

Flash Note
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Morning news from Japan (BoJ has surpassed foreign investors)

Bank of Japan:

- BoJ becomes top buyer of stocks: The Nikkei reported that the BoJ has surpassed foreign investors to become the largest net buyer of Japanese stocks by purchasing ~¥18T in ETFs between November 2012 to March 2018.
- The piece noted that the BoJ tends to buy on dips, suggesting that it is unlikely that BoJ's purchases would drive share prices higher. **I prefer not to make any kind of comments about such nonsense.**

Data

- February average wages +1.3% y/y (vs +1.2% in prior month). But real wages at -0.5% y/y (in line with the -0.6% in prior month)
- The consequence of such a low growth in wages (nominal & real) is that household spending came in at just +0.1% y/y
- The takeaway: Pick-up in consumption seems to be stalling due to slow growth in wages and rising cost pressures. It is reported in the media that a slowdown in household spending would hurt the government's plans in achieving its inflation target.

Markets

- Japan markets closed lower overnight, with Japan benchmarks lacking direction again. The Nikkei was down 0.36% and Topix down 0.31%. