Schroders

Weekly market watch

As at Friday February 8, 2019

Equities

Region / Country	Index	Close	Net Change	Performance Year-to-date	Performance 52-week
Asia-Pacific					
Hong Kong	HSI	27,946.32	414.64	8.13%	-5.29%
India	BSE 30	36,546.48	77.05	1.33%	6.20%
Japan	Nikkei	20,333.17	(455.22)	1.59%	-4.91%
Singapore	STI	3,202.04	27.66	4.34%	-5.19%
South Korea	KOSPI	2,177.05	(6.31)	6.66%	-7.90%
Taiwan	WSE	9,932.26	85.86	2.11%	-10.55%
Shanghai	COMPOSITE	2,618.23	16.51	4.99%	-24.37%
Europe					
France	CAC	4,961.64	(57.62)	4.88%	-3.69%
Germany	DAX	10,906.78	(273.88)	3.29%	-11.04%
Italy	FTSE MIB	19,351.90	(224.87)	5.61%	-13.86%
Russia	RTSI	1,199.65	(11.58)	12.25%	-0.91%
UK	FTSE 100	7,071.18	50.96	5.10%	-1.39%
Americas					
Brazil	IBOV	95,343.10	(2,518.17)	8.48%	16.94%
Mexico	IPC	43,180.45	(807.49)	3.70%	-9.78%
Nasdaq	CCMP	7,298.20	34.33	9.99%	7.69%
US	S&P 500	2,707.88	1.35	8.02%	4.92%
US	DOW	25,106.33	42.44	7.63%	5.22%

Bonds

	Close	Yield Week ago	Yield Month ago	Yield Year ago
10 Year Gilt	1.1510	1.2480	1.2740	1.6170
10 Year OAT	0.5410	0.5730	0.7330	0.9960
10 Year Bund	0.0870	0.1660	0.2260	0.7620
10 Year Japan	-0.0290	-0.0120	0.0120	0.0810
10 Year Treasuries	2.6339	2.6842	2.7280	2.8240

Base lending rates

Prime Rates	Latest	6 months ago	12 months ago
US	5.50	5.00	4.50
Canada	3.95	3.70	3.45
Japan	1.48	1.48	1.48
Britain	0.75	0.75	0.50
ECB	0.00	0.00	0.00
Switzerland	0.50	0.50	0.50
Australia	1.50	1.50	1.50
Hong Kong	5.25	5.25	5.25

% change is for indication only; local currency except where stated.

