

Japanese current account surplus up by 40pc

TOKYO, Feb 15: Plummeting imports drove Japan's current account surplus up nearly 40 per cent last year to a record high, the government said Monday, reports AP.

The current account surplus — Japan's broadest measure of trade — rose to 12.9 per cent of GDP, or 139.1 billion yen (\$139.1 billion) in 1998, the Finance Ministry announced.

The figures — which measure trade in merchandise, services, tourism and investment — are calculated by determining the difference between Japan's income from foreign sources and payments on foreign obligations. It excludes net capital investment.

Imports tumbled 11.7 per cent to 32.87 trillion yen (288.43 billion) while exports fell only 1.3 per cent to 48.87 trillion yen (\$48.87 billion) for the year.

The sharp increase in the

surplus comes amid growing pressure on Japan to revive its sluggish economy and import more goods to shrink the imbalance.

The previous record was a surplus of 14.67 trillion yen (\$128.72 billion) for 1993.

Japan's current account surplus also rose for the month of December, gaining 13.3 per cent from the same month a year earlier to 1.46 trillion yen (\$12.79 billion), the ministry said.

Both imports and exports fell in December but the surplus grew because imports fell faster, the ministry said.

Exports from Japan fell 12.9 per cent to 3.98 trillion yen (\$34.90 billion), while imports dropped 23.3 per cent to 2.42 trillion yen (\$21.20 billion).

Many analysts say Japan's trade surplus may fall as the Asian economic crisis is expected to hurt Japan's exporters.

ECB forex reserves down \$ 2.2b

FRANKFURT, Feb 15: The European Central Bank (ECB) yesterday said that its net foreign currency reserves decreased by 1.9 billion euros (2.2 billion dollars) to 226.8 billion euros (257 billion dollars) in the week to February 5, reports AP.

The change "was mainly due to a decrease of 2.1 billion euros in receivables from the International Monetary Fund (IMF), relating to a quota review of the IMF," the ECB explained in a statement.

The holdings by the European System of Central banks (ESCB or euro system) of marketable securities issued by euro area residents and denominated in euros increased by 500 million euros to 22.5 billion euros, the statement said.

Bank notes in circulation increased by 1.7 billion euros compared with the previous week and the ESCB's stock of gold remained unchanged at 99,589 billion euros, the ECB said.

The Liberation newspaper reported last month that it had managed to get hold of some of the bonds, marked with the word "Jewish" and bearing a 1940s slip saying "contentious titles" during a nationwide six-month registration of the bonds.

"Bankers and stockbrokers have had thousands of bonds registered — including 23,000 in Bordeaux — which did not belong to them," Liberation wrote. The Economy Ministry said that it had received 255 claims for bonds seized in Russia during the First World War and in territory annexed by the Soviet Union during World War II.

Japanese investors flee to foreign markets in 1998

TOKYO, Feb 15: Japanese investors fled to foreign markets in 1998 as the Tokyo stock market slumped. While foreign investors cut back Japanese equity purchases, the finance ministry said yesterday.

Japanese investors bought a net 11.3 trillion yen (100 billion dollars) worth of foreign shares and bonds in 1998, sharply up from 3.7 trillion yen in 1997, the ministry said.

Net purchases of foreign bonds by Japanese investors surged from 2.0 trillion yen to 9.5 trillion yen while net buying of foreign stocks rose from 1.6 trillion yen to 1.8 trillion yen, it said.

Foreign investors purchases of Japanese equities dropped from 6.1 trillion yen to 2.8 trillion yen, the ministry said.

Net purchase of Japanese bonds in 1998 fell by about 70 per cent to 829.6 billion yen, from 2.7 trillion yen the year before, it said.

Yen stabilises against dollar in London

LONDON, Feb 15: The yen stabilised against the dollar in early today after last week's surprise cut in Japanese interest rates, while the euro fell amid predictions of a cut in European borrowing costs, reports AP.

The dollars were being traded at 114.22 yen from 114.08 yen in Tokyo and 114.27 yen here late on Friday.

The euro was being traded at 1.1276 dollars from 1.1284 dollars late on Friday.

A treasury economist at Standard Chartered Bank, Mitul Kotecha, said that the yen's reaction (to the Japanese rate cut) was only temporary.

On Friday the Japanese central bank reduced its overnight rate target to 0.15 per cent from 0.25 per cent, a move swiftly condemned as a cave-in to political pressure.

The London-based Economist predicted that the dollar could test the 115-yen level during the session. Dealers predicted that trading volume would continue to be extremely low, as international markets in Asia and the United States were closed for public holidays.

