

As at Friday Apr 26, 2019

Equities

Region / Country	Index	Close	Net Change	Performance	
				Year-to-date	52-week
Asia-Pacific					
Hong Kong	HSI	29,605.01	(519.67)	14.55%	-2.23%
India	BSE 30	39,067.33	(72.95)	8.31%	12.54%
Japan	Nikkei	22,258.73	58.17	11.21%	-0.93%
Singapore	STI	3,356.95	9.37	9.39%	-6.16%
South Korea	KOSPI	2,179.31	(36.84)	6.77%	-12.56%
Taiwan	WSE	10,952.47	(16.03)	12.59%	3.78%
Shanghai	COMPOSITE	3,086.40	(184.40)	23.76%	0.14%
Europe					
France	CAC	5,569.36	6.27	17.73%	2.12%
Germany	DAX	12,315.18	162.11	16.63%	-1.48%
Italy	FTSE MIB	21,737.97	(262.91)	18.63%	-9.57%
Russia	RTSI	1,247.01	(13.81)	16.68%	8.73%
UK	FTSE 100	7,428.19	(43.13)	10.40%	0.09%
Americas					
Brazil	IBOV	96,236.04	1,657.78	9.50%	11.41%
Mexico	IPC	44,974.96	(550.33)	8.01%	-6.88%
Nasdaq	CCMP	8,146.40	148.34	22.77%	14.44%
US	S&P 500	2,939.88	34.85	17.27%	10.23%
US	DOW	26,543.33	(16.21)	13.79%	9.13%

Bonds

	Close	Yield		
		Week ago	Month ago	Year ago
10 Year Gilt	1.1420	1.1970	1.0070	1.5040
10 Year OAT	0.3520	0.3700	0.3560	0.8170
10 Year Bund	-0.0220	0.0250	-0.0150	0.5930
10 Year Japan	-0.0400	-0.0300	-0.0650	0.0600
10 Year Treasuries	2.4982	2.5596	2.4230	2.9809

Base lending rates

Prime Rates	Latest	6 months ago	12 months ago
US	5.50	5.25	4.75
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.

