Schroders

Weekly market watch

As at Friday May 17, 2019

Equities

Region / Country	Index	Close	Net Change	Performance: Year-to-date	Performance: 52-week
Asia-Pacific					
Hong Kong	HSI	27,946.46	(364.61)	8.13%	-9.99%
India	BSE 30	37,930.77	467.78	5.16%	7.91%
Japan	Nikkei	21,250.09	(94.83)	6.17%	-7.33%
Singapore	STI	3,205.46	(68.04)	4.45%	-9.17%
South Korea	KOSPI	2,055.80	(52.24)	0.72%	-16.45%
Taiwan	WSE	10,384.11	(328.88)	6.75%	-4.12%
Shanghai	COMPOSITE	2,882.30	(56.91)	15.57%	-9.74%
Europe					
France	CAC	5,438.23	110.79	14.96%	-3.27%
Germany	DAX	12,238.94	179.11	15.91%	-6.68%
Italy	FTSE MIB	21,105.28	230.50	15.18%	-11.33%
Russia	RTSI	1,254.68	40.89	17.40%	6.18%
UK	FTSE 100	7,348.62	145.33	9.22%	-5.64%
Americas					
Brazil	IBOV	89,992.73	(4,264.83)	2.40%	7.62%
Mexico	IPC	43,445.62	63.28	4.34%	-5.12%
Nasdaq	CCMP	7,816.29	(100.66)	17.80%	5.88%
US	S&P 500	2,859.53	(21.87)	14.07%	5.12%
US	DOW	25,764.00	(178.37)	10.44%	4.25%

Bonds

	Close	Yield: Week ago	Yield: Month ago	Yield: Year ago
10 Year Gilt	1.0340	1.1350	1.2360	1.5630
10 Year OAT	0.2860	0.3480	0.4240	0.8710
10 Year Bund	-0.1040	-0.0450	0.0800	0.6400
10 Year Japan	-0.0520	-0.0490	-0.0060	0.0630
10 Year Treasuries	2.3909	2.4672	2.5940	3.1112

Base lending rates

Prime Rates	Latest	6 months ago	12 months ago
US	5.50	5.25	4.75
Canada	3.95	3.95	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