Despite the short term rally seen in the dollar, Kotecha predicted that the dollar would weaken in the longer term.

"Ultimately there's a downside risk for dollar," he said, predicting that the dollar might fall as low as 110 yen in the coming sessions.

He said that the yen would be supported by the continued high yields of Japanese bonds.

The euro, meanwhile, was seen as weakening against the dollar amid expectations of a cut in European interest rates to bolster flagging economic activity. In contrast, analysts said that the US Federal Reserve might actually increase interest rates to rein in rampant growth.

Sterling rose slightly after the slide last week, when the Bank of England reduced downwards its economic growth forecast.

Economists were waiting for the publication of British interest rates as the economy tiers. "We still see a risk of a further cut in March," Kotecha said.

The Bank of England cut its base rate for the fifth time in as

many months in early February to 5.5 per cent.

The euro was being traded at 1.1276 dollars from 1.1284, 128.79 yen from 128.96, 0.6913 pound from 0.6925 and 1.5959 Swiss francs from 1.5965.

The dollar was being traded at 114.22 yen from 114.27 and was unchanged at 1.4155 Swiss francs.

Sterling was being traded at 1.6313 dollar (1.6292), 186.50 yen (186.28) and 2.3098 Swiss francs.

The gold spot price rose to 290.10 dollars an ounce (289.55 dollars).

Asian currencies range-bound against dollar

SINGAPORE, Feb 15: Asian units were range-bound against the US dollar today as most currency players remained sidelined ahead of the Lunar New Year holidays, reports AP.

This week is likely to be another quiet one, with Singapore, Hong Kong, Taiwan, Malaysia and China closed for the Lunar New Year, ABB Amro's Asian economic research said in a report.

"We expect more range-trading in the near-term, with interest rates hovering around current levels," it said.

Trade in Asian currencies ended mid-day, with the Singapore dollar up at 1.6890 from its close last Friday of 1.6940, while the Indonesian rupiah was down slightly at 8,700 from 8,650.

The Thai baht was unchanged from its close last week of 36.85, as well as the South Korean won at 1,175.50.

"We haven't seen much activity at all today," said a dealer with a European bank.

The Japanese yen ended at 114.05 against the US dollar in shortened trading hours here. It was up from its Friday close here of 115 and unchanged from its finish in New York of 114.05.

The yen swung between a high of 113.76 and a low of 114.35 in Manila, the Philippine peso finished at 38.645, down from last Friday's rate of 38.68, markets in Taiwan were closed.

Indian stockbrokers want budget to support sapping market

BOMBAY, Feb 15: Stockbrokers are demanding special attention from Indian Finance Minister Yashwant Sinha's budget this month, after a barren year that stripped away much of the markets' window dressing, reports AFP.

"The stock market reflects the state of industry and the economy, so the budget should focus on reviving both," said broker Madangopal Damani, former president of the Bombay Stock Exchange (BSE).

"The core sectors are in a bad shape. The economy is in a bad shape, though things are not getting worse," Damani said.

The stock markets have taken a severe beating due to the economic slowdown in the economy, which began in October 1996.

Market capitalisation of the close to 7,000 companies listed on the BSE had plunged by about 28 billion dollars in the past six months.

The primary capital market in which companies float shares and raise money directly

from investors, put up its worst show in a decade in November, which passed without a single public issue.

India suffered a net outflow of foreign portfolio funds worth 350 million dollars in 1998 — the first negative figure since the bourses were opened six years ago.

The outflow was blamed on negative sentiment arising from domestic political instability which slowed down economic decision making by the government.

Analysts at foreign brokerages said 1999 could see the return of one billion dollars of foreign portfolio investments if several policy measures were put in place.

Brian Brown, country head at foreign brokerage Indosuez WI Carr, said most people expected a positive budget, despite Sinha's warning of "no soft options."

"Inflation is down and there are some signs of a pick-up in cement and steel. But people are looking for more definite signs

and that will determine the level of inflows this year," he said.

Subhra Subramaniam, analyst at foreign brokerage Warburg Dillon Read, said foreign portfolio investors wanted the budget to abolish capital gains tax.

Currently, foreign investors pay 30 per cent short-term capital and 10 per cent long-term capital gains tax — a policy that "only created jobs in (tax havens like) Mauritius," Subramaniam said.

More importantly, we want the economy to revive, foreign money will come in if the economy is strong.

Sinha said recently that the stress had to be on improving economic fundamentals, because "palliatives and tax sops" were no solution to improving stock market sentiment.

Subramaniam said he hoped the budget would give an aggressive push to privatisation, and away with the half-way house policy of "disinvestment."