- All three U.S. stock indexes rose on Friday after release of stronger-than-expected U.S. first quarter GDP data. The S&P 500 and Nasdaq indexes ended the week at new all-time highs, but the Dow fell on the week on poor results from some large companies. The Dow Jones Industrial Average rose 0.31% on Friday but fell 0.06% for the week to close at 26,543.33. The S&P 500 index rose 0.047% on Friday and 1.20% on the week to 2,939.88. The Nasdaq rose 0.34% on Friday and 1.85% for the week to 8,146.40.
- U.S. Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin will lead a U.S. trade delegation to Beijing this week for the latest round of talks to end the trade tension. A Chinese delegation led by Vice Premier Liu He is due in Washington at an as-yet undisclosed date in May to continue the talks. U.S. President Donald Trump said Thursday that he expected Chinese President Xi Jinping to come to visit him in the White House "soon," presumably to sign a completed trade deal.
- Amazon's first quarter profits exceeded forecasts on stronger revenue from digital advertising, cloud computing and services to third party vendors on its e-commerce site, all of which were more profitable than its own online sales. First quarter earnings were \$7.09 per share, well above the \$4.67 that analysts had expected. Revenue rose 17% to \$59.7 billion, in line with expectations. However, Amazon gave subdued guidance for earnings in the second quarter that were below expectations, raising questions whether it would again increase investment spending to boost growth. The company's stock price was little changed on the news.
- Facebook said Wednesday it expects to be fined up to \$5 billion by the Federal Trade Commission for violating a 2011 agreement to protect the privacy of users' information. The company said it had set aside \$3 billion against the expected fine. The announcement came as the company reported that revenues rose 26% in the first quarter, pushing the company's stock up 9% despite news of the impending fine. Including the fine charge, net income stood at \$2.43 billion in the first quarter, down 51% from a year earlier.
- Electric carmaker Tesla reported dismal results on Wednesday, posting a loss of \$494 million in the first quarter and renewing concerns about its long-term profitability. The loss of \$2.90 per share was more than double analysts' expectations for \$1.30. CEO Elon Musk said that increased deliveries and cost cuts would narrow the loss in the second quarter and return the company to profit in the third quarter. Investors were unimpressed, with the stock down 22% so far this year.
- Boeing withdrew its full-year financial forecast on Wednesday because of uncertainty over when it will be able to resolve problems with its 737 Max aircraft. The company said first quarter earnings were down \$1 billion due to fewer deliveries of the plane. The entire fleet of 737 Max aircraft has been grounded worldwide because of problems with the plane's flight control software that is thought to have caused two fatal crashes in five months, killing 346. The company reportedly told some customers earlier in the week that it expected the Federal Aviation Administration to approve the software fix in May, which would allow the grounding of the aircraft to be lifted in July.
- Coca-Cola Co. said first quarter revenue rose 5% to \$8.02 billion, with earnings of 48 cents per share beating expectations for 46 cents. The drink maker's results were boosted by increased sales of its no-calorie Coke Zero and flavored water products as it responds to demands from more health-conscious consumers.
- Ride hailing firm Uber set the price range for its initial public offering at \$44-50 per share, lower than previously expected, which would raise up to \$10 billion. The offer values the company at \$80-90 billion, lower than the value of more than \$100 billion the company was aiming for only months ago, prior to the disastrous stock market debut of rival Lyft, whose shares have fallen 20% since its IPO in March. Uber, like Lyft, is not profitable, having lost \$10 billion in the last three years.
- Shares in chipmaker Intel fell sharply after the company cut its revenue and profit forecasts for this quarter and the rest of 2019. The company said that second quarter revenues would likely come in at \$15.6 billion, more than \$1 billion below expectations, with earnings 12 cents per share under projections. It also cut its full year revenue forecast to \$69 billion, down from previous guidance of \$71.5 billion, with earnings of \$4.35 per share, below the \$4.60 expected. The company has recently lost business from big customers -- including Apple, which switched to Qualcomm for its smartphone modem chips -- and is also suffering from lower demand in China due to the trade war.
- Occidental Petroleum made a hostile \$55 per share takeover bid for Anadarko Petroleum, trying to thwart the deal the independent oil exploration and production company already agreed with Chevron. Chevron announced April 12 it had a deal at \$50 per share. The Occidental bid suggests a bidding war for Anadarko, which has significant shale oil assets in the rich Permian Basin region of the Southwest U.S.
- U.S. Department of Justice staff has recommended that Goldman Sachs plead guilty to financial fraud charges as a part of a settlement of its involvement in the multi-billion dollar Malaysian 1MDB investment fund corruption scandal. The issue is now being considered by senior DoJ officials, who could decide not to follow the recommendation. Goldman has blamed the scandal on a few rogue employees,

- The FTSE 100 fell 0.08% on Friday and 0.42% on the week to close at 7,428.19/7,459.88 as the market took a wait and see approach to Brexit.
- UK Prime Minister Theresa May abandoned on Thursday plans for a fourth vote on her thrice-defeated Brexit transition plan after barely surviving an attempt earlier in the week by members of her party to oust her. May had hoped to pass her plan before local UK elections next Thursday, in which her party may face large losses. May is continuing to negotiate with opposition Labour party leader Jeremy Corbyn to reach a compromise Brexit plan, though hope for a deal is rapidly fading. Many of May's ministers are resigned to the fact that no deal will be agreed that would allow the UK to avoid participation in European Parliament elections on May 23. The next "deadline" for a deal is thought to be June 30, just before the new UK delegation to the EU parliament is seated. Both the Conservative and Labour parties fear that voters will revolt against the political establishment in the EU poll and elect radical politicians to the EU Parliament.
- The UK competition authority formally blocked the proposed 7-billion-pound merger between grocery chains Sainsbury and ASDA, saying it that would harm consumers. The stock price of Sainsbury's, which masterminded the merger, fell sharply on the news. Walmart said it had no immediate alternative plans for ASDA, which it owns.

Europe (ex. UK)