- All three U.S. stock indexes fell on Friday and on the week due to the escalation of the U.S.-China trade tension. The Dow Jones Industrial Average fell 0.38% on Friday and 0.69% for the week to close at 25,764.00. The S&P 500 index fell 0.58% on Friday and 0.76% on the week to 2,859.53. The Nasdaq fell 1.04% on Friday and 1.27% for the week to close at 7,816.28, the second straight weekly decline after seven consecutive gains.
- On Monday, China increased tariffs on $60 billion of U.S. imports in retaliation for the U.S. move the previous Friday to raise the tariff rate on $200 billion of Chinese imports to 25% from 10%. Chinese media vowed to fight “to the end” in the trade tension. The U.S. Trade Representative announced Monday it had begun the process of preparing to impose tariffs of up to 25% on about $300 billion of Chinese imports, virtually all remaining imports not yet subject to tariffs. U.S. President Donald Trump urged China to accept a deal now or face a “far worse” one after he is re-elected in 2020. Chief Chinese trade negotiators Liu He set out three conditions for reaching a deal to end the trade tension: the removal of all extra U.S. tariffs imposed since July; China purchases of U.S. goods that are in line with market conditions; and a revision of the text so that its terms are equal for both sides, a reference to the stringent enforcement mechanism the U.S. wants in the deal to ensure that China lives up to it. China initiated a domestic propaganda campaign to rally the country behind the government’s position. “China has already given its answer (to the US): if you want to talk, our door is wide open; if you want to fight, we'll fight you to the end,” an anchor on the most popular evening news program read. While both sides said the talks had not broken down, no new negotiations had been scheduled. Chinese state media threatened Friday to cancel further talks if the U.S. continues to take tough action against Beijing and U.S. officials are not “sincere,” following Trump’s actions against Chinese telecom giant Huawei. On Thursday, US President Donald Trump declared a national emergency that barred the use in the U.S. of telecom equipment deemed to be a threat to national security. Later the Commerce Department added Chinese telecom giant Huawei and 70 affiliates to a black list, requiring U.S. companies to get a license to sell them equipment and components.
- On Friday, Trump delayed for six months a decision on whether to impose tariffs on imported automobiles from the European Union, Japan and other countries, avoiding a further escalation of trade conflicts in the midst of the trade tension with China. He also lifted tariffs on steel and aluminum imports from Canada and Mexico in exchange for them dropping their taxes on imports of U.S. pork, cheese and milk. The removal of the metal tariffs was a precondition for House Democrats to approve the new U.S.-Mexico-Canada Agreement (USMCA) that replaces the North American Free Trade Agreement. But passage of USMCA is still unclear, given demands by Democrats that the deal include more labor and environmental protection and the desire by the Democratic leadership not to give Trump a policy victory ahead of the 2020 election.
- Shares in ride-hailing and delivery firm Uber have gradually clawed back about half of their losses since the IPO on May 9, after losing almost 11% of their value on Monday, the second day of trading after its IPO. The stock price at Friday’s close was down 6.9% from its IPO price. Investors note that it took both Amazon and Facebook some time before their stock prices rose back above the IPO price. Still, Uber, like Lyft before it, offers a cautionary tale about investor interest in loss-making tech companies that don’t have a clear path to profitability.
- The U.S. Supreme Court ruled against Apple, allowing a lawsuit by iPhone customers against it to proceed. The lawsuit claims that Apple’s App Store, which charges a 30% commission on sales, was a monopoly because it requires iPhone owners to buy apps only from that store. The suit could have wide-ranging implications for a number of app sales sites. Apple’s stock fell 5% on the news.
- Walmart posted stronger sales in its fiscal first quarter to the end of April, but investments to spruce up stores and enhance its online offering dented profits. Like-for-like sales rose 3.4% from a year earlier, the largest first quarter rise in nine years. Grocery sales helped online revenues rise 37%. Earnings were $1.33 per share, above expectations of $1.02. But operating income fell 4.1% from a year earlier to $4.9 billion. The strength of the dollar reduced international earnings by $1.8 billion, with international revenue down 4.9%.
- U.S. network equipment company Cisco reported better-than-expected revenue and profit growth in the latest quarter, pushing its stock price up. Revenue grew 6% to $13 billion while earnings rose 18% to 78 cents per share. But the company warned of a slowdown in the current quarter, predicting revenue growth of 4.5% to 6.5% in the period to the end of July, indicating revenues of $13 billion to $13.3 billion, at or below analysts’ expectations. It also forecast earnings of 80 to 81 cents per share, compared with expectations for 81 cents.
- Boeing said Thursday that it had completed its software fix for the troubled 737 Max airplane and is now seeking U.S. and international regulatory approval to roll it out. U.S. airlines have targeted August for the software to be approved so they can resume flying the plane, but it is unclear if regulators will meet that target date.
- Hewlett Packard Enterprise will buy supercomputer maker Cray for $1.3 billion, the companies announced Friday. The deal will help HPE to better compete with IBM in the fast-growing market to analyze large volumes of data. HPE is the business technology unit that was split off from the HP’s printer and computer business.

- Chinese search engine firm Baidu posted a $49 million loss in the first quarter, its first since it went public in 2005. The New York-listed firm saw ad revenues fall sharply due to the slowing Chinese economy, with additional pressure expected to come from the escalation of the trade tension in the past two weeks. The company said second quarter revenues could drop as much as 3%. Baidu's stock fell almost 10% on Friday even though it announced a $1 billion stock buyback program.
- Chinese ecommerce giant Alibaba reported Wednesday that its sales rose a stronger-than-expected 51% in the first quarter from a year earlier to RMB93.5 billion and predicted that annual sales this year would rise by a third to RMB500 billion. The strong results at the New York-listed company suggest it is not suffering much from the effects of the U.S.-China trade tension on Chinese consumer spending, as national retail sales growth decelerated to a 16-year low of 7.2% in April. But the company's operating margin fell to 9% in the latest quarter from 15% and operating income was down 5% due to the settlement of a class-action lawsuit.
- China gaming and technology firm Tencent posted the slowest revenue growth in the first quarter since it listed in New York 15 years ago, as the Chinese government's delay in approval of new video games hit sales. The company said that earnings from fintech and cloud computing were helping to offset the decline in gaming revenues. Regulators continued to hamper the company's business, forcing it last week to withdraw the popular PlayerUnknown's Battlegrounds (PUBG) game in China. First quarter revenues rose 16% to RMB85.5 billion, a third of the rise posted in the same period last year and below expectations. But revenues at its fintech and business services division rose 44% to RMB21.8 billion, led by WeChat payments, insurance services and cloud computing. Net income rose 16% to RMB27.9 billion, above expectations.

