

Federal Reserve holds benchmark in

By Craig Torres

BLOOMBERG NEWS

WASHINGTON — The Federal Reserve kept the benchmark U.S. interest rate at 5.25 percent Wednesday and said inflation remains the “predominant” risk for the economy.

“The committee’s predominant policy concern remains the risk that inflation will fail to moderate as expected,” the Federal Open Market Committee said in a statement after meeting

in Washington. “Future policy adjustments will depend on the evolution of the outlook for both inflation and economic growth.”

Fed officials are waiting for incoming data to validate or disprove their forecasts for growth to pick up and inflation gradually to subside. They have kept the key rate at 5.25 percent since August. Since then, the expansion has slowed to the weakest pace in four years while inflation has remained

elevated.

Policymakers said “economic growth slowed in the first part of this year and the adjustment in the housing sector is ongoing.” They said the economy “seems likely to continue to expand at a moderate pace over coming quarters.”

In language that was little changed from March, they added that core inflation — price changes excluding food and energy, which are more volatile than other sectors — remains



Robert Parry

Ex-president of San Francisco Fed says inflation rate must decline to more acceptable level.

“somewhat elevated.”

Some observers have been expecting the Fed to cut interest rates.

But Robert Parry, former

CENTRAL TEXAS DIGEST

RETAIL

Office tenants sought for Penney property

A San Antonio broker is betting he's sitting on one of the largest blocks of office space in Austin.

Tom Rohde, a partner with Rohde Ottmers Siegel in San Antonio, is hunting for potential office tenants to fill the closed J.C. Penney store at Highland Mall, a two-story 200,000-square-foot space.

Penney vacated the store last year as it switched to a standalone store at Interstate 35 and Parmer Lane.

Greyhawke Capital Advisors of Greenwich, Conn., owns the store and 17-acre site. The mall is jointly owned by Simon Property Group Inc. and General Growth Properties Inc.

Rohde isn't ruling out finding another store to fill the space but said that could be challenging, considering competition from several nearby projects including the Domain and the Mueller development.

Portions or the entire Penney's building could become offices for the next five to 10 years, Rohde added.

“It's going to be hard to put a fresh face on that old mall for a while,” Rohde said. “It's an extremely large piece of land in Central Austin. I think it's going to be redeveloped into some mixed-use project.”

RELOCATIONS

Borland to see savings from move to Austin

Software maker Borland Corp. said it expects to save \$4 million to \$6 million a year when it moves its headquarters from Cupertino, Calif., to Austin.

The company, which expects to have between 150 and 200 workers in Austin a year from now, said the move is a cornerstone of its plans to improve its financial performance.

Borland said it lost \$9.2 million, or 12 cents a share, in the first quarter, compared with a year-earlier loss of \$8.9 million,

or 12 cents. Sales rose 2 percent to \$71 million.

SEMICONDUCTORS

Cirrus Logic profit plunges about 50%

Chip developer Cirrus Logic Inc. said earnings fell nearly 50 percent in its fiscal fourth quarter as a result of restructuring costs and losses on its investment in another company.

Cirrus made \$7.3 million, or 8 cents a share, down from \$14.9 million, or 17 cents a share diluted, in the same period last year.

The company said earnings were hurt by a \$4.3 million charge from its investment in Magnum Semiconductor, as well as a \$500,000 restructuring charge. Excluding those and other one-time items, Cirrus said it would have made \$7.9 million, or 9 cents a share.

Analysts predicted earnings of 8 cents a share.

Sales rose 3.3 percent to \$43.6 million, above analyst

forecasts of \$42.5 million.

Shares of Cirrus Logic fell 5 percent, to \$8.20 in aftermarket activity. In regular trading, shares ended unchanged at \$8.63.

GAMING

Multimedia Games sees share price rise

Shares of Multimedia Games Inc. surged after the video lottery and bingo terminal maker reported fiscal second-quarter results that beat expectations.

The company broke even for the quarter, compared with a profit of \$2.5 million, or 9 cents a share, in the year-ago quarter. Analysts expected a loss of 5 cents a share.

Revenue dropped 34 percent to \$30.7 million from \$46.5 million, missing Wall Street's estimate of \$31.6 million.

Shares of Multimedia Games rose 6.3 percent to \$11.43 in regular trading and rose another 2.7 percent after hours.

Compiled from staff reports