

Business confidence in Japan growing

TOKYO, July 5: In a sign of further optimism for Japan's recession-hit economy, the central bank said Monday that business confidence is growing among major manufacturers, reports AP.

In its closely-watched quarterly "tankan" survey, the Bank of Japan said sentiment among large manufacturers had improved since the last survey in March, recording its biggest advance since August 1994.

Optimism rose among small- and medium-sized manufacturers as well, marking the first time since November 1996 that the bank's index for measuring business sentiment jumped for companies across the board.

Companies were also upbeat about future business conditions, predicting they would improve by the time of the next survey in three months, the BOJ said.

The growing confidence comes amid a recent surprise growth spurt in the Japanese economy and a drop in the jobless rate.

Japan's gross domestic product — the measure of all

goods and services produced within its borders — expanded 1.9 per cent for the first quarter of the year after more than a year of recession.

Last month, the government announced that the unemployment rate fell to 4.6 per cent in May from a record high of 4.8 per cent the previous two months.

And on Friday, the Nikkei Stock Average rose 0.40 per cent to close at 17,932.47 points, the benchmark's highest finish since Sept. 29, 1997.

Masaru Takagi, a professor of economics at Meiji University, said the tankan results — up for the second survey in a row — prove the Japanese economy has hit bottom.

"We have entered the recovery process," he said. "Still, private demand remains weak so we can't be satisfied."

But other economists were less optimistic.

Ken Landon, a senior currency strategist at Deutsche Bank, pointed out that the survey showed large manufacturers were planning to slash

spending by 11 per cent this year, compared to a 9.5 per cent cut they estimated in the March survey.

Capital spending, he said, "went in the wrong direction." To measure business sentiment, the tankan survey calculates the percentage of firms seeing business conditions improve minus the percentage seeing conditions worsen. A negative number means pessimistic corporations outnumber optimistic ones.

In the latest report, the index among large manufacturers reached minus 37 — still negative, but a higher number than in the previous survey, when the figure came to minus 47.

The index of business sentiment has not entered positive territory since September, 1997.

The bank surveyed 9,366 companies for the latest report. A central bank official estimated that about 80 per cent of the respondents answered the survey after the announcement of growth in the gross domestic product.

Japan's second extra budget may not be final fiscal fix

TOKYO, July 5: Japan is set to craft a second extra budget this business year to keep its economy on track, but the jury is still out on whether it will be a final fiscal fix, says Reuters.

Some optimists are betting that a revitalised private sector will be able to pick up the slack if the government shifts fiscal policy to neutral after compiling an extra 1999/2000 budget with perhaps four to five trillion yen (\$33 billion to \$41 billion) in fresh public works spending.

"Capital spending will hit bottom in January-March and then rise while private consumption stays flat," said Mamoru Yamazaki, senior economist at Paribas Capital Markets.

There will be no need for a big package (after the second extra budget), and it is better not to have one since it would have a negative impact on interest rates," he added.

Others, however, say authorities will keep the spending taps open for another year at least and shut their eyes to a growing fiscal deficit to make sure an incipient recovery is achieved.

They will wear themselves

gradually, but how gradually depends on how private demand fares next year," said Peter Morgan, an economist at HSBC Securities.

"There is no reason to say that this has to be the last one," said Morgan, who believes worries about Japan's deficit bulge are overdone given the nation's huge net foreign assets, big current account surplus and high domestic savings levels.

Japan's top economic planner on Sunday officially acknowledged what private economists have said for months: Japan will need a supplementary budget to fund fresh public works spending later this business year.

Economic Planning Agency chief Taiichi Sakaiya said the extra budget, which would be on top of a supplementary budget of just over 500 billion yen already planned to fund steps to boost jobs and corporate competitiveness, was needed to fill a public works spending gap seen emerging in the first three months of 2000.

"We must take some sort of measures, more specifically, a supplementary budget, to fill this hole," Sakaiya told public

broadcaster NHK.

Japan turned in a stunning economic performance in the January-March quarter this year, posting annualised growth of 7.9 per cent. But authorities as well as private economists have warned that a recovery fuelled by private demand was not yet in sight.