UK

- The FTSE 100 fell 0.07% on Friday but rose 2.02% on the week to close at 7,348.62 as investors brushed aside renewed concerns about Brexit and the outlook for the global economy due to the increase U.S.-China trade tensions.
- UK conservative party leaders, in a closed-door meeting Friday, forced Theresa May to commit to a timetable for her resignation as prime minister due to her failure on Brexit. May will step down after one last attempt in early June to pass her thrice-defeated exit transition plan. May's attempt to reach a cross-party compromise on a Brexit deal with opposition Labour party leader Jeremy Corbyn formally broke down Friday, with neither side having shown willingness to compromise on key elements of their positions. Former foreign minister Boris Johnson, a staunch proponent of Brexit, has already declared his candidacy for May's job and is considered a favorite for it. However, it unclear that he can do any better than May in securing support for an exit deal without a mandate provided by a general election or a second referendum on the Brexit question, both of which are possible in the near term. In addition, some in May's Conservative party have called for the government to start preparations for a no-deal Brexit on or before October 31, the European Union's deadline for an agreement. Attention is also turning to the European Parliament elections on May 23. Both the Conservative and Labour parties fear that voters will revolt against the political establishment in the EU poll, as they did in the recent local elections, and elect radical politicians.
- Thomas Cook, the UK's oldest travel booking company was at risk of collapse on Friday after its stock fell more than 40% on the day to virtually zero. Citigroup warned that the 178-year-old company was a risk of a vicious cycle after the company posted a 1.5 billion pre-tax loss last week. The company has a large amount of debt, amid questions about travel bookings amid Brexit uncertainty. U.S. hedge funds have bought up the company's bonds, betting that a restructuring will wipe out shareholders and leave bond holders in charge, the Financial Times reported.
- Amazon led a funding round for UK delivery service Deliveroo that raised $575 million, Deliveroo announced Friday. Amazon was the biggest investor in the round, which also included T. Rowe Price, Fidelity and Greenoaks. The companies' investments came after Uber's attempt to buy Deliveroo last year broke down over price. Amazon shut down its own delivery service last year.

Europe (ex. UK)

- On the continent, the Eurofirst 300 fell 0.32% on Friday but rose 1.32% on the week to close at 1,500.96 as investors were cheered by stronger German first quarter growth.
- The European Union fined five banks – Citigroup, Barclays, Royal Bank of Scotland, JPMorgan and Japan's MUFG -- a combined 1.07 billion euros for manipulating foreign exchange trading for 11 currencies between 2007 and 2013. The banks alleged used online chat rooms to exchange information about customers' orders and prices. Citigroup paid the largest fine, 311 million euros, while UBS avoided a fine because it was the first to come forward and admit its role. The decision will clear the way for class action lawsuits against the banks.
- Germany's Bayer was ordered by a California court to pay $2 billion in damages to two patients who claimed their cancer was caused by Roundup weedkiller, made by the company's Monsanto unit, dwarfing previous awards in similar cases. It

is the latest blow is the escalating fight over the dangers of the weedkiller, with Bayer facing more than 13,000 similar cases. Bayer bought the seed and crop protection company for $63 billion last year. Bayer stock fell 6% at the market open on Tuesday to a seven-year low on the news.

- Volvo Cars signed a multi-billion-dollar deal with two Asian firms that would supply it with batteries for its electric vehicles through 2028. The deal with Chinese firm Contemporary Amperex Technology (CATL) and South Korean group LG Chem will secure battery supply for the Volvo fleet, half of which – or about 500,000 cars -- will be fully electric by 2025.
- Nestle has entered into exclusive talks with a group led by EQT Partners to sell its skin care business for 10.2 billion Swiss francs. The consortium seeking to buy the skin care unit is co-led by the Abu Dhabi Investment Authority. The skin care unit had 2.8 billion euros in revenues last year.
- China's BAIC Group is seeking to buy up to a 5% stake in Germany's Daimler to secure its investment in Beijing Benz Automotive, the Chinese manufacturing joint venture for luxury Mercedes Benz cars, Reuters reported. BAIC has informed Daimler of its intention to buy a 4% to 5% stake in the company and has asked local authorities in Beijing to support the move. BAIC is currently buying Daimler stock on the open market, one source told Reuters.