- On the continent, the Eurofirst 300 rose 0.13% on Friday, pushing the index up 0.10% on the week to close at 1,535.67 as investors stayed cautious amid continued growth concerns.
- Merger talks between Deutsche Bank and Commerzbank, Germany's two largest financial institutions, collapsed last week after six weeks of negotiations due to rising shareholder concerns and employee opposition. The German government had supposed the merger, but European banking regulators had worried that the management of the combined bank would not have the will to make the painful cuts necessary to create a stable, profitable institution. The two financially troubled banks must now proceed with their own plans to shore up their operations, even as they lose market share to rivals.
- Volvo Group, Europe's second-largest truck maker, said Wednesday its first quarter profits jumped 53% to 12.7 billion kronor (\$1.4 billion), beating expectations for 10.5 billion kronor. The company benefited from buoyant truck demand last year.
- French automaker Renault SA renewed its offer on Tuesday to merge with Japanese automaker Nissan Motor Co. after it installed its new chairman. A merger has been sought by the French government, Renault's biggest shareholder. Nissan rejected the offer, at least so far, hoping to keep its management independent. The rejection could jeopardize the recent improvement in relations between the two alliance partners that was strained by the arrest of former Nissan Chairman and Renault CEO Carlos Ghosn. Nissan wants an equal capital relationship with Renault in any merger. Even though Nissan owns 15% of Renault, it has no voting rights now.

Japan

- Japan's Nikkei 225 Index fell 0.22% on Friday on general weakness in Asian markets, but still rose 0.26% for the week to close at 22,258.73.
- Finance Minister Taro Aso told U.S. Treasury Secretary Steven Mnuchin on Thursday that the Japan could not accept including a provision in a bilateral trade deal that links exchange rates with trade. The two met in Washington as part of the second round of negotiations on a bilateral trade deal. The U.S. has insisted that the deal include a provision preventing both countries from using their exchange rate for competitive advantage. The two sides agreed in the first round of talks to focus negotiations on trade in autos and agriculture products in hopes of reaching a deal quickly. Negotiators from the two countries confirmed that tariffs on agriculture products would not be lowered below the level agreed in the 11-nation Trans-Pacific Partnership, from which the U.S. withdrew, JiJi Press reported.
- Former Nissan chairman Carlos Ghosn was released from jail Thursday evening after posting bail of 500 million yen (\$5.4 million). The Court also restricted Ghosn's contact with his wife, Carole, who the court found is related to the latest allegations against her husband. Ghosn was first arrested in November, released on bail in March, and re-arrested on April 4 on new allegations of financial misdeeds. Ghosn has claimed he is innocent of the charges. No date for his trial has been set.
- Nintendo said Friday that it is working with Chinese tech giant Tencent to roll out its Switch gaming console in China. On Thursday, the company announced that net profit for the fiscal year ended in March rose 39% from a year earlier to 194 billion yen, as sales rose 13.7% to 1.2 trillion yen, largely on sales of games on the Switch console. The company projected that sales of Switch hardware would rise 6% this year.
- Hitachi is considering selling its core chemical business as the company moves to increase its profitability by concentrating on Internet of Things technologies as well as its electricity and energy-related businesses, JiJi Press

- reported. Hitachi Chemical Co., of which Hitachi owns 51%, is a leader in materials used in the production of lithium-ion batteries and semiconductor chips. Hitachi is accelerating negotiations with several potential buyers and hopes to complete a deal by the end of the current fiscal year next March.
- SoftBank Group is in talks to buy a 5% stake in troubled German payments firm Wirecard, Bloomberg reported. If an agreement is reached, it could be announced as early as this month. The company's stock has fallen by about 25% this year on a series of reports by the Financial Times alleging accounting fraud at the company's Singapore office. The company has denied wrongdoing and said the executive at the center of the allegations has left the company. On Friday, German financial regulator BaFin lifted a ban on short trading in the company's stock.
- Nissan slashed its full-year profit forecast to a near decade low due to weaker results in the United States. The automaker now expects profits for the current fiscal year ending in March to fall 45% from a year earlier to 318 billion yen due to expenses related to vehicle warranties in the U.S. The company said its results also took a hit from the arrest of former chairman Carlos Ghosn, with profits expected to fall to their lowest level since the fiscal year ending in March 2010.
- Nomura Holdings Inc. posted its first annual net loss in 10 years in the fiscal year that ended in March. The company lost 100.4 billion yen (\$897 million) due to a challenging international financial environment and the shrinking of Japan's domestic population. The company said on Monday it will cut the number of branch offices of its financially troubled subsidiary Nomura Securities by 20% in the next three years to boost profitability. The company has also warned of large job cuts in its London office.