Prime Minister Keizo Obuchi has pledged to achieve an economic growth target of 0.5 per cent this business year, and analysts said the government would do whatever it took to ensure that happened.

"They've promised 0.5 per cent growth, so they'll be getting out their calculators to figure out how much push is needed to achieve it after they see the April-June GDP (gross domestic product) numbers," Morgan said.

A closely watched Bank of Japan (BOJ) survey released on Monday showed corporate sentiment had improved for a second straight quarter, but gave no clear clues as to whether the economy was actually pulling itself out of its worst postwar recession.

Corporate sentiment in the BOJ's June "tankan" survey improved to a minus 37 reading for big manufacturers, up from the minus 47 logged in the last survey in March. Large non-manufacturers posted minus 28, up from minus 34 in March. The tankan subtracts the percentage of firms reporting unfavourable business conditions from those reporting favourable conditions.

Both figures were in line with private forecasts, but were not so bullish as to fan speculation that the Bank of Japan would abandon its ultra-easy zero interest rate policy.

Some analysts said companies could turn gloomier again later this year, given the deflationary impact of restructuring and the fact that much of the economy's improved performance has been due to public spending and loan guarantees for smaller firms.

Al Baraka Bank earns Tk 76m profit in 1998

Star Business Report

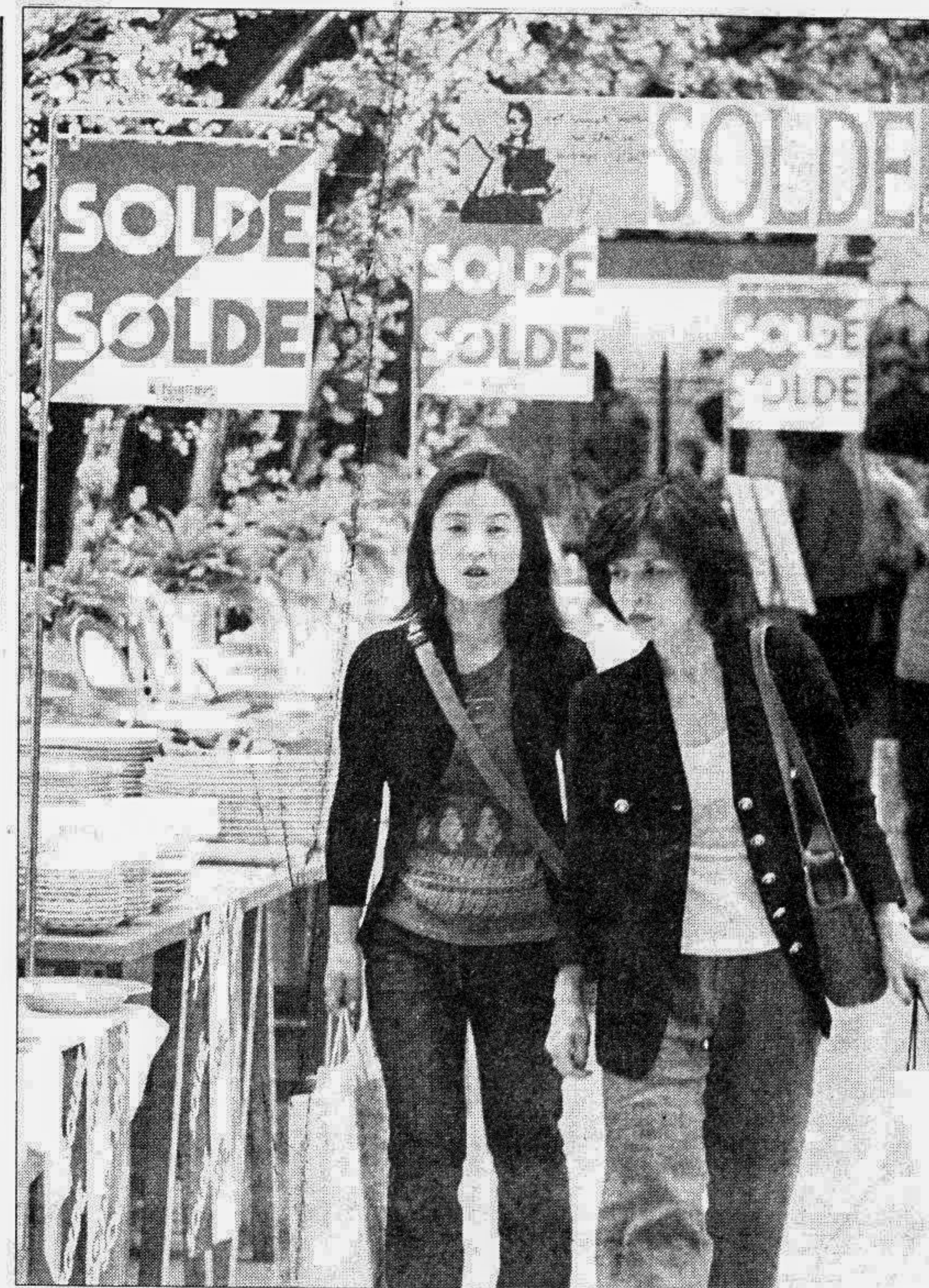
Al Baraka Bank Bangladesh Ltd earned a profit of Tk 76.28 million in 1998, says a bank press release.

