

BOJ eases monetary policy as Tokyo warns of zero growth

AFP, Tokyo

The central bank said it would pump more cash into Japan's financial system to support the faltering economy while the government admitted Wednesday it expects zero growth next fiscal year.

Analysts described the Bank of Japan's action as meaningless with huge amounts of cash already flooding the banking system and interest rates effectively at zero.

They also said the government's target of zero economic growth in the year to March 2003 was too optimistic.

The Bank of Japan said the economy was continuing to deteriorate.

"Today's decision is intended to ensure that the financial markets continue to work in a stable manner and that economic recovery will be effectively supported from the monetary side," the BoJ said in a statement.

The BoJ policy board decided by majority vote to target current account reserves at the bank at around 10-15 trillion yen (78-117 billion dollars), up from the current level of over six trillion yen.

It also said it would also increase long-term government bond purchases to 800 billion yen a month from 600 billion yen, which would also increase liquidity in the financial system.

"I appreciate today's policy decision and I think the Bank of Japan has made a very important move... as it suggests it is shifting away from conventional policy," said State Minister for Economic and Fiscal Policy Heizo Takenaka.

The BoJ also said it would help commercial banks accept commercial paper and asset-backed securities from firms as collateral for loans in a bid to boost lending. No details were provided on the extent of risky assets the central bank would be willing to accept.

Analysts warned the move could help firms that should be allowed to fail.

Political pressure has mounted on the Bank of Japan to take further measures to restore growth to the economy, with consumer prices sliding for 26 straight months.

But analysts said the bank's actions Wednesday would not help the economy and showed it was prepared to bow to pressure.

Credit Suisse First Boston Yasushi Okada said the bank had previously said it had done everything it could for the economy and he questioned why it had decided to act now.

"(Either) they didn't believe what they were saying, or they have no idea what they should do," he said.

"It shows in the long run, when push comes to shove, it's the BoJ that will blink first," said Ron Bevaqua, senior economist at Commerz

Securities Japan. Underlining the bleak outlook for the world's second largest economy, the government Wednesday cut its GDP forecast for the year to March to a one percent contraction from minus 0.9 percent seen earlier, and predicted zero growth for the following year.

"The nation's economy is continuing to deteriorate... while unemployment has reached unprecedented levels, deflation is developing," it said in a report.

Analysts said the negative impact on the economy in the short term of the government's planned structural reforms appeared not have been taken into account in the year to March 2003 forecast.

"Since Japan is set to carry out serious structural reforms next year, the target is too high," said Yoshihide Mukoyoshi, an analyst at Kokusai Securities Co.

He is forecasting GDP will shrink 1.1 percent in the coming fiscal year and the market consensus is a fall of around 0.5 percent.

Investors gave a muted reaction to the BoJ's action with the Nikkei-225 average of the Tokyo Stock Exchange nudging up 0.4 percent to end at 10,471.93.

The dollar traded at 128.12-15 yen compared with 128.26-28 in Tokyo late Tuesday.



An employee cleans a display window showing a fashion beauty for a foreign brand in Shanghai yesterday. After China entered WTO this month, more foreign goods will rush into the world's biggest market.

CURRENCY

Following is yesterday's foreign exchange rate statement by Standard Chartered Bank.

Selling		Currency		Buying		
TT/OD	BC			TT Clean	OD Sight Doc	OD Transfer
57.6500	57.6800	USD	56.5000	56.3314	56.2629	
52.2540	52.2812	EUR	50.2794	50.1293	50.0684	
83.9788	84.0225	GBP	81.3713	81.1284	81.0299	
29.9319	29.9475	AUD	28.4026	28.3178	28.2834	
0.4506	0.4508	JPY	0.4363	0.4350	0.4345	
35.2707	35.2891	CHF	34.2528	34.1506	34.1091	
5.5279	5.5307	SEK	5.3408	5.3248	5.3184	
36.8135	36.8327	CAD	35.6917	35.5852	35.5420	
7.3995	7.4033	HKD	7.2379	7.2163	7.2076	
31.5545	31.5709	SGD	30.6732	30.5816	30.5445	
15.8253	15.8335	AED	15.2595	15.2140	15.1955	
15.4936	15.5016	SAR	14.9463	14.9017	14.8836	