"We have never had genuine

privatisation, only disinvestment where the government retains a majority stake. The money from privatisation should be used to pay off public debt and not for anything else."

"Tariff reforms should be pushed through so that there is no cross-subsidisation of public utility user charges," he said.

India's record on disinvestment has been dismal. Every year New Delhi sets a target of between 50 billion and 70 billion rupees, but manages little more than two billion rupees at best.

The target for the current fiscal year ending March 31 is 70 billion rupees, but only 2.25 billion rupees has been raised so far.

Stock broker Damani said the markets were looking for a combination of domestic tariff reductions and the raising of import duties.

"If domestic industry and the economy do well, domestic and foreign investors will come back to the market, but not otherwise," he said.



This picture shows (L to R) President of Spanish airline Iberia, Javier Irala, Industrial Association President Pedro Ferreras, Spanish Industry Minister Josep Piqué, British Airways (BA) President Robert Ayling, and Vice President of American Airlines (AA) in Europe, Tom Horton, shaking hands after signing an agreement under which AA and BA bought 10 per cent of Iberia in Madrid on Friday. Iberia executives announced in Sydney Monday that the Spanish carrier has joined the Oneworld alliance, boosting its membership to seven and enhancing its status as the world's strongest airline pact.

American Air for contempt ruling against pilots' union

FORT WORTH, Texas, Feb 15: American Airlines on Thursday sought a contempt ruling against its pilots' union, charging it had failed to comply with a court order to instruct members to end a work slowdown, reports AP.

The second largest US carrier said that despite a US District Court decision on Wednesday ordering an end to a "sick out" by protesting pilots, the number of sick calls increased on Thursday and more flights had to be cancelled.

Pilots since Friday have been calling in sick to protest a timetable for American's integration of Reno Air, a small regional carrier it acquired in December.

The job action this week has forced the cancellation of 3,800 American flights.

"While the airline did not expect the order to immediately restore operations to full strength, the number of flight cancellations on Thursday actually jumped to more than 1,170 from the nearly 1,000 flights cancelled on Wednesday," the company said in a statement.

It said it had therefore filed a motion for contempt against the Allied Pilots Association in the US District Court for Northern Texas, where Judge Joseph Kendall issued a restraining order against the APA on Wednesday.

The contempt motion, according to a statement issued around 2200 GMT Thursday, alleges that "the APA leadership has not clearly communicated to its members to return to work and that APA did not take reasonable steps to end the sick-out."

But a recorded message on an APA hotline, issued at 1900 GMT, said the union "does not authorize, ratify or condone any sick out or slowdown or violation of the prohibition in the order."

"We...instruct all pilots to resume their normal working schedules and to otherwise comply with Judge Kendall's February 10, 1999 order."

Labor-management talks broke off last Friday, resumed

on Tuesday and have since then been suspended. An APA statement on Wednesday said the union wanted time to review the judge's order before going back to the bargaining table.

The APA wants Reno Air's 300 pilots to be paid at the same level as American Airlines pilots, effective immediately and retroactive to December 23, the date of the announced acquisition.

Pilots at Reno Air earn up to 65,000 dollars per year, less than half of what their colleagues at American make, according to press reports.

The union has made no secret of its fears that the company will try to get away with using lower-paid pilots on its regional airlines, thereby curbing job opportunities for American pilots.

But the carrier has insisted it will not operate Reno Air as a separate entity and that its pilots, once a 12-18-month training period at American Airlines has been completed, will receive wages equal to those paid to American pilots.



Md. Mokhesur Rahman, Managing Director (current charge) of Dhaka Bank Limited, signs accord with Reuters news agencies for installation of Reuter Systems at the bank recently.

—Dhaka Bank photo

Sweden cuts repo rate

STOCKHOLM, Feb 15: The Swedish central bank, the Riksbank, cut its key rate, the repo rate, by a quarter of a point on Friday from 3.40 to 3.15 per cent, to take effect on Wednesday, it said.

The Riksbank attributed the cut to a decline in inflationary pressure in Sweden since the bank's last assessment in December, reports AP.

"International economic activity and inflationary pressure have also been dampened, which probably means that in the coming two years economic activity and inflation in Sweden will be somewhat weaker," the bank said.

Dhaka Bank to install Reuter Systems

Dhaka Bank Limited has signed an agreement with Reuters news agencies for installation of Reuter Systems.

The agreement was signed by the Managing Director (current charge) of the bank, Md Mokhesur Rahman, in the city recently, says a press release.

M A Matin, Marketing Executive of Reuters, M Nazrul Islam, Executive Vice President and Senior Executives of Dhaka Bank, were also present on the occasion.