This was disclosed at the 33rd meeting of the board of directors of the bank held at its board room Thursday.

The board also approved the annual accounts of the bank for the year.

Besides, some important decisions relating to the bank's operations were also taken in the meeting.

The meeting was presided over by Abdul Matin Khan, Joint Secretary, Establishment Ministry and Vice Chairman of the board.



Shoppers browse during a summer bargain sale at Printemps Ginza department store in Tokyo on Monday. Japan's business confidence leapt forward in the three months to June, with the Tankan index released by the Bank of Japan for large manufacturers recovering to minus 37 from minus 47.

China takes aim at stubborn deflation

BEIJING, July 5: China will take measures to ease stubborn deflation that has reduced investment returns and hurt investor confidence, a senior government official was quoted today as saying, reports Reuters.

"The continuous fall in prices has increased investment risk, reduced the rate of investment returns and influenced investor confidence," the China Daily quoted Wei Dale, deputy director of the Economic Policy Co-ordination Department of the State Development Planning Commission, as saying.

China's benchmark retail price inflation has been negative since October 1997 and shows no sign of bottoming out on the back of weak consumption and massive industrial overcapacity aggravated by falling exports.

The commission, the country's highest pricing authority, is to take a series of measures to meet this situation," Wei was quoted as saying.

The government would use state funds — set up in an era of high inflation to subsidise producers to boost output — to stimulate consumption instead, he said without giving details about the funds.

The government would maintain "high prices" for purchasing high-quality grains from farmers and stabilise prices paid for other farm products, he said.

Stagnant farm incomes have frustrated Beijing's hopes to stir up consumption in rural areas. The commission would prevent industrial firms from dumping their products on the price-war-plagued market, Wei said.

"Pricing supervision will be strengthened to crack down on the abuse of monopoly power and protect fair competition." Separately, an influential government think-tank has called on Beijing to increase the issuance of long-term state debt to spur economic growth, the official People's Daily said.

British pay settlement edges lower

LONDON, July 5: British pay settlements edged lower in the three months to end June, with more than a quarter of new deals worth below three per cent, wage experts incomes Data Services said today, says Reuters.

That proportion was up from 15 per cent in January, said IDS, adding the number of deals at four per cent and above was diminishing.

IDS added around half of recent settlements were between 2.0 and 3.4 per cent — still above Britain's headline inflation rate of 1.3 per cent.

It said neither pay settlements nor average earnings figures had shown any upward blip as a result of the introduction in April of a statutory minimum wage. It was set at 3.60 pounds an hour for adults and 3.00 pounds for 18-25 year olds.

"While the new measure must have had some impact on average earnings, the host of other factors influencing the figures make it impossible to gauge the effect," said the report.



The 33rd meeting of the Board of Directors of Al-Baraka Bank Bangladesh Ltd held at its Head Office.

