

# China unveils huge stimulus package to revive economy

BEIJING, Aug 31: China unveiled a huge new stimulus package yesterday aimed at reviving the flagging economy by spending on infrastructure and flushing money out of private bank accounts, says Reuters.

At the same time, the government promised help to the growing ranks of jobless and struggling pensioners.

State media said parliament approved a 60 billion yuan (\$7.25 billion) bond issue and cleared the way for the first ever tax on interest from individual bank deposits in yuan and foreign currencies.

Finance Minister Xiang Huaicheng was quoted as saying the bond issue could have a stimulus effect worth 300 billion yuan, mainly by expanding bank lending.

Xiang said Beijing's fiscal policy was aimed at "boosting investment, expanding consumption and stimulating ex-

ports."

By punishing savers the government hopes to encourage consumption and end almost two years of deflation. Individual bank deposits are now at 5.92 trillion yuan and rising fast.

Last year, China notched up growth of 7.8 per cent, largely thanks to infrastructure spending funded by 100 billion yuan in state debt and a matching amount in lending by state-owned banks.

The interest tax is likely to dismay the nation's avid savers, who are setting aside money for a rainy day amid rising unemployment and the collapse of the socialist welfare state.

Savers have few places to put their cash outside the state banks and have ignored repeated signals to spend in the form of interest rate cuts.

Analysts said it was unclear

whether the latest move would spur China's frugal masses to splurge.

Chi Lo, chief Asia economist at HSBC Markets in Hong Kong, said the tax "will not be that effective in boosting consumption if people's outlook for jobs and income growth remain very poor."

He welcomed the bond issue as part of necessary moves to boost fiscal spending but warned that this alone would not be able to rescue faltering growth.

The heart of the problem is deflation, which sums up people's poor expectations of economic performance, future income flow and jobs," he said.

The China Daily newspaper quoted minister of Labour and Social Security Zhang Zuoji as saying social security payments to millions of laid-off workers would be boosted by 30 per cent.

Zhang said the extra payments would be worth 24.5 billion yuan this year.

annual second-quarter growth estimated at 7.1 per cent against first-quarter growth of 8.3 per cent.

The government was careful to balance bad news for bank savers with good news for the most vulnerable sections of society — the unemployed, elderly and low-paid urban workers.

Xinhua news agency quoted Xiang as saying revenues from the bank interest tax would be used to increase subsidies and allowances for laid-off state workers, raise minimum incomes among urban dwellers and meet pension payments that are badly in arrears.

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## Japanese jobless rate steady at record high

TOKYO, Aug 31: With the nation struggling amid a serious economic downturn, the government said Tuesday that Japan's jobless rate in July remained at the previous month's record high 4.9 per cent, says AP.

The unemployment rate has deteriorated in recent months, increasing pessimism about the nation's economy. And Finance Minister Kiichi Miyazawa said that worse may be ahead.

"It's hard to predict the jobless rate in the future, but it may rise further," he told reporters.

The unemployment rate for men in July stayed at 5.1 per cent, also a record high. The rate was, at 4.6 per cent. The overall jobless rate stood at 4.8 per cent in March and April before improving to 4.6 per cent in May.

Economists surveyed by Dow Jones Newswires in Tokyo had forecast the overall jobless rate would stay at 4.9 per cent in July.

After adjustment for seasonal factors, the number of jobholders in July fell 20,000 from June to 64.1 million. The number of jobless people rose 20,000 on month to 3.3 million.

Economic Planning Agency head Taichi Sakaiya said Tuesday that the government must implement a second extra budget to ensure that economic recovery continues through the first quarter of next year.

The jobless situation is getting somewhat worse," Sakaiya said.

Chief Cabinet Secretary Nonaka also acknowledged that the unemployment rate was serious.

"The economic situation has been improving a little thanks partly to several policies," Nonaka said. "We need to push this trend further to remove people's concerns."

Also Tuesday, the Labour Ministry said that the ratio of job offers to job seekers was also unchanged in July from the previous month.

## Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to major currencies						
Currency	Selling TT & OD	Selling EC	Buying TT	Buying OD	Buying OD	Buying OD
US Dollar	49.7300	49.7700	49.3200	49.1570	49.0850	
Pound Sterling	79.4188	79.4827	78.2215	77.9630	77.8488	
Deutsche Mark	27.0640	27.0858	26.0750	25.9730	25.9350	
Swiss Franc	32.7053	32.7327	32.2100	32.1036	32.0566	
Japanese Yen	0.4515	0.4518	0.4433	0.4419	0.4412	
Dutch Guilder	24.0198	24.0391	23.1420	23.0151	23.0177	
Danish Krone	7.0688	7.0745	6.9094	6.8866	6.8765	
Australian \$	32.2002	32.2261	30.9236	30.8214	30.7763	
Belgian Franc	1.3122	1.3132	1.2642	1.2508	1.2570	
Canadian \$	33.6605	33.6876	32.7077	32.5996	32.5519	
French Franc	8.0695	8.0760	7.7746	7.7442	7.7329	
Hong Kong \$	6.4171	6.4223	6.3388	6.3179	6.3086	
Italian Lira	0.0273	0.0274	0.0000	0.0202	0.0262	
Norway Krone	6.2988	6.3030	6.1000	6.1754	6.1664	
Singapore \$	29.8984	29.9224	28.9386	28.8429	28.8007	
Saudi Rial	13.2989	13.3096	13.1160	13.0726	13.0535	
UAE Dirham	13.5770	13.5880	13.3909	13.3466	13.3271	
Swedish Krona	5.9952	6.0000	5.9208	5.9012	5.8926	
Qatar Riyal	13.6976	13.7089	13.5086	13.4621	13.4424	
Kuwaiti Dinar	168.8625	168.9983	156.4225	155.0055	155.6771	
Thai Baht	1.2979	1.2990	1.2852	1.2810	1.2791	
Euro	52.9326	52.9752	50.9983	50.7980	50.7244	
Bill buying rates						
TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days	
49.2112	48.9090	48.4980	48.0870	47.6760	46.8540	
US Dollar London Interbank Offered Rate (LIBOR)						
Buying	Selling	Currency	1 Month	3 Months	6 Months	9 Months
49.0850	49.7300	USD	53.7063	55.0250	58.8600	59.9215
77.7261	79.2996	GBP	50.6125	52.0688	55.6578	56.9944
Cash/ TC	Cash/ TC	Euro	26.0188	28.0000	3.0000	3.12750
Exchange rates of some Asian currencies against US dollars						
Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesia Rupiah	Korean Won	
43.470/	51.800	38.350/	3.7999/	7650/	1184.3/	
43.477	/51.860	38.400/	3.8001/	7700	1184.8	