The installation of the systems is part of modernisation of the banking activities.

Satellite based financial information service will enable the bank to explore dealing room information for international money market.

The Reuter System will cover all the foreign exchange markets with real-time rates, reports, FRA Libor fixing and settlement rates from British Bankers Association.

Different financial information products of Reuters System like money 2000 will help in building new strategy to achieve all sorts of financial information to facilitate foreign exchange trading in line with emerging markets in this region.

This will also enable the dealers to fix best rates for customers and be competitive in the volatile global currency market.

Introduction of Reuter will open a new horizon to update news of financial and economic sectors.

Exchange Rates

| American Express Bank Ltd foreign exchange rates (indicative) against the Taka to clients | | | | | | | | | |
|---|-----------------|------------|----------|--------------|-----------------|--------------------|--------------------|--|--|
| Currency | Selling TT & OD | Selling BC | Buying T | Buying Clean | Buying OD Sight | Buying Export Bill | Buying OD Transfer | | |
| US Dollar | 48.7050 | 48.7450 | 48.3100 | 48.1570 | 48.0850 | | | | |
| Pound Stg | 79.7642 | 79.8297 | 78.6100 | 78.3611 | 78.2439 | | | | |
| Deutsche Mark | 28.4969 | 28.5193 | 27.5139 | 27.4298 | 27.3658 | | | | |
| Swiss Franc | 34.5328 | 34.5611 | 33.9596 | 33.8919 | 33.8412 | | | | |
| Japanese Yen | 0.4939 | 0.4937 | 0.4927 | 0.4924 | 0.4918 | | | | |
| Dutch Guilder | 25.2308 | 25.3114 | 24.4191 | 24.3417 | 24.3053 | | | | |
| Danish Krona | 7.4507 | 7.4598 | 7.2756 | 7.2526 | 7.2417 | | | | |
| Australian \$ | 32.0255 | 32.0688 | 30.8121 | 30.7145 | 30.6686 | | | | |
| Belgian Franc | 1.3616 | 1.3627 | 1.3340 | 1.3298 | 1.3278 | | | | |
| French Franc | 32.9846 | 33.0116 | 32.0443 | 31.9428 | 31.8951 | | | | |
| Hong Kong \$ | 8.4955 | 8.5034 | 8.2037 | 8.1777 | 8.1655 | | | | |
| Italian Lira | 6.2575 | 6.3027 | 6.2215 | 6.2016 | 6.1925 | | | | |
| Norway Kroner | 0.0298 | 0.0298 | 0.0278 | 0.0277 | 0.0277 | | | | |
| Singapore \$ | 6.4211 | 6.4264 | 6.3125 | 6.2925 | 6.2831 | | | | |
| Saudi Rial | 29.1909 | 29.2149 | 28.2697 | 28.1702 | 28.1281 | | | | |
| US Dollar | 13.0217 | 13.0244 | 12.8457 | 12.8050 | 12.7858 | | | | |
| UAE Dirham | 13.2872 | 13.3081 | 13.1167 | 13.0751 | 13.0556 | | | | |
| Swedish Krona | 6.2256 | 6.2309 | 6.1440 | 6.1245 | 6.1154 | | | | |
| Qatar Riyal | 13.4211 | 13.4321 | 13.2356 | 13.1937 | 13.1740 | | | | |
| Kuwaiti Dinar | 166.3877 | 166.5243 | 154.4339 | 153.9448 | 153.7146 | | | | |
| Thai Baht | 1.3240 | 1.3251 | 1.3087 | 1.3045 | 1.3026 | | | | |
| Euro | 56.7331 | 56.7789 | 53.8125 | 53.8421 | 53.8519 | | | | |

| Exchange rates of some Asian currencies against US Dollars | | | | | |
|--|-------------|-------------|-------------------|-------------------|---------------|
| Indian Rupee | Pak Rupee | Thai Baht | Malaysian Ringgit | Indonesian Rupiah | Korean Won |
| 42.4274/42.437 | 51.04/51.14 | 36.65/36.70 | 3.7900/3.8000 | 8510/8600 | 1174.4/1176.7 |

Amex notes on Monday's market

USD/BDT market was highly active on Monday. Major market players in the interbank market refrained from selling USD due to holiday in New York. As a result, supply of USD was less than demand last week. This has led the rate to become higher, average transactions were done between 8.7000 and 8.7100.

Payments made for government accepted T-bills worth BDT 4.47 billion in contrast to T-bills maturity of BDT 4.27 billion. Average call rates stayed within the range of 7.75 per cent-8.35 per cent.