Government of the People's Republic of Bangladesh

Health Directorate

Mohakhali, Dhaka-1212

Memo No: Health Direc/M: E/BDG/98/156

Dated: 28/6/99

Notice

Subject: Regarding admission in BDS Course in Dental College/Units during 1998-99 academic year.

43 have been selected for admission provisionally in Dental College/Units in first year BDS course during 1998-99 academic year in first phase from the waiting list of 250 published earlier. College/unit have been selected for them on the basis of their merit and option and subject to the vacancy of seat. They have been directed to complete the task of admission by contacting the principal of the concerned college/unit by July 15, 1999. Other terms and conditions regarding admission published through the notification of the directorate by Memo No Health Direc/M: E/BDG/98/135 dated: 15/3/99 will remain unchanged.

Candidates selected from Waiting List after Automigration
Dhaka Dental College
CD0028 DD0602 DD0683 DD5293 DD5694 DD6683 DD6833
Chittagong Medical College, Dental Unit
CD0042 DD0031 DD0032 DD0295 DD0364 DD0454 DD0817 DD0863 DD1307 DD1341 DD1399 DD2108
DD2109 DD5205 DD5800 DD6579 DD6705 DD6725
Rajshahi Medical College, Dental Unit
CD0229 DD0109 DD0181 DD0661 DD1387 DD1432 DD1434 DD1486 DD1520 DD1929 DD5337
DD5340 DD5712 DD5909 DD0210 DD0665 DD0718

Professor Shah Monir Hossain

Director

Medical Education & Health

Manpower Development

Health Directorate, Mohakhali

Dhaka.

DFP-14673-30/6

G-1249

Bank of Thailand blamed for '97 currency fiasco

BANGKOK, July 5: A panel investigating the collapse of the Thai currency two years ago said decision-makers at the Bank of Thailand at the time had been "completely useless," a newspaper reported today, says Reuters.

The government-appointed panel had cleared the decision makers of legal responsibility but said they should face "social sanctions" as an example to future generations, The Nation said.

Thailand's devaluation of the baht in July 1997 triggered regional currency collapses and the start of the Asian crisis.

The Nation quoted an "informed source" as saying said that the panel had concluded the damage was caused largely by the central bank rather than the Finance Ministry.

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to major currencies					
Currency	Selling TT & OD	Selling BC	Buying T. I. Clean	Buying OD Sight Export Bill	Buying OD Transfer
US Dollar	48.7300	48.7700	48.3200	48.1570	48.0850
Pound Stg	77.1152	77.1785	75.9949	75.6787	75.5555
Deutsche Mark	25.0670	25.0882	24.8990	24.7996	24.7225
Swiss Franc	31.1374	31.1629	30.6599	30.5555	30.5108
Japanese Yen	0.4011	0.4014	0.3942	0.3828	0.3822
Dutch Guilder	22.9574	22.9763	22.0982	22.0100	21.9771
Danish Krona	6.7493	6.7548	6.5984	6.5781	6.5663
Australian \$	32.9605	33.0075	31.7124	31.6054	31.5582
Belgian Franc	1.2541	1.2552	1.2072	1.2024	1.2006
Canadian \$	33.6254	33.6530	32.6509	32.5407	32.4921
French Franc	7.7126	7.7190	7.4240	7.3943	7.3833
Hong Kong \$	6.2324	6.2375	6.2150	6.1940	6.1847
Italian Lira	0.0261	0.0261	0.0252	0.0251	0.0250
Norway Kroner	6.1957	6.2008	6.0909	6.0704	6.0613
Singapore \$	29.0163	29.0401	28.0965	27.9917	27.9499
Saudi Rial	13.0301	13.0408	12.8487	12.8053	12.7862
UAE Dirham	13.3044	13.3153	13.1197	13.0755	13.0559
Swedish Krona	5.7437	5.7487	5.6700	5.6508	5.6424
Qatari Riyal	13.4279	13.4390	13.2365	13.1919	13.1722
Kuwaiti Dinar	164.4617	164.5867	152.4290	151.9148	151.6877
Thai Baht	1.3211	1.3222	1.3072	1.3028	1.3008
Euro	50.5915	50.6330	48.6981	48.5037	48.4312

