

Flash Note
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Morning news from Asia

- **Japan markets rally again:**
 - **Equities:** Japan markets rallied Monday with the Nikkei up 1.97% and Topix up 2.10%. Nikkei volatility continued to normalize. Sector strength was broadly based, led by wholesale trade, finance, and real estate.
 - **Bonds:** JGB yields were narrowly mixed.
 - **Fx:** The average assumed exchange rate for the January-March quarter stands at 109.50 yen per dollar, thus, if companies factor in the recent yen strength it could dampen investor sentiment and weigh on Japanese equities.
- **Economy: Japan**
 - **February Reuters Tankan manufacturers' business confidence worsens as yen rises:** Tankan sentiment index for manufacturers fell to 29 in February from the previous month's 11-year high of 35, suggesting the yen's strength may have undermined business sentiment.
- **Central bank of Japan**
 - **Stronger yen may risk pushing BOJ taper further away:** The nomination of Haruhiko Kuroda as BOJ governor and new deputies Masayoshi Amamiya and Masazumi Wakatabe indicates that powerful stimulus will continue
 - Additionally, the yen's recent advance could make policy normalization even more remote, with many analysts quoting currency markets as a problem for the BOJ.
 - **Japan's cheap money addiction set to deepen under Kuroda's second term:** A Nikkei's report discussed how the Japanese government is growing more dependent on the central bank's colossal monetary easing. According to the report, the government's nomination of Kuroda to another five-year term on Friday signals that his stimulus campaign will continue for the time being.