Japan

- The Nikkei 225 index rose 0.89% on Friday but fell 0.44% on the week to close at 21,250.09 as the escalation in the U.S.-China trade tension continued to rattle investors.
- Shares in Nissan Motor Co. fell sharply on Wednesday after the company warned that its profits would fall this year to the lowest level in more than a decade. Nissan placed the blame on the expansion policies in the U.S. and emerging markets of former chairman Carlos Ghosn. For the fiscal year ending March 2020, the company predicted its operation profit would fall 28% from a year earlier to 230 billion yen, the lowest since the company recorded a loss in the 2008-2009 fiscal year during the global financial crisis. The company now aims for an operating profit margin of 6% by 2023, down from the 8% goal set in November 2017 but more that double the current 2.7%.
- Sony and Microsoft announced Thursday that they had agreed on a strategic partnership under which Sony would use Microsoft cloud facilities for video games and other media while the two companies would work together to develop image sensors. The deal comes as Sony's PlayStation4 video game console is losing market share. Sony's stock was up 11% at the Asian market open on Friday, while Microsoft stock closed up 2% on Thursday.
- A China-Taiwan consortium has again postponed its plan to invest in Japan Display, Inc., JDI announced Wednesday. This is the second delay in the funding for the maker of small and medium-sized liquid crystal display screens, which had originally been scheduled for April or early May. The consortium said it was again examining JDI's long-term prospects. JDI hopes for a capital infusion of 80 billion yen.

Asia-Pacific (ex. Japan)

- Mainland China's Shanghai Composite Index fell 2.48% on Friday after the U.S. took steps that could ban U.S. firms from supplying Huawei. The index fell 1.94% on the week to 2,882.30, on the trade tension escalation and weaker-than-expected economic data for April.
- Hong Kong's Hang Seng index fell 1.16% on Friday and 2.11% on the week to 27,946.46 on the sharp rise in U.S.-China trade tensions.
- Taiwan's Taiex fell 0.86% on Friday and 3.07% for the week to 10,384.11, on worries about the impact of higher U.S. tariffs on the Chinese and global economies.
- South Korea's Kospi fell 0.58% on Friday and 2.48% for the week to close to 2,055.80 on U.S.-China trade tension worries.
- The Singapore Straits Times Index fell 0.77% on Friday and 2.08% for the week to close at 3,205.46, on worries about Asian and global trade.

Emerging Markets

- Brazil's Bovespa fell 0.04% on Friday and 4.52% on the week to 89,992.73, as the real declined due to concerns about the U.S.-China trade tension.
- Mexico's IPC rose 0.01% on Friday and 0.15% on the week to 43,445.62 as concerns about the country's economic outlook eased.
- India's BSE 30 rose 1.44% on Friday, pushing the index up 1.25% on the week to 37,930.77, as worries about the impact of rising U.S.-China trade tensions eased. Investors were also cautious ahead of national election results due on May 23.
- Russia's RSTI fell 0.53% on Friday but rose 3.37% on the week to close at 1,254.68, as worries about supply drove up the price of oil, Russia's largest export.

Alternative Assets

- Oil futures prices fell Friday but rose for the week on worries that Middle East tensions could hurt supply. The moves come ahead of the meeting of OPEC's Joint Ministerial Monitoring Committee in Saudi Arabia on Sunday. The committee monitors compliance with the OPEC Plus production-cut agreement and analysts will be watching for any comments suggesting they group will extend the current deal into the second half of the year. OPEC leaders will meet next in Vienna on June 25-26. June West Texas Intermediate (WTI) crude fell 0.2% on Friday and 1.8% for the week to $62.76 per barrel. It was WTI's first weekly gain after three straight declines. July Brent crude on London's ICE Futures Exchange closed the trading period at $72.21 a barrel, down 0.6% on Friday but up 2.3% on the week.
- Gold futures fell Friday to the lowest level in more than two weeks on stronger U.S. consumer sentiment data and a slightly firmer dollar. Gold prices fell on the week for the eighth time in 10 weeks. June gold futures fell 0.8% on Friday and 0.9% on the week to close at $1,275.70 per troy ounce.