Asia-Pacific (ex. Japan)

- Mainland China's Shanghai Composite Index fell 1.20% on Friday and 5.64% on the week to 3,086.40 after the government signaled it was not inclined to introduce any more economic stimulus after better-than-expected first quarter economic growth data.
- Hong Kong's Hang Seng index rose 0.19% on Friday but fell 1.20% on the week to 29,605.01 in sympathy with the mainland market.
- Taiwan's Taiex fell 0.79% on Friday, pulling the index down 0.15% for the week to 10,952.47, on concerns about the domestic growth outlook and the increasingly contentious presidential election campaign.
- South Korea's Kospi fell 0.51% on Friday and 1.66% for the week to close at 2,179.31 on domestic growth concerns. The nation's economy unexpectedly shrank in the first quarter, contracting 0.3% from the previous quarter, the worst performance since the global financial crisis a decade ago.
- The Singapore Straits Times Index rose 0.20% on Friday and 0.28% for the week to close at 3,356.95, on cautious optimism about the economic outlook.

Emerging Markets

- Brazil's Bovespa fell 0.33% on Friday on a slide in oil prices but rose 1.75% on the week to 96,236.04, as a crucial pension reform bill was passed by a congressional committee and after central bank president Roberto Campos Neto said there would be no imminent change in monetary policy and reiterated the bank's expectations for a medium-term economic recovery.
- Mexico's IPC fell 0.11 % on Friday and 1.21% on the week to 44,974.00, with prices down four days in a row on concern about the economic outlook.
- India's BSE 30 rose 0.87% on Friday but fell 0.19% on the week to 39,067.33, with investors remaining cautious as national elections continued.
- Russia's RSTI rose 0.08% on Friday but fell 1.10% on the week to close at 1,247.01 on gyrations in oil prices.

Alternative Assets

- Oil futures prices fell Friday after U.S. President Trump pleaded with OPEC to lower crude prices. June West Texas Intermediate (WTI) crude fell 2.9% on Friday and 1.2% for the week to \$63.30 per barrel, the first drop in eight weeks. June Brent crude on London's ICE Futures Exchange closed the trading period at \$72.15 a barrel, down 3% on Friday but up 0.3% on the week, its fifth consecutive weekly gain.
- Gold futures rose Friday on a decline in the U.S. dollar, making the yellow metal more appealing. Gold prices posted their first gain in five weeks. June gold futures rose 0.7% on Friday and about 1% on the week to close at \$1,288.80 per troy ounce.

Fixed Income

US

- The yield on benchmark 10-year Treasuries fell to 2.4982% on Friday from 2.5396% at the close of the previous week, as the weakness in domestic demand shown in an otherwise strong U.S. first quarter GDP data worried investors.
- First quarter GDP rose by 3.2%, well above the 2.3% reading expectedly, with the key factors being improvements in net exports, private inventories, as well as state and local government spending. However, slower growth for PCE and nonresidential fixed investment and a further, though smaller, decline in residential investment left domestic consumption smaller. Final sales to domestic purchasers rose only 1.4% after a 2.1% gain in the fourth quarter. Within the components, net export gap narrowed to \$899.3 billion after widening to \$955.7 billion in the previous quarter, while the change in inventories jumped to \$128.4 billion from \$96.8 billion in the previous quarter. Government spending rebounded by 2.4% due to state and local government spending, as Federal government spending was flat in the quarter, due in part to the January shutdown. The BEA said that the full effect of the shutdown cannot be quantified, but that impact of services provided by the government was roughly a 0.3pp cut to GDP. Offsetting these improvements, PCE growth slowed to a 1.2% rate from 2.5% in the previous quarter, the third straight quarter where the pace of consumption growth slowed. At the same time, nonresidential fixed investment growth slowed after a jump in the previous quarter, while residential investment fell for the fifth straight quarter. When only the inventory component is excluded, real final sales of domestic product were up 2.5%, higher than the 2.1% gain in previous quarter.
- The price components of GDP were noticeably softer, particularly the core PCE price index. The GDP price index rose 0.9%, well below expectations, while the core PCE price index grew 1.3%, slower than the 1.8% gain in the previous quarter, and the softest pace since the second quarter of 2017. The year/year rate for the core PCE measure fell to 1.7% after slipping to 1.9% in the fourth quarter, the slowest 12-month rate in a year. The deterioration in the price measures will give some Fed doves ammunition to discuss rate cuts, or at least a longer pause, especially as underlying economic growth slowed modestly beneath the shocking headline figure.
- March durable goods orders data were well above expectations for an aircraft-led gain, with the headline number rising by 2.7%, compared with a 0.8% gain expected. This follows an upward revision to the previous month's orders and may lead to upward adjustments to forecasts for first quarter non-residential fixed investment. The durable goods orders gain was mostly due to a 7.0% increase in transportation orders, particularly a 31.2% rebound in nondefense aircraft orders. Boeing orders were up in March despite concerns about the MAX series, so a rebound in aircraft orders was expected. - Excluding transportation, new orders rose 0.4% in the month, above the 0.2% gain expected. There were gains in communications equipment and machinery, and declines in primary metals and fabricated metal products. The 9.0% gain for communications equipment was the strongest since January 2015, when it posted a 13.4% increase. Nondefense capital goods new orders were up 6.5% in March, and were up by only 1.3% excluding aircraft. Nondefense capital goods shipments were flat in the month, while shipments ex. aircraft were down 0.2%. Analysts are likely to raise their forecasts for nonresidential fixed investment ahead of Friday's advance Q1 GDP report.
- New single-family home sales rose by 4.5% to a 692,000 annual rate in March, led by increases in sales in the Midwest, South, and West regions, data released by the Commerce Department Tuesday showed. The new home sales pace was well above the 648,000 rate expected and followed downward revision to the last two months. The unadjusted sales pace was 3.0% above its year ago level.