The dollar was slightly higher against the yen by late afternoon in Tokyo on Monday supported by speculation that pressure on the Bank of Japan (BOJ) to underwrite or increase its government bond buying may increase in the near term.

Earlier, JJI, news agency reported that a key official for the ruling Liberal Democratic Party pressed the BOJ on Monday to raise its buying of JGBs (Japanese Government Bonds). But the dollar's gains were likely to be limited by profit-taking and offers from Japanese exporters. The dollar stood at 114.23/29 yen as of 0615 GMT, compared with 114.10/20 yen in New York late on Friday.

The dollar eased against the yen initially on Monday, as JGB yields rose despite the BOJ's decision on Friday to keep short-term rates at around 0.15 per cent from 0.25 per cent. But the greenback was supported by rumors of bids by Japanese public institutions and Asian central banks near 11.30 yen.

The dollar later pared its losses and rose slightly after JJI news agency quoted the LDP's Okihara Yasuoka as saying the government and BOJ need to reach a consensus on expanding central bank JGB purchases in the market and that the BOJ must be ready to underwrite JGB directly if economic conditions warrant.

The dollar took a soft tone against the yen in European trade on Monday, with yields in Japanese government bonds taking centre stage again as they resumed their rally. But moves in major currencies were expected to be small due to the President's Day holiday in the US and the Lunar New Year holiday in major Asian markets.

The Euro was also stuck in a narrow range against the dollar, although it had recovered from the low it reached late last week. The European currency was last at \$ 1.1272/78 after trading in a quarter-cent range overnight around the levels seen in late Europe on Friday.

The tone of the euro was expected to be soft for now because of the subdued outlook for the economy of the 11-nation euro zone, with European partners stepping up pressure for lower euro interest rates. However, the market does not expect any monetary easing at the European Central Bank's regular policy meeting on Thursday.

At 9:52 GMT the majors traded against the dollar at 114.27/114.32 JPY, 1.4151/1.4156 CHF, EUR at \$ 1.1271/1.1279 and GBP at \$ 1.6319/1.6229.

Shipping Intelligence

Shipping Intelligence

CHITTAGONG PORT

Berth position and performance of vessels as on 15-2-99.

| Berth No | Name of Vessels | Cargo | L Port | Local Agent | Date of Arrival | Date of Leaving |
|----------|------------------|-----------|--------|-------------|-----------------|-----------------|
| J/1 | Yang Lin | G | Sing | BDSHP | 1/2 | 22/2 |
| J/2 | Xiang Jiang | G | Sing | BDSHP | 1/2 | 19/2 |
| J/3 | Al Quamar | Rice (G) | Hald | SL | 24/1 | 15/2 |
| J/4 | Al Muztuba | Rice (P) | V Pat | CLA | 9/2 | 16/2 |
| J/5 | Sai Kung | CI | Wahu | Seaglor | 21/1 | 16/2 |
| J/6 | General Mojica | R Seed | Sing | Dolphin | 18/1 | 17/1 |
| J/7 | Elikon | Wheat (P) | P Said | PSAL | 11/1 | 22/2 |
| J/8 | Ever Cheer | G | Sing | RML | 5/2 | 15/2 |
| J/9 | Al Bouraq | Wheat (G) | K Dia | Lams | R/A | 17/2 |
| J/10 | Talana | Urea | B Kam | Seacom | 18/1 | 15/2 |
| J/11 | Sylvia | Rice (G) | Kand | USTC | 30/1 | 22/2 |
| J/12 | Makassar Express | Cont | Sing | BSC | 10/02 | 15/2 |
| J/13 | Banglar Robi | Cont | Sing | RSL | 11/2 | 16/2 |
| CC7/1 | Kota Kota | G | Sing | PU (BD) | 7/2 | 17/2 |
| CC7/2 | Bunga Mas Enam | Cont | P Kel | EOI | 09/02 | 16/2 |
| RM/15 | Viya Treasure | Cement | P Sing | USTC | 1/2 | 17/2 |
| CCJ | Sunsin | C Clink | Sing | PSAL | 6/2 | 24/2 |
| GSJ | Sailor-1 | Wheat (G) | P Said | Ancient | 3/2 | 16/2 |
| TSD | Dubai Glory | R Phos | Hann | Seacom | 8/2 | 21/2 |
| DDJ/T | Tanuary Star | Idle | Para | Psal | | 28/2 |
| RM/8 | Well Speeder | C Clink | Sing | PSAL | 28/1 | 27/2 |
| RM/9 | Banglar Jyoti | Repair | | BSC | R/A | 16/2 |