

**ASIAN STOCK MARKETS HUNT FOR INCENTIVES, DOLLAR WEAKENS VS MARK.**by **Chaitanya Kalbag**

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TOKYO, Reuter - Most Asian stock markets, casting around for fresh stimulus, weakened on Tuesday while the dollar declined in late regional trade against the mark.

But Tokyo stocks, buoyed by hopes of easier credit, bucked the declining trend with the 225-share Nikkei average up 309.18 points or 1.34 per cent to 23,443.61 -- still above the 23,000 level it clawed back to last Friday.

Tokyo markets were closed on Monday for a national holiday.

"Activity was slower than expected. Neither sellers nor buyers are in a hurry, but the bottom line seems to be that the trend for lower interest rates will support the market," said Tadashi Kawakami of Merrill Lynch in Tokyo.

After the U.S. Federal Reserve cut its discount rate by 0.5 percentage points to 5.0 per cent on Friday, speculation mounted that Japan would follow suit, but a credit easing may not have much impact on the dollar against the yen, Tokyo dealers said.

Japanese government yen bonds and futures contracts ended moderate trade weaker than their Friday closes on limited profit-taking. The yield on the benchmark 129th cash bond stood at 6.115 per cent, compared with 6.070 per cent on Friday.

The dollar eased against the mark in late Asian afternoon trade, mostly on interbank speculation, but was little changed against the yen.

The dollar was traded at 133.71/76 yen and 1.6695/05 marks. The U.S. currency ended in Tokyo at 133.63 yen and 1.6683/88 marks from New York's 133.60/70 yen and 1.6743/48 marks.

"The U.S. rate cut increased selling pressure on the dollar, especially against the mark," said Masami Tsuji, a foreign exchange manager at Mitsubishi Trust Banking in Tokyo.

Manila, defying expectations, closed marginally higher on a government push for a referendum to decide the fate of the U.S. military bases in the Philippines. The Manila Stock Exchange composite index inched up 1.99 points to close at 907.69.

Sydney's sharemarket closed slightly lower as the rising Australian dollar offset expected gains from New York's rally overnight. The All Ordinaries index closed 1.3 points lower at 1555.8.

The Australian dollar closed sharply higher after offshore buying pushed it through the crucial 0.8000 U.S. dollar level in late trading. It ended at the day's high of 0.8015/20.

Hong Kong stocks finished easier after a day of listless trade. Brokers said sentiment was weak and consolidation would persist in the short-term. The blue-chip Hang Seng Index fell 14.82 points to close at 3,938.71 and the broader based Hong Kong was down 9.24 points at 2,577.45.

Singapore share prices closed lower in thin trade.

"Institutions are largely sidelined, with only a few nibbling here and there," a BZW-Pacific Union broker said.

"If there are some price gains, then you see profit-taking," she said. Brokers said they do not expect any major price changes on Wednesday.

The 30-share Straits Times Industrial index fell 9.79 points to 1,394.88. Falls led rises by a two-to-one ratio.

Taiwan share prices finished slightly lower in thin trade as there was no positive news in the market to inspire buying, brokers said. The weighted index ended 33.74 points lower at 4,532.25.





Gold was quoted at \$344.90/\$345.40 per ounce in late Asian trade compared with \$344.30/\$344.80 at New York's close on Monday.

Spot crude oil prices were generally little changed in dull Far East trading. North Sea Brent crude for November delivery was quoted at around \$20.45 in late trade, unchanged from its levels in late U.S. Monday trading.

In New York on Monday, concern that Friday's rate cut will be followed by another cut before the end of the year caused the dollar to drift lower.

But U.S. Treasury bonds rose and Wall Street stocks staged an explosive late-session rally that took the Dow Industrials up one per cent and back over the 3000 mark.

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