UK

- The yield on 10-year Gilts fell to 1.1420% at the end of last week from 1.1970% the week before as investors moved into safe-haven bonds on concerns about Brexit concerns and European growth.
- UK Chancellor of the Exchequer Philip Hammond said Wednesday that he would prefer that the next Bank of England Governor serves a full eight year term but that he was prepared to consider a shorter appointment for an exceptional candidate. Current Governor Mark Carney's eight year term runs until 30 June 2021 but he has chosen not to serve the full term and he is set to leave on 31 January 2020. Hammond announced earlier in the day that the open recruitment to appoint Carney's replacement was now underway. Hammond made it clear that Carney's successor would be an established figure. He said that it was very important that "we have someone who commands respect in the international arena." While he wanted the new governor to serve for eight years he noted that Carney had negotiated special terms when he was appointed and he left the door open for his successor to do the same. He noted that it was clear Brexit uncertainty was hampering business investment. "It is definitely the case that business investment is significantly below where we would expect it to be at this stage of the cycle," Hammond said. Both the anecdotal evidence given to the Treasury and the reports of BOE agents supported the view that business were holding back on investment because of Brexit, Hammond said, while calling on lawmakers to resolve the Brexit impasse. "The sooner we can resolve this by giving citizens and businesses clarity, the better," he said. Hammond made clear that the UK fiscal rules are set to be changed yet again. The Institute for Fiscal Studies has noted that there have been a dozen different fiscal rules since 1997 and 10 of these have been broken or abandoned. Hammond's current goals are to achieve a balanced budget by

the middle of the next decade with public sector net debt falling as a share of GDP in 2020-21 and public sector net borrowing coming in below 2% of GDP in the same fiscal year. Hammond said that "pretty soon" the Treasury would need new rules to cover the period beyond 2021. He said that the finances were on track to meet the current net debt and balanced budget goals. Figures out Wednesday showed that in March the budget deficit was 1.2% of GDP. The Chancellor said that his planned three year government spending review could be delayed if Brexit uncertainty continued. If there was no solution to Brexit in coming months, with the end October deadline looming, he said that it would not be appropriate to set out medium term spending plans. If it was unclear if the UK was going to get a deal with the EU or "crash out with no deal" Hammond said that fixing spending plans for the next three years "would be an unwise thing to do."

- UK retail sales picked up in April after a weak March, the latest Confederation of British Industry Distributive Trade survey showed, rising to a net balance of +13 from +18 in March. The April reading was the strongest reading since November 2018. A continuing pick-up is expected next month, with the expected volume of sales balance rising to +23. Sales for the time of the year slipped modestly, with the April balance at +10 after +13 in March. Orders placed with suppliers rose to +13 in April, bouncing from -13% in March, and are expected to extend gains in May (+24%). Internet sales picked up somewhat in April, but at +28, still sat at the second lowest rate in 12 months.

Europe (ex. UK)

- The yield on benchmark 10-year Bunds fell back into negative territory last week, dropping to -0.0220% on Friday from 0.0250% the previous week, as growth concerns continued.
- The Eurozone consumer confidence declined to -7.9 in April from -7.2 in March and confounded market expectations for rise to -7, according to preliminary Eurostat data released Tuesday. The index remains well above its long-term averages of -11.3.