Fixed Income

US

- The yield on benchmark 10-year Treasuries fell to 2.3909% on Friday from 2.4672% at the close of the previous week, as investors continued to buy safe-haven bonds due to the escalation of U.S.-China trade tensions.
- The Federal Reserve should move cautiously in adjusting policy, given low neutral interest rates and inflation below target, Fed Governor Lael Brainard said Thursday. She again called for the central bank to guard against financial imbalances through the active use of countercyclical tools such as the countercyclical capital buffer. "In my view, it is therefore wise to proceed cautiously, helping to sustain the expansion and further gains in employment and with appropriate regulatory safeguards that reduce the risk of dangerous financial imbalances."
- April industrial production fell by 0.5%, led by a large reversal in utilities production. There was another decline in manufacturing production and a rebound in mining production. April industrial production was well below the flat reading expected. March industrial production was revised up to a 0.2% gain from the previously announced 0.1% decline, while February production was revised down sharply to a 0.5% decline from 0.1% gain previous reported. Capacity utilization fell to 77.9% from a downward revised 78.5% in March. Utilities production fell by 3.5% in April after three straight gains, with electricity production down 2.6% and natural gas production down 7.7%. The Federal Reserve noted that temperatures were warmer-than-normal in April cutting into heating needs. Manufacturing production fell by 0.5% in April, with vehicle production down 2.6%. Excluding that large decline, manufacturing production would have been down 0.3% and overall industrial production would have been down 0.4%. Manufacturing production has not posted a monthly gain since December. Mining production rebounded by 1.6% in April after declines in each of the previous three months. The rebound came despite falling rig counts, suggesting refining drove the April increase.
- The pace of housing starts rose by 5.7% to a 1.235 million seasonally adjusted annual rate in April, above expectations for a 1.200 million rate, data reported by the Commerce Department Thursday morning showed. Housing starts rose 84.6% in the Northeast and 42.0% in the Midwest, more than recovering declines in the previous month. Starts fell by 5.7% in the relatively large South region, and were down 5.5% in the West, providing some offset. Single-family housing starts rose by 6.2% in April after a 1.5% increase in the previous month, while multi-family starts were up 4.7% in April, based on an MNI calculation. This followed gains in both categories in the previous month. Building permits rose by 0.6% in the month to a 1.296 million rate after a 0.2% decline to 1.288 million in March. However, single-family permits fell by 4.2% to a 782,000-annual rate, the slowest since November 2016. Multi-family permits rose by 8.9%. Homes permitted but not started were up 2.6% in April, suggesting housing starts could rise in the near future, though the entire gain was in the multi-family category. Homes under construction fell by 0.9% in April, while completions were down 1.4%, both following March declines. The fall-off in starts and permits starting in fourth quarter of 2018 should continue to cut into the pace of completions more forcefully in the coming months.
- The April import price data were up 0.2%, well below expectations for a 0.7% gain, according to data released by the Bureau of Labor Statistics on Tuesday. Import prices fell 0.6% excluding petroleum, but fell only 0.1% excluding all fuels due to a large drop in natural gas prices. A gain in foods, feeds and beverages (largest in three years) offset declines in industrial supplies and materials outside of fuels, capital goods, consumer goods, and autos. Fuel prices were up 2.5% in the month, with petroleum prices rising 6.1%. Natural gas prices were down a record 53.7%. Overall import prices were down 0.2% year/year in April, while prices excluding fuels were down 1.1% year/year and prices excluding petroleum were down 1.0% year/year.
- The value of business inventories was unchanged in March, as expected, data released by the Commerce Department Wednesday morning showed. Retail inventories posted a 0.3% decline, while the wholesale inventories report showed a 0.1% decrease in the month. Factory inventories were already reported to be up 0.4%. According to an MNI calculation,

if a 0.9% decrease in motor vehicle inventories had been excluded, total business inventories would have been up 0.1% in March.

UK

- The yield on 10-year Gilts fell to 1.0340% at the end of last week from 1.1350% the week before as investors moved into safe-haven bonds on worries about U.S.-China trade tensions and Brexit.
- The unemployment rate fell to 3.8% in the first quarter, the lowest since the fourth quarter of 1974 and slightly below market expectations for a 3.9% rate. Unemployment dropped 65,000, the largest decline in more than two years, amid Brexit uncertainty. Meanwhile, total pay growth eased to 3.2% in the first quarter from 3.5% in the fourth quarter, which was the highest rate since mid-2008.
- Employment increased 99,000 to 32.70 million in the first quarter, below expectations of a gain of 135,000. Compared to a year earlier, employment grew 354,000, due entirely to more people working full-time (up 372,000 on the year). Those working part-time showed a small fall of 18,000 on the year to 8.59 million. The employment rate for all people was 76.1 percent in the first quarter, the joint-highest since comparable records began in 1971.
- The number of people claiming unemployment benefits in the UK increased by 24,700 in April, following a downwardly revised 22,600 gain in the previous month and compared to market expectations of a 24,200 rise.