Equity Markets

US

- The Dow Jones Industrial Average rallied late on Friday to pare its losses for the day and allow it to post the seventh consecutive weekly gain. However, concerns about weak European growth, U.S.-China trade tensions and weakening corporate earnings hung over the market. The Dow fell 0.25% on Friday but posted a small 0.17% gain for the week to close at 25,106.33. The S&P 500 index rose 0.07% on Friday and 0.05% on the week to 2,707.88. The Nasdaq rose 0.14% on Friday and 0.47% for the week to 7,298.20.
- U.S. President Donald Trump ruled out Thursday a meeting with Chinese President Xi Jinping before the March 1 deadline for a bilateral trade deal, increasing the prospect that there will be no agreement by that time. Trump had said the previous that he needed to meet Xi to iron out the thorniest issues between the two countries. White House economic advisor Larry Kudlow noted that while Trump remains optimistic about a deal, there is a “pretty sizeable distance” between the two countries positions on the most difficult issues, such as intellectual property protection, forced technology transfer and cyber theft. U.S. Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin are scheduled to go to Beijing next week for further talks. The U.S. has threatened to increase the tariff rate on $200 billion in Chinese imports to 25 per cent from 10 per cent if negotiators do not reach agreement on a range of disputed trade issues by March 1.
- President Trump is likely to sign an executive order at the end of this month banning the use of any Chinese technology in U.S. telecommunications networks, news agency Politico reported Friday. The executive order, aimed at Chinese tech giants Huawei and ZTE, is the latest move in the U.S. campaign to block the use of Chinese technology in 5G networks.
- Trump and Congress face a February 15 deadline for reaching agreement on funding for much of the U.S. government to avoid another shutdown. The previous 35 day shutdown, the longest in U.S. history, ended only two weeks ago. The key issue remains Trump’s demand for funding for a wall on the border with Mexico, which Congress has so far rejected.
- SunTrust Banks and BB&T announced Thursday a $66 billion merger, creating the sixth largest U.S. bank. The combination is the first bank megamerger since the global financial crisis a decade ago and may prompt other mergers in the near term. The name of the new bank, and the location of its headquarters, has not yet been decided.
- Some 92,000 users of cryptocurrency trading platform QuadrigaCX can no longer access their funds on the site because only founder Gerry Cotton, who died in December, had the passwords necessary to unlock the site. At least $150 million in bitcoin and other assets are now inaccessible. Managers of the firm say they have called in outside consultants to try to unlock the accounts.
- General Motor’s profits fell less than expected in the fourth quarter, as its restructuring program started to show results. Full-year 2018 adjusted earnings fell 1% to $6.54 per share, well above analysts’ expectations of $5.80 to $6.20. Fourth quarter earnings to $1.43 per share, well expectations for $1.24. The company predicted a flat market in China this year, while noting that results were hit by $1 billion in trade-tariff related commodity costs.
- Shares in Snap, the parent of messaging app Snapchat, rose sharply Tuesday after it announced that a decline in users had stopped and that fourth quarter earnings were above expectations. Revenues rose 36% in the fourth quarter to $390 million, above expectations for $379 million. The firm’s net loss was $192 million, half the level of the fourth quarter of 2017. The number of daily active users was stable at 186 million in the fourth quarters after declining each of the previous two quarters.
- Profits at Google parent Alphabet reported a smaller profit margin in the fourth quarter as it spent heavily on its cloud computing and YouTube internet video businesses. Capital spending rose 80% in the fourth quarter to $6.85 billion, with the profit margin slipping to 21% from 24%. Alphabet spent heavily on staff, with employment up 23% from a year earlier.
- Apple said it had reached agreement with France tax authorities to pay an undisclosed amount of back taxes, which French media estimated at about 500 million euros. U.S. tech companies, which use complex arrangements to reduce tax payment, remain under pressure in Europe to pay more taxes amid a push to create a new European-wide tech tax.
- Boeing announced Tuesday that it had made a significant investment in supersonic business jet developer Aerion. Boeing will provide engineering, manufacturing and flight-testing services for Aerion’s AS2 jet, which is set to debut in 2023.
- Short-term apartment rental platform Airbnb announced that it had hired Fred Reid to lead its push into transportation. Reid was first chief executive of Virgin America and former president of Delta Air Lines and Lufthansa. Airbnb said Reid’s job would be to form partnerships to make travel “seamless,” without being more specific.
- Amazon announced that it had invested in the latest $530 million funding round for autonomous vehicle developer Aurora, Amazon’s first major investment in the area. The funding rounds values the company at $2.5 billion.

UK

- The FTSE 100 fell 0.32% on Friday on European growth concerns but rose 0.73% on the week to close at 7,071.18.
- European Union officials and Prime Minister Theresa May agreed last week to reopen talks on the Brexit transition deal and meet again at the end of the month to review progress, though the EU gave no indication it was ready to make concessions. The key issue for negotiators will be find a legally binding way to change the “backstop,” the insurance policy against a hard border between Northern Ireland and the Republic of Ireland, that satisfies member of the UK Parliament. However, those negotiations will be very difficult. European Council President Donald Tusk said Wednesday that there is a “special place in hell” for those UK Eurosceptics who did not have a transition plan for Brexit. U.S. lawmakers also weighed in on the controversy, saying the UK must ensure a “soft” border if it wants to negotiate a trade deal with the U.S. after Brexit. May is racing against time, with Brexit now scheduled to occur on March 29. So far, the May has ruled out a delay in the exit date. May is due to give Parliament an update on negotiations on Wednesday, February 13.
- Nissan announced that it has cancelled plans to build its X-Trail SUV at its UK plant, citing concerns about Brexit and growing regulation of diesel-powered vehicles. The company will build the SUV in Japan, instead.
- Sports Direct has offered Friday to buy bankrupt confectionary shop chain Patisserie Valerie. The confectionary shop chain was forced into administration after it discovered long-term fraud had left it with a 40-million-pound hole in its accounts. The offer for Patisserie Valerie is the latest in a series of bids by Sports Direct owner Mike Ashley for retail operators, including music chain HMV and department store House of Fraser.
- U.S. credit card giant Visa increased its bid for UK payments company Earthport to best a rival bid by MasterCard. Visa said Friday it had increased its offer to 247 million pounds, 12% higher than MasterCard’s bid two weeks ago and 23% higher than its original offer. Earthport’s board recommended the improved Visa offer. Earthport’s stock rose sharply on the news of Visa improved bid, with many investors expecting a counteroffer from MasterCard, which said it was reviewing its options.
- Nationwide, the UK’s second largest mortgage lender said Friday it expects a further moderation in its profit margin in the period ahead due to tight competition. Pre-tax profit for the nine months to December fell 21% to 703 million pounds, due in large part to previously announced investments. Underlying profits were broadly flat, the company said. The company’s net interest margin – the difference between what it pays for deposits and what it receives from lending – fell to 1.26% in the nine months to December, down from 1.33% in the year-earlier period.