Bill buying rates					
TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
48.2112	47.9074	47.5048	47.1023	46.6997	45.8945

US dollar London Interbank Offered Rate (LIBOR)					
Buying	Selling	Currency	1 Month	3 Months	6 Months
48.0850	48.7300	USD	5.18375	5.31000	5.56988
48.0850	48.7300	GBP	5.09313	5.16078	5.29499
Cash/TC	Cash/TC	Euro	2.63313	2.66198	2.84375

Exchange rates of some Asian currencies against US dollars					
Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
43.292/43.302	51.470/51.520	36.880/36.910	3.7995/3.8005	6700/6750	1162.1/1162.8

Amex notes on Monday's market

The USD/BDT rates maintained its position of yesterday at 48.65-48.67 level. The supply of USD has remained steady, and the demand has somewhat decreased. However, market makers continue to support USD at 48.6500 while the resistance at 48.6900 is unlikely to be breached anything soon.

The government has taken 1-bills worth BDT 711 crores yesterday. This is likely to push the call rates up as 1-bills worth BDT 212 crore are likely to mature today. The market makers are likely to push the rates up a little in the morning. The expected level is 8.5-9 per cent.

The Bank of Japan (BOJ) was detected intervening in the currency markets early in the Tokyo morning after the release of the central bank's closely watched "tankan" corporate sentiment survey. The BOJ may have intervened from levels below 121.50 yen to around 121.80 yen. The central bank was seen buying continuously near 122.10/20 yen, chasing the greenback to around 122.35 yen. Senior Finance Ministry official Haruhiko Kuroda confirmed that Tokyo authorities had acted in the foreign exchange market on Monday morning. A second wave of intervention came early in the Tokyo afternoon after the dollar faltered below 122 yen, with the BOJ apparently buying from around 122 yen to around 122.50 yen. The central bank buying helped push the dollar to a high of 122.72, above the previous post-intervention high of 122.55 yen on June 21. Market makers assume that the BOJ clearly wanted to lift the dollar after it failed to rise above (key resistance at) the 122.50 yen in the first round. If the BOJ had failed to intervene, the dollar would have slid back again.

The euro was at \$1.0224/28 by 1450 GMT, off a high of \$1.0252 seen after the euro bounced from a low of \$1.0210. In late European trade on Thursday, the euro was at \$1.0237/42. The euro has fallen by nearly 16 per cent against the dollar since its peak of \$1.1906, reached a few hours after its launch in January. With a better outlook for European growth and end could be in sight for the euro's long-term downturn. The euro was last at 123.93/06 yen, after visiting its near two-week low at 123.51 yen set on Thursday during the euro's earlier bout of weakness.

The pound limped back up toward the middle of the week's range against the dollar after dipping to 23-month lows below 1.57 in Friday, pressured by the dollar's broad strength against European currencies. Sterling traded at \$1.5764/74 at 1430 GMT against an early trough of \$1.5699 — its lowest level since August 1997 — and \$1.5772/82 late in Thursday European trading.

Around 0551 GMT exchange rates of major currencies against USD were GBP/USD 1.5774/79, USD/SFR 1.5884/94, USD/JPY 122.40/45, EUR/USD 1.0239/44.