Usance export bills	TT Doc	30 days	60 days	90 days	120 days	180 days
USD	56.3835	56.0356	55.5712	55.0372	54.4567	53.1564
EUR	50.1757	49.8661	49.4528	48.9776	48.4610	47.3039
GBP	81.2035	80.7025	80.0337	79.2646	78.4286	76.5559

The local foreign exchange market was active Thursday. Demand for dollar was steady. The call money rate gained momentum before the Eid ul Fitr. The overnight borrowing rate at call was ranging between 17 to 19 per cent.

In the international markets, yen hovered around its three-year low levels against US dollar uncomfited by the Bank of Japan's yet another negative assessment on Japanese economy. According to BOJ, major economic indicators like income, consumer confidence, production and exports are all set to decline further in the coming months, raising concern among traders that yen may topple beyond 130 levels. Yen's downward journey was escalated due to data showing Japan's trade surplus fell 16.3 per cent on year-to-year basis in November.

At hours on Thursday, pound traded at 1.4484/90 against dollar, Euro at 0.8999/01 and yen was at 128.06/12 per USD.

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India freezes bank accounts of 10 foreign investors

AFP, New Delhi

India's tax authorities on Wednesday froze the bank accounts of at least 10 foreign investors for breaching rules governing foreign currency transactions.

KR Bhargava, director at India's tax enforcement directorate, told reporters that the bank accounts of at least 10 foreign institutional investors had been frozen for violation of the foreign exchange regulation act.

"Amounts involved are not heavy and could be a few hundred thousand rupees (thousand dollars)," Bhargava said.

He refused to name the foreign investors or cite which rules were violated.

Meanwhile, tax authorities also froze

accounts of First Global Stockbroking Pvt., a local Bombay stock brokerage firm, and arrested its founder, Shankar Sharma.

The investigation follows a ban last month by the country's central Reserve Bank of India on overseas corporations making fresh investments in Indian stock markets.

"The ban doesn't stop investors from buying or selling shares on the Indian stock exchanges," Bhargava said.

India's stock market regulator in September recommended the ban after investigations revealed that some Indian brokers were using the loophole to repatriate profits earned from illegal share trades.

The scandal caused India's bench-

mark stock index to plunge 15 percent in March.

The Press Trust of India also reported that income tax officials carried out raids at 20 premises belonging to former managing director of Tata Finance Limited Dilip S Pendse and his associates in the western state of Maharashtra.

"At least 18 bank lockers have been sealed so far and documents, cash, foreign currency and jewellery seized in the searches. The raids are still continuing," a senior tax official told the agency.

The seized documents pertained to unaccounted transactions made by Pendse who was sacked by his company along with four other senior officials in July.

BOJ move meaningless, say analysts

AFP, Tokyo

Action by the Bank of Japan to further ease monetary policy as the economy falters is meaningless with the financial system already flooded with cash and interest rates effectively at zero, analysts said.

"Stupid. Perfectly stupid," Yasushi Okada, chief economist for Credit Suisse First Boston (CSFB), said.

"The Bank of Japan has been saying it had done everything it can do, so today, why did they change the policy?"

"There are only two possibilities, one is they didn't believe what they were saying, or they have no idea what they should do. There's nothing else."

The BoJ board said after a two-day policy meeting Wednesday that it would boost liquidity in the financial system by raising the target level of funds in its current account to 10-15 trillion yen (78-117 billion dollars) from over six trillion yen.

Japan's trade surplus with Asia dives 80pc

AFP, Tokyo

Japan's trade surplus with the rest of Asia dived 79.9 percent in November from a year earlier as exports of high-technology products shrank, the finance ministry said Thursday.

The trade surplus with Asia fell for the 12th consecutive month to 42.5 billion yen (343 million dollars), the ministry said.