Europe (ex. UK)

- On the continent, the Eurofirst 300 rose 0.50% on Friday on concerns about European growth. The index ended the week down 0.27% to close at 1,410.40.
- Police in Singapore raided the local office of German payment firm Wirecard amid reports of an accounting scandal originating in that office. The company said that an internal investigation is continuing into allegations that it invented financial accounts to get regulatory approval in Hong Kong for its efforts to take over Citigroup’s payment operations in Asia, the Financial Times reported. The financial fraud was widespread and went on for several years, with senior officials in the Munich head office aware of the scheme. Wirecard’s stock fell sharply on news of the policy raid. It had been more valuable than either Deutsche Bank or Commerzbank, Germany two largest banks that have their own financial difficulties.
- Sweden’s Spotify announced that it would buy two podcast start-ups – Gimlet and Anchor -- as it seeks to diversify its business away from expensive music streaming. Spotify bought Gimlet for $230 million, the company’s largest acquisition to date. Spotify said it plans to spend $400 million to $500 million on multiple acquisitions this year.
- The European Commission formally blocked the proposed merger of Siemens’ and Alstom’s rail operations in an effort to build a European champion to take on the powerful Chinese. Last minute concessions offered by Siemens and Alstom proved insufficient to alleviate antitrust concerns.
- Daimler, the maker of Mercedes Benz luxury cars, reported Wednesday that its 2018 EBIT earnings fell 22% to 14.3 billion euros, while profits fell 30% to 7.6 billion euros. The company said it would cut its dividend to 3.25 euros per share from 3.65 euros per share last year. The company said it would introduce “measures to increase efficiency” but gave no details.
- Sales at French luxury beauty products company L’Oreal rose 8.6% in the fourth quarter, boosted by Asian demand for its skin care products. Overall sales rose 3.5% in 2018 to 26.9 billion euros, the company’s best year since 2007 and in line with expectations. Earnings per share rose 6.5% last year to 7.08 euros, just below expectations.

Japan

- Japan's Nikkei 225 Index fell 2.01% on Friday on Wall Street losses and concerns about the impact of the U.S.-China trade tension. This pushed the index down 2.19% for the week to close at 20,333.17.
- Shares in Sony Corp. fell sharply on Monday after the company announced weaker profits for its PlayStation business and a cut in its annual revenue forecast. Operating income for games dropped 14% to 73 billion yen for the October-December quarter, as sales of PlayStation4 consoles fell to 8.1 million units from 9.0 million units in the year-earlier period. Sony cut its total sales forecast for the fiscal year to the end of March to 8.5 trillion yen, down from 8.7 trillion yen previously. The company announced Friday that it would buy back as much as 100 billion yen of its stock, the first time the company has ever done a large-scale repurchase. Sony shares rose sharply Friday on the news.
- Panasonic Corp. reported Monday that fiscal third quarter operating profits fell 19% due to weaker demand for home appliances and factory automation equipment in China amid the U.S.-China trade tension. The company had an operating profit of 97.6 billion yen in the October-December period, down from 120.1 billion yen in the year-earlier period and expectations for a profit of 122 billion yen. The company cut its profit forecast for the fiscal year to end March to 385 billion yen from 425 billion yen, well below market expectations.
- SoftBank Corp., Japan's third largest mobile telecom company, said Tuesday that its profits rose 24% in the fiscal third quarter. In its first report as a public company, SoftBank said its operating profit stood at 191.6 billion yen in the October-December quarter, up from 155.1 billion yen in the year-earlier period. Investors remain concerned that changes in the Japanese mobile telecom market place, including pledges of lower prices from a number of carriers, will erode SoftBank shares, whose price has fallen below its IPO level.
- Three major Japanese banking groups reported lower profits in the April-December period due to weaker trading revenues amid higher U.S. interest rates. Net profit at Sumitomo Mitsui Financial Group Inc. fell 1.6%, while profit from its core banking operations dropped 7.7%. Mizuho Financial Group Inc.'s net profit fell 13.8%, while those at Resona Holdings dropped 30.4%.

