over the past few weeks, we have had little REAL news. However, today we had good news that the Reserve Bank of India (India's equivalent to our "Fed") raised rates in a surprise move prior to their scheduled meeting next month. It was widely expected that the Indian central bank would raise interest rates at their upcoming meeting, however this move was made in between their regularly scheduled meetings and was a surprise.

India is doing this in an effort to keep inflation under control in their quickly expanding economy. Unlike the US, India is still growing quite rapidly. While our markets went down a little on the news, I would again call that a poor reaction by our markets. This is good news. It is like hearing that your neighbor is doing well on his exercise program and is staying healthy. The Reserve Bank of India has made steps in the right direction and WE will be better off for it.

This interest rate move helps protect the value of the Rupee (Indian currency) and likewise our investments in that country. When the value of the Rupee increases versus the US Dollar, then our investments in India will increase in value. It is one of our "hedges" or counterbalances to the poor monetary policy being enacted by our Federal Reserve. If we continue increasing the money supply, the outside investments will provide some balance.

Best Regards,

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