### Amex notes on Tuesday's market

Liquidity of USD in the interbank market has forced the USD/BDT rates down from 49.63/65 level over the past three weeks. The USD/BDT rates stood at 49.50/55 level today, testing the strong support level at 40.50. It is likely that the rates will stay in the current level for the coming month.

Call rates have been stable in the 6.7 per cent level over the past three weeks. Unless there is a large draw on funds from the call market, the rates are likely to remain in the present range for the coming week. The economy has slowed down somewhat, which has decreased commercial lending and created surplus in the call market.

The dollar fell to a seven-month low below 110 Yen late on Tuesday in Tokyo as selling by European operators intensified and jitters over US asset markets. The dollar's downward momentum picked up speed after it broke below technical support at 110.50 yen. Stop-loss sell orders were hit at various levels between 110.20 to 110.50 Yen, sending the greenback to a low of 109.90 Yen, its lowest since January 12.

The euro firmed against the dollar early in Europe on Tuesday as US asset markets looked vulnerable amid rekindled concern the Federal Reserve may raise interest rates more aggressively than previously thought. A sell-off in Japanese equities overnight after softer-than-expected Japanese industrial production data also gave some reprieve to the euro. By comparison, the dollar was mired within striking distance of seven-month lows hit last week. The market had initially taken a benign view on US interest rates after last week's 25-basis-point Fed rate hike, only to be spooked again by Fed Chairman Alan Greenspan's comments about the need for central bankers to watch share prices. Foreign investors were still likely to move their money into Japanese assets near term, despite Tuesday's 2.69-per cent setback in the Tokyo stock market's Nikkei average.

A 0.6-per cent drop in Japan's July industrial output triggered the Nikkei sell-off. Japan's unemployment rate also added to the bearish tone, staying at a record high 4.9 per cent in July. The market's focus was now on a flurry of purchasing managers surveys from the US and Europe later this week as well as Friday's August US employment report.

At 0805 GMT, the major currencies closed against USD at 110.13/11.10/10.18 JPY, 1.5192/1.5196 CHF, Euro at \$ 1.0533/1.0536 GBP at \$ 1.5982/1.5985.

## Shipping Intelligence

### CHITTAGONG PORT

Berth position and performance of vessels as on 31.8.99

Berth No	Name of vessels	Cargo	L Port	Local agent	Date of arrival	Leaving
J/1	Ever brisk	Gl	Sing	RML	19/8	31/8
J/2	Handy Silver	Wheat(P)	Sing	MSA	17/8	7/9
J/3	Bangar Manala	Rice(P)/GAI	Kaki	BSC	19/8	3/9
J/4	General Mojica	GID(P)	Sing	Seaglory	9/8	3/9
J/5	Sun Bright	Gl	Sing	MSA	12/8	3/9
J/6	Love Me Tender	Gl/Wheat(P)	Vala	Rainbow	12/8	3/9
J/7	Delight Glory	Gl	Hus	Litmond	1/8	2/9
J/8	Duden	Wheat(P)	Cont	QC Seafarers	18/8	2/9
J/9	QC Teal	Cont	QC Seafarers	QC Seafarers	28/8	11/9
J/10	Winner	C Link(Cond)	Panj	MBL	19/8	2/9
J/11	Feng	Wheat(P)	Newo	OWSL	8/7	2/9
J/12	Banglar Robi	Cont	Gl	Gl	27/8	31/8
C/CT1	Xpress Makalu	Cont	Mong	BARIDHAR	26/8	31/8
C/CT2	Kota Berjaya	Cont	Sing	Pil(BD)	29/8	2/9
C/CT3	Revenge	Gl	Mumb	Sunshine	3/8	7/9
RM/14	APJ Anand	C Link(Diamond)	Sing	APEX	18/8	5/9
RM/15	Phaethon	Idle	Durb	OWSL	10/6	2/9
CCJ	Ocean Merit	C Link	Sing	OTL	8/8	4/9
GSJ	Youngly	Idle	PSAL	R/20(25)	1/9	5/9
TSP	Navigator	RPhos	Nanj	SEACOM	15/8	5/9
RM/8	Sea World	Repair	-	CCNI	R/4	31/8