Asia-Pacific (ex. Japan)

- Mainland China's Shanghai Stock Exchange was closed all week for the Chinese New Year holiday. It will reopen on Monday.
- Hong Kong's Hang Seng index fell 0.16% on Friday but rose 0.06% for the holiday shorted week to 27,946.32, as worries about the China-U.S. trade tension continued to dominate.
- Taiwan's stock market was also closed all week for the Chinese New Year's holiday. It will reopen Monday.
- South Korea's Kospi fell 1.20% on Friday and 1.20% for the holiday shortened week to close at 2,177.05, as market concern increased after reports that U.S. President Trump would not meet Chinese President Xi to resolve their trade dispute.
- Singapore Straits Times Index rose 0.04% on Friday and 0.42% for the week to close at 3,202.04, as cautious optimism despite the U.S-China trade tension.

Emerging Markets

- Brazil's Bovispa rose 0.99% on Friday but fell 2.57% on the week to 95,343.11, in a correction after recent strong gains and amid worries about global growth and trade.
- Mexico's IPC fell 1.02% on Friday and 1.28% on the week to 43,180.45, on declines on Wall Street and concerns about global growth and trade. The Mexican central bank left its key interest rate unchanged on Thursday due to an easing of inflation pressure, after having raised it in both November and December.
- India's BSE 30 fell 1.15% on Friday, as shares of Tata Motors fell 30%, the most in 26 years, after the company announced it would take a 3.1 billion pounds write-down on its investment in Jaguar Land Rover, contributing to a $3.79 billion loss for the fourth quarter. The index still rose 0.21% for the week to 36,469.43 after the Reserve Bank of India announced a surprise quarter-point rate cut on Wednesday to spur economic growth after the government unveiled the week before a series of new spending measures ahead of national elections in May.
- Russia's RSTI fell 0.04% on Friday, as oil prices, Russia's largest export, declined. The index fell 0.96% on the week to close at 1,211.23.

Alternative Assets

- Oil prices rose modestly on Friday but posted large declines on the week, as signs of a weakening global economy offset reduced supply from OPEC and Venezuela. March West Texas Intermediate (WTI) crude rose 0.2% Friday but fell 4.6%

for the week to $52.72 per barrel. April Brent crude on London's ICE Futures Exchange closed the trading period at $62.10 a barrel, up 0.8% on Friday but down 1.0% on the week.
- Gold futures rose Friday due to weaker global stock prices, the risk of another U.S. government shutdown after Feb. 15 and continued Brexit concerns, but still fell on the week. April gold futures rose 0.3% on Friday but fell 0.3% for the week to close at $1,318.50 per troy ounce. Gold is still up 2.9% since the start of the year.

Fixed Income

US

- The yield on benchmark 10-year Treasuries fell to 2.6339% last Friday from 2.6842% at the close of the previous week, on continued worries about the U.S.-China trade conflict and global economic outlook.
- The Commerce Department announced new dates for major data following the reopening of the U.S. government. Q4 GDP will be released on February 28 at 8:30 am ET and will only be followed by one more update for the quarter. Personal income for January, which will also include new data for December, will be released on March 1 at 8:30 am ET as a combined report. And December trade data will be released on March 6 at 8:30 am ET.
- Initial claims U.S. state unemployment benefits fell by 19,000 to 234,000 in the February 2 week, above expectations for a 221,000 level, data released by the Labor Department Thursday showed. The level of claims was unrevised in the January 26 week from the previously reported 253,000 level. Initial unadjusted claims for federal employees filing in federal programs, which does not feed into the headline number, fell by 8,070 to 6,669 in the January 26 week, compared to 1,919 in the comparable week last year. Since the partial government shutdown ended on January 25, this should be the last week that it affects the reported number of federal employees filing in federal programs.