Exports dropped 13.9 percent to 1,547.7 billion yen chiefly because shipments of semiconductors and other electronics parts fell 24.8 percent, it said.

With the Association of Southeast Asian Nations (ASEAN), Japan slipped into a deficit of 494 million yen against a surplus of 49.7 billion yen.

ASEAN groups Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

Imports from the rest of Asia

sank 5.1 percent to 1,505.2 billion yen, with electronics parts imports tumbling 40.1 percent against 8.8 percent growth in clothes.

Trade in microchips shrank, contributing to the plunge in Japan's surplus with Asia, Sanwa Research Institute economist Koji Hiragi said.

But he added it was "more of a structural factor," arguing exports fell faster than imports, partly reflecting a move by some Japanese companies to shift production to cheaper Asian countries.

Hiroshi Sakurai, economist at Mizuho Investors Securities, noted: "Exports from Japan initially increased when companies started moving (part of their production) to Asia."

"But relations with the rest of Asia had entered a second phase, (marked by a rise in imports from these manufacturing bases)," he said.

Japan's overall trade surplus in November fell 16.3 percent to 498.3 billion yen in November.

SHIPPING

Chittagong port

Berth position and performance of vessels as on 20.12.2001.

Berth No	Name of vessels	Cargo	L Port call	Local agent	Date of arrival	Leaving	Import Disch
J/1	Monthira Naree	GI(Y,MA)	Sing	USL	10/12	24/12	2165
J/2	Yong Jiang (Liner)	GI	Sing	BdShip	8/12	20/12	2131
J/3	Banglar Urmii	GI (Y,MA)	Yang	Royal	8/12	22/12	775
J/4	AVA	GI (Y,MA)	Yang	BNSSHIP	12/12	23/12	817
J/5	Asteriks	GI(Y,PE)	Sing	USL	11/12	24/12	2527
J/6	Ocean Re yana	GI(St,C)	Sing	Everett	19/12	20/12	1027
J/7	Fu Wen Shan)	GI	S.Hai	BdShip	10/12	24/12	1658
J/8	Sammi Frontier	C.Clink(Royal)	King	BSL	4/12	25/12	2456
J/9	Ruaha	Urea(Bag)	Sing	Litmond	14/12	25/12	1487
J/10	Oriental Queen	C.Clink	Krab	RML	7/12	25/12	3065
J/11	X-Press Resolve	Cont	P.Kel	Rsl	14/12	20/12	133
J/12	Kota Agung	Cont	Sing	PI(BD)	14/12	21/12	325/43
J/13	QC Lark	Cont	P.Kel	Qcst	16/12	23/12	169/417
CCT/3	Boxer Capt Cook	Cont	P.Kel	Pssl	14/12	21/12	206/2
RM/14	Banglar Robi	Repair	-	BSL	R/A	-	-
CCJ	Togo Charm	C.Clink	Lank	Seacom	15/12	24/12	-
GSJ	Boren Explorer	Wheat(G)	Kalu	KSA	12/12	24/12	-
RM/6	Dai Long	MSD	Sing	MstTL	17/12	20/12	-
DOJ	Banglar Shourabh	C.Oil	K.Dia	BSC	R/A	20/12	-
DD:	Sonali	Repair	Yang	Angelic	31/10	25/12	-
RM/9	Banglar Kallol	Repair	Vabn	BSC	15/12	26/12	-
C/Jetty:	Tug SBN-1	Ballast	Sing	OTBL	9/12	-	-
	Toting Tug Jubilee	Ballast	Sing	OTBL	9/12	-	-