Europe (ex. UK)

- The yield on benchmark 10-year Bunds fell further into negative territory last week to the lowest yield in three years, dropping to -0.1040% on Friday from -0.00430% the previous week, on worries about the impact of U.S.-China trade tensions on the global growth outlook.
- Eurozone growth was confirmed at 0.4% in the first quarter, double the 0.2% quarter-on-quarter gain in the fourth quarter, after Germany reported that its economy grew 0.4% in the first quarter, as expected. Compared to a year earlier, Eurozone growth expanded 1.2 percent in the first quarter, the same pace as in the fourth quarter and in line with the preliminary estimate.
- Eurozone industrial production fell 0.3% in March from February, following a downwardly revised 0.1% drop in February, in line with expectations and the second straight monthly decline. Output declined at a slower pace for energy (-0.3% vs. -3.4%) while capital goods (+0.4% vs. -0.1%) and durable consumer goods (+0.7% vs. -0.5%) production rebounded. But non-durable consumer goods output fell (-1.0% vs. +0.9%). Industrial production in March was down 0.6% from a year earlier after a flat reading in February.
- The Eurozone annual harmonized inflation rate rebounded to 1.7% in April from 1.4% in March, in line with expectations, final data showed. It is the highest inflation rate in five months, mainly driven by higher costs for services. The core inflation rate increased to 1.3% in April from 0.8% in March, the highest in more than three years.
- The ZEW Institute’s index of analysts’ future expectations for the Eurozone dropped to -1.6 in May from +4.5 in April and was well below expectations for a rise to +5.0. In May, 53.6% of analysts surveyed expected no changes in the Eurozone economic activity in the coming six months while 24% predicted it would worsen and 22.4% forecast an improvement. Analysts’ sentiment on current Eurozone economic situation rose by 6.2 points to -7.0 and inflation expectations increased by 9.7 points to +10.8.
- The Eurozone trade surplus narrowed to EUR 22.5 billion in March from EUR 26.9 billion a year earlier but was still above expectations for a EUR 19.9 billion surplus. Growth of imports, at 6.0%, was faster than that of exports, at 3.1%.
- Eurozone employment rose to 159.5 million people in the first quarter, up 0.3% from the previous quarter and matching the growth rate in the fourth quarter. Compared to a year earlier, employment rose 1.3%, the same rate as in the fourth quarter.

Japan

- The yield on 10-year Japanese Government Bonds fell to -0.0520% from -0.0490% a week earlier, on worries about U.S.-China trade tensions.
- Bank of Japan Governor Haruhiko Kuroda said Friday the BOJ sees a fair possibility it will maintain the current easy policy beyond the spring of 2020. Kuroda also said that the BOJ must see whether the global economy and demand for IT-related goods pick up as expected in mid-2019, adding it will take some time after its implementation to examine the effects of October's scheduled consumption tax hike. The BOJ tweaked its stance of maintaining the current easy policy to say it will keep extremely low interest rates "at least through around spring 2020", having noted that downside risks to economic activity and prices are large. "The BOJ considers that there is a fair possibility that the current low interest rates will be maintained beyond this (spring 2020) period depending on future developments,” Kuroda said Friday. “Policy board members shared the recognition that there are high uncertainties regarding the outlook for economic

activity and prices in Japan, including developments in overseas economies, and that it is likely to still take time to achieve the price stability target."

- Japan's current sentiment index rose in April for the first time in two months, thanks to stronger sentiment linked to services and retail sales, a key government survey released Tuesday 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 the three months prior. The Economy Watchers sentiment index for Japan's current economic climate rose 0.5 points to 45.3 in April on a seasonally adjusted basis after falling 2.7 points to 44.8 in March. The index remains below the key level of 50. The Watchers outlook index showed the sentiment outlook two to three months ahead dropped for the third month in a row, down 0.2 points to 48.4 on the back of weaker outlooks for services and housing. The Cabinet Office left its overall economic assessment based on the Economy Watchers Survey, saying, "weakness is seen in recovery." "Looking ahead, there are concerns over uncertainty over the global economy," the government said.

Source: Market News International