Japan

- The yield on 10-year Japanese Government Bonds fell in the past week to -0.0400% on Friday from -0.0300% the week before on continued worries about the country's export outlook.
- The Bank of Japan has left the frequency of its Japanese government bond purchases in May unchanged from April, indicating no current need to guide any particular bond yields higher or lower. But the BOJ lowered the range for JGB purchases with a remaining life of 10 to 25 years to between Y100 billion to Y250 billion from the previous range of Y150 billion to Y250 billion. On April 19, the central bank lowered the scale of JGB purchases in the 10 to 25 tranche to Y160 billion from Y180 billion, close to the lower end of the previous range. The BOJ left purchase plans for other JGB maturity zones unchanged, although adding they "may increase the frequency as needed" and "will conduct purchases in a flexible manner, taking account of market conditions."
- The Bank of Japan kept monetary policy unchanged Thursday, as Japan's economy is still expanding moderately despite persisting downside risks to both activity and prices. But the BOJ clarified its forward guidance for policy rates, saying, "the BOJ intends to maintain the current extremely low levels of short- and long-term interest rates for an extended period of time, at least through around spring 2020, taking into account uncertainties regarding economic activity and prices including developments in overseas economies and the effects of the scheduled consumption tax hike." The board decided voted 7-2 to stand pat on its yield curve control policy and asset purchases, maintaining its recovery scenario as domestic demand remains solid and therefore supporting an economic recovery mechanism. The BOJ will relax the terms and conditions for the SLF (Securities Lending Facility), including the reduction of the minimum fee rate and abolition of the upper limit on the amount of sales per issue. The BOJ will consider the introduction of an ETF lending facility, which will make it possible to temporarily lend ETFs that the BOJ holds to market participants. On forward guidance, board member Yutaka Harada, a former government economist, dissented, arguing that it was appropriate to further clarify its relationship with the price stability target. Goushi Kataoka, a former private-sector economist, was also opposed. He said that it was necessary for the BOJ to make a commitment to take additional easing measures if it revised downward its assessment of medium- to long-term inflation expectations.
- Bank of Japan Governor Haruhiko Kuroda said Thursday that the period of the powerful easy policy may be extended beyond spring 2020 as uncertainties regarding overseas economies remain elevated and it may take time to hit the 2% price target. "We decided to clarify the forward guidance to show the strong stance of achieving the 2% price target and of patiently maintaining the easy policy," Kuroda told reporters. He added that the BOJ's decision to strengthen forward guidance for policy rates will strengthen trust in the central bank.
- Tokyo's annual consumer inflation rate, a leading indicator of the national average, climbed 1.3% y/y in April with a widely spread price hike, according to data from the Ministry of Internal Affairs and Communications released on Friday. The result was above the 1.1% gain expected. Core-core CPI (excluding fresh food and energy) -- a key indicator of the underlying trend of inflation -- rose 0.9% on year in April in Tokyo, up from the 0.7% increase reported in March.

Processed food prices rose 1.1% y/y in April, higher than the 0.9% y/y registered in March. Energy costs eased to a rise of 7.5% in April from 8.9% in March, contributing a positive 0.38 percentage point to the total Tokyo CPI. Household durable goods prices accelerated 12.9% in April after last month's 10.2% gain. Overseas tour prices surged 15.1% y/y in April from 5.2% y/y reported in March.

- Japan's industrial production fell 0.9% month-on-month in March according to data released Friday by the Ministry of Economy, Trade and Industry (METI), wiping off the increase of 1.4% reported last month and also worse than an MNI survey forecast for a 0.1% drop. As a result, officials have lowered their assessment to "factory output weakening" from the previous assessment that "production is marking time". Output in 7 out of 15 industries declined month-on-month, more than the 5 seen in the previous month. March slowdowns were "expected but the pace was larger than the plan", according to METI officials. Shipments fell 0.6% m/m in March, down from the 1.8% rise in February. The decrease was led by falls in the automotive and production machinery industries. Inventories rose 1.6% m/m in March from 0.5% m/m, the second increase in three months. The increase was largely caused by lower production and shipments. Industrial production may rise 2.7% month-on-month in April (the growth was revised up from 1.1% in the previous forecast), and rise 3.6% m/m in May, METI said.

Source: Market News International

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