Shipping Intelligence

Chittagong port

Berth position and performance of vessels as of 5.7.99

J/1	Alpine	GI	Yang	SMSL	3/6	7/7
J/2	Edel Weiss	GI	GI	Prog	21/6	7/7
J/3	Banglar Kallol	Wheat(GI)	-	BSC	R/A	10/7
J/4	Handy Esperance S.Pease(GI)	-	Sing	Limdon	30/5	9/7
J/5	Phaethon	Sugar(GI)	Darb	OWSL	10/6	10/7
J/6	Cardhu	GI	Sing	Everett	13/6	7/7
J/7	Aghios Nicolas	Wheat(P)	Turk	MSA	24/4	5/7
J/8	Zeynep Kaptanoglu	Wheat(P)	P. Said	OWSL	3/5	10/7
J/9	Encouragement	Sugar(GI)	Maza	Limdon	20/6	13/7
J/10	Sun-II	Wheat(P)	Turk	Rainbow	3/5	6/7
J/11	Banglar Kakoli (48)	GL	Mong	BSC	1/7	7/7
J/12	Kota Cahaya	Cont	Sing	Pil(BD)	24/6	6/7
J/13	Achlevier	Cont	Sing	RSL	24/6	5/7
CCT/1	Banglar Mont	Cont	Sing	BSC	17/7	5/7
CCT/2	Bunga Mas Lapan	Cont	P. Kel	EOSL	2/7	7/7
CCT/3	QC Milard	Cont	Sing	QCSL	29/6	7/7
RM/14	Humber	Cement	Jaka	Able	7/4	7/7
RM/15	Hyok Sin	Cement	-	USTC	R/A	5/7
CCJ	Corali	C.Clink	Thai	RML	18/6	8/7
CCJ	Al. Baurgo	C.Clink	Thai	RSL	18/6	18/7
CCJ	Tarpon Santiago	C.Clink	COL	Rainbow	22/6	6/7
RM/4	Sceptre	CDSO	COL	BSC	R/A	5/7
DOJ	Banglar Shourabh	C Oil	-	BSC	R/A	5/7
DDJ/1	Tanary Star	Idle	Para	PSAL	-	-
DDJ/2	Banglar Urmil	Repair	-	BSC	17/5	7/7
RM/8	Sea World	Repair	-	CCNL	R/A	25/7
RM/9	Banglar Maya	Repair	-	BSC	R/A	10/7
CUFLJ	Mary Nour	Cement	Malu	BSC	25/6	7/7
Katco(U)	Hai nan No.1	Urea	-	MBL	30/6	7/7

Vessels due at outer anchorage

Name of vessels	Date of arrival	L port call	Local agent	Cargo	Loading port
Nikie	5/7	Sing	OTBL	Scraping	-
Sin Hai (Cont)23/6	5/7	Sing	RSL	Cont	Sing
Banglar Gourab	7/7	Kara	BSC	GI/Rice	-
Banglar Robi (Cont)24/6	7/7	Sing	BSC	Cont	Sing
Bharatendu (48)28/6	7/7	-	SSLL	GI(St Coll)	-
EDMO	6/7	Sing	OTBL	-	-
Teresa Prestige(48)28/6	7/7	-	Everett	GI	-
Kota Singa (Cont)28/6	7/7	Sing	Pil(BD)	Cont	Sing
Bunga Mas Enam (Cont) 29/6/7/7	7/7	P Kel	EOSL	Cont	Sing
Tiger River (Cont)1/7	7/7	-	NoI	Cont	Sing
Ostriesland	7/7	Sant	Litomond	Sugar	-
Kota Singa (Cont) 28/6	8/7	Sing	Pil (BD)	Cont	Sing
Dewan-1	8/7	-	-	-	-
Jaya Mars(Cont)29/6	8/7	Col	Baridini	Cont	Col
Ever Cheer(48)28/6	9/7	Sing	RML	GI(St Coll)	-
Ultima (Cont)2/6	9/7	Sing	QCSL	Cont	Sing
Banglar Shukha(Cont)1/7	9/7	Sing	BSC	Cont	Sing
Borobudur	9/7	-	USTC	Cem:-	-
Star Glory	10/7	-	PSAL	Cement	-
Kota Naga (Cont)1/7	10/7	Sing	Pil(Bd)	Cont	Sing
Revenge	11/7	-	Sunshine	Salt	-
Jaya Venus (Cont)	11/7	Sing	RSL	Cont	Sing
QC Pintal (Cont)29/6	12/7	-	Everett	Cont	Sing
Karin-4 (49)28/6	12/7	Sing	QCSL	GI(St Cargo)	-
Jourong Blassem(Cont)1/7	16/7	-	-	-	-
Banga Biraj (Cont) 4/7	16/7	Sing	NoI	Cont	Sing
Xpress Rescue (Cont) 4/7	19/7	Sing	BD Shing	Cont	Sing
Roro Sian/Roro/24/11/7	21/7	Hochl	JF	Vehi	-
Flag Investor	7/7	-	-	Cement	-