UK

- The yield on 10-year Gilts fell to 1.1510% at the end of last week from 1.2480% the week before on worries about Brexit and the global growth outlook.
- The Bank of England Monetary Policy Committee voted unanimously to leave policy unchanged at its February meeting, while the Inflation Report showed near term growth and inflation softer than previously expected, but growth further ahead was expected to recover and inflation to come in a touch higher. "A period of softer growth domestically and in the rest of the world was likely to prove only temporary and, in the UK, excess demand was expected to build over the second half of the forecast period," it said. The MPC did not attach a line about temporary weaker global growth to its policy guidance. Instead it stuck to the mantra that "an ongoing tightening of monetary policy over the forecast period, at a gradual pace and to a limited extent, would be appropriate to return inflation sustainably to the 2% target." Brexit uncertainty overshadows this Inflation Report. The MPC stuck to its convention of assuming a smooth transition, whereas market pricing has to place some weight on a disruptive Brexit outturn. The BOE's stylised Brexit assumptions suggest that Bank Rate may have to rise a little faster than the market had been assuming.-Inflation on the CPI measure was shown at 2.35% in Q1 2020 and 2.07% in Q1 2021 and 2.11% in Q1 2022. These projections were based on Bank Rate rising from its current 0.75% to 0.9% at the end of this year, 1.0% at end 2020 and 1.1% at end 2021. Bank economists forecast Q4 2018 growth would be 0.3% and Q1 2019 growth just 0.2%, with Q2 growth similar to Q1. These weak near-term growth rates are all below potential. Further out, however, bolstered by less restrictive monetary policy than previously assumed around the world and the removal of Brexit uncertainty, growth is expected to firm. The MPC said there was evidence from the work its own agents and other surveys that Brexit uncertainty was hitting economic activity harder than previously thought. Business investment has been contracting, with corporate activity delayed awaiting the denouement of the Brexit negotiations. The agents survey found that around half of companies felt they were not ready for a 'no deal, no transition' Brexit.
- The UK CIPS/IHS Markit services sector purchasing managers index fell by 1.1 points to 50.1 in January, the lowest reading in 30 months and the second-weakest since December 2012. The UK services sector experienced a decline in incoming new work for the first time since July 2016. Driving this was subdued demand, meaning the sector barely managed to stay above the 50 change/no-change mark. Concern about the economic outlook manifested itself in staff recruitment. The overall payroll numbers declined for the first time in just over six years. January still marks the 28th consecutive month with a 'plus-50' reading, but worryingly, the results appear to "indicate that the UK economy is at risk of stalling or worse as escalating Brexit uncertainty coincides with a wider slowdown in the global economy," said Chris Williamson, Chief Business Economist at IHS Markit.
- The UK CIPS/IHS Markit construction sector PMI dropped 2.2 points to a 10-month low 50.6 in January, down from 52.8 in December, according to data published Monday. The reading, whilst above the 50 change/no change mark, is a notable drop suggesting the sector struggled at the start of 2019. Construction activity showed a loss in momentum, with business activity growth also at its weakest for ten months. As a result of a marginal increase in new orders, employment

numbers expanded for two-and-a-half years. All three categories of construction output recorded weaker trends than those reported in December. Civil engineering activity reversed from its 19-month high in December, up marginally. Furthermore, whilst residential work was the best performer, it expanded modestly and at the slowest rate since March 2018.

- The pace of UK consumer spending rebounded in January after the weakest Christmas in ten years, a survey published Tuesday showed. The British Retail Consortium Retail Sales Monitor reported January like-for-like sales up 1.8% on the year. The reading rose by 0.6% y/y in January 2018. Total shop sales were up 2.2% in January, up by the same amount from December's reading and the highest y/y rate since June. The data suggest that whilst there was a rebound from December's data, it appeared to stem from strong discounting as opposed to inherent willingness and ability of households to spend.
- UK staff appointments fell below 50 for the first time in 18 months in January, as rising economic uncertainty and ongoing candidate shortages impeded labour market performance at the start of 2019, the Markit/REC Report on Jobs survey released Friday showed. Whilst permanent staff placements contracted, temporary staff placements saw a noted softening to start the year, dropping 5.3 points to 51.5. Anecdotal evidence appeared to suggest that concerns over Brexit and a further deterioration in candidate availability drove the permanent placement indicator into contraction. The effect was also felt in temporary billings despite the reading being above the 50.0 change/no-change mark. The temporary billings reading of 51.5 was the joint-slowest pace in nearly six years of continuous growth. "With Brexit just 50 days away now, it's definitely a nervous time for recruiters. January marked the first fall in permanent staff appointments since the referendum and we've seen a sharp decline in the number of candidates entering the jobs market," said James Stewart, Vice Chair at KPMG.

