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SAKAKIBARA-YEN

BOJ WILL INTERVENE TO KEEP YEN AT A SUSTAINABLE LEVEL, SAYS SAKAKIBARA

KUALA LUMPUR, Sept 2 (Bernama) -- The Bank of Japan (BOJ) will intervene again to keep the yen at a level which is sustainable and which will reflect economic fundamentals, said Dr Eisuke Sakakibara, special adviser to the Japanese Finance Minister.

Answering a press query, he said the yen was now at a one-year high and needed to be scaled down to more reasonable levels "but not to the record low levels of 120/130" against the US dollar.

Sakakibara hinted that a BOJ intervention was imminent, after the central bank acted in July and again in August to keep the yen at comfortable levels.

The former vice minister of finance for international affairs earlier attended a half-day international symposium on Currency Controls and Asian Monetary Cooperation organised jointly by the Institute of Strategic and International Studies (ISIS), Japan External Trade Organisation (JETRO) and the Mainichi newspaper of Japan.

The symposium was opened by Prime Minister Datuk Seri Dr Mahathir Mohamad.

Meanwhile, the US dollar was trading at 109.42 yen on the Tokyo foreign exchange market at 5 pm today, up 0.20 yen from late Wednesday.

Traders here believe the BOJ would intervene to prop up the dollar if it fell below the 110 figure.

A weakened dollar and a rising yen could hurt Japan's economic recovery by making Japanese exports more expensive to US consumers, they said.

An excessive appreciation of the yen will also make it harder for Japan to sell its goods overseas.

Since BOJ's failure to intervene, traders expect the dollar to fall further against the yen as the market unloads the US currency to buy into Japan's recovering economy.

Meanwhile, the Group of Seven (G7) of industrialised nations is expected to meet on Sept 25, 1999 to act collectively to intervene on the yen. -- BERNAMA

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