Vessels due at outer anchorage

Name of vessels	Date of arrival	L Port call	Local agent	Cargo	Loading port
Artemis	20/12	P.Kel	Pssl	Cont	Sing
Silver Fish	23/12	Kant	BSL	C.Clink	C.Clink
Weddell Sea	21/12	Tanj	Uniship	C.Clink	C.Clink
New Concord	22/12	Sing	ASCL	Wheat(G)	Cont
Ja Gang	21/12	-	Psal	Gtsp(P)	Cont
Gihock	25/12	Sing	Rsl	Cont	Sing
Banga Biraj	22/12	P.Kel	Bdship	Cont	Sing
Marblue	22/12	-	Jaycee	C.Clink	Cont
Pacific Emerald	23/12	Tara	Litmond	GI(Copra)	Cont
Banga Lanka	24/12	P.Kel	Bdship	Cont	Sing
Crete	23/12	-	JF	For Scraping	Cont
Kota Berjaya	23/12	Sing	PI(Bd)	Cont	Sing
Sagaing	23/12	Yang	Everett	GI(St,C)	Cont
Jaami	23/12	Col	Everbest	Cont	Col
Kuo Hsiung	24/12	-	Qcsl	Cont	Sing
Silver Wing	24/12	Sing	Ascl	Wheat(G)	Cont
Banga Bijoy	24/12	-	Baridhi	Cont	Col
QC Pintail	25/12	-	Qcsl	Cont	Sing
QC Honour	25/12	P.Kel	Qcsl	Cont	Sing
Banglar Shikha	25/12	Sing	Bsc	Cont	Sing
Banga Barta	26/12	Sing	Bdship	Cont	Sing
Rubin Hawk	26/12	-	Everett	GI	Cont
X-Press Padma	29/12	-	Rsl	Cont	Sing
Kota Singa	11/12	-	PI(BD)	Cont	Sing

Tanker due

Performance-9	21/12	Belwan	Rainbow	CPO
Wan Ning Hai	22/12	Sing	TTL	Bitumin(RM/3)

Vessel at Kutubdia

Name of vessels	Cargo	L Port call	Local agent	Date of arrival
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Vessels at outer anchorage

Vessels ready				
Nobleza (Roro/24)	Vehi	Sing	JF	17/12
Uni Wealth	Cont	P.Kel	RSL	18/12
Kota Naga	Cont	Sing	PI(Bd)	18/12
Banglar Moni	Cont	Sing	BSC	19/12
QC Dignity	Cont	P.Kel	Qcsl	19/12
Banga Birol	Cont	-	Bdship	R/A(11/12)
Atlantic Spirit	GI	Sing	Asa	20/12
Hai Soon-Viii	B.Oil	Sing	Ambl	20/12

Vessels not ready

Diana	C.Clink	Kant	NWSL	17/12
Dolisie	Wheat(G)	P.Said	Ascl	18/12
Banglar Mookh	Wheat(G)	-	Bsc	R/A(18/12)
Angelina The Great-N	GI(Y,Pe)	Sing	Rainbow	18/12
Horizon-A	Naptha	-	Ecsi	R/A(18/12)
Banga Bonik	Cont	P.Kel	Bdship	20/12

Vessels not entering

Matrix	GTSP(P)	Tuni	SSST	21/11
Sentosia	C.Clink	Sing	Ancl	13/12
Gospic	MOP(P)	V.Patt	Litmond	13/12
Discoverer	C.Clink	Tanj	BSL	17/12
Argentina	C.Clink	Kosh	Asll	18/12
Sea Sky Line	GI	-	Seacom	R/A(16/12)
Gour Sterne	Scraping	Sing	Ahz	11/12
Goreme	Scraping	Istan	Rkship	15/12
Jubilee	-	-	Rkship	R/A(16/12)
Pira	Idle	Tamp	Litmond	3/11

Movement of vessels for 21.12.2001 & 22.12.2001

Outgoing	Incoming	Shifting
21.12.2001		
J/2	Nobieza	QC Dignity
J/12	K.Agung	Banga Birol
CCT/3	BC Cook	Banglar Shourab Doj
RM-3	Haison-Viii	Performance
Doj	B.Jyoti	RM-3
22.12.2001		
J/11	Banglar Moni	Banga Bonik
DDJ-2	Banglar Robi	Artemis
RM-3	Performance	J/11
Doj	Banglar Shourab	

The following are the shipping position and performance of vessels at Chittagong port as per berthing sheet of CPA supplied by HRC Group, Dhaka.

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AFP, New Delhi

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