Europe (ex. UK)

- The yield on benchmark 10-year Bunds fell to 0.0870% last Friday from 0.1660% on Friday the previous week as demand for bonds remained strong due to growth worries.
- The European Commission revised down sharply this year's growth forecasts for the Eurozone and its member states. The growth outlook for the Eurozone was cut to 1.3% this year from 1.9% in the previous forecast in the autumn. Growth in Germany, the Eurozone's largest member state accounting for roughly a third of Eurozone GDP, was revised down to 1.1% from 1.8% previously. The new forecasts renewed concerns about the trajectory of the European economy.
- German industrial production fell 0.4% in December from a month earlier, the fourth straight monthly decline, and following a downwardly revised 1.3% drop in November. The December drop -- a surprise given market expectations for a 0.7% increase – renewed concerns about the outlook for the German economy.
- German factory orders fell 1.6% in December compared to November, following a 0.2% drop in November. The large decline was a surprise, given market expectations for a 0.3% increase. The December drop was the largest since June, with both domestic orders (-0.6%) and foreign demand (-2.3%) declining. Orders from outside the Eurozone fell 5.5%, while those from the Eurozone rose 3.2%.
- The German trade surplus narrowed to 13.9 billion euros in December from 18.4 billion euros a year earlier. It was the smallest trade surplus since January 2016, mainly due to a sharp decline in exports.
- Eurozone retail sales rose 0.8% in December from a year earlier, slowing from an upwardly revised 1.8% gain in November, but above expectations for a 0.5% gain. Retail sales fell 1.6% in December from a month earlier, the largest decline since May 2011, after an upwardly revised 0.8 percent rise in November.

Japan

- The yield on 10-year Japanese Government Bonds fell over the past week to -0.0290% on Friday from -0.0120% the previous week as the Bank of Japan maintained its control over market interest rates and the market worried about the growth outlook.
- Japan's real average household spending rose 0.1% on year in December, the first year-on-year rise in four months. The gain was due to higher spending on housing repair, household durable goods and automobiles and followed a dip of 0.5% (revised from -0.6%) in November, data released Friday by the Ministry of Internal Affairs and Communications showed. The December data was weaker than the MNI median economist forecast, which looked for a 1.0% rise.
- Average wage growth in Japan accelerated modestly in December from the previous month and real wages remained in positive territory, preliminary data released Friday by the Ministry of Health, Labour and Welfare showed. Total monthly average cash earnings per regular employee in Japan rose 1.8% on year to Y567,151 in December, a 17th straight year-on-year rise following a 1.7% gain in November. Some sectors, such as eating out, are raising wages to ensure they attract necessary employees, but others are generally cautious about raising base wages amid uncertainty over the global and domestic economies. In real terms, average wages rose 1.4% on year in December, the second straight rise following +0.8% in November. The weak trend in recent months was reversed due to the drop in the cost of living. The

total CPI minus imputed rents rose 0.3% on year in December compared with 1.0% in November. Base wages, the key to a steady recovery in cash earnings, rose 0.9% in December from a year earlier, the 31st straight year-on-year rise after rising 1.3% in the previous month. Overtime pay fell 1.0% on year in December, the first y/y drop in three months after rising 0.6% in November. Bonuses and other special pay rose 2.7% from a year ago, the fourth straight rise following +8.7% in November.

– Japan's current sentiment index fell in January for the second straight month, hit by weaker items linked to households, such as retail sales, as well as drinking and eating, a key government survey released Friday showed. The survey indicates whether respondents with jobs most sensitive to economic conditions -- taxi and truck drivers, department-store sales staff and restaurant and shop owners -- think economic conditions have improved or worsened from three months before. The Economy Watchers sentiment index for Japan's current economic climate fell 1.2 points to 45.6 in January on a seasonally adjusted basis, the second straight drop after falling 2.7 points to 46.8 in December. The index remains below the key level of 50 at which the number of optimistic response equal the number of pessimistic responses. January's 45.6 level is the lowest level since July 2016.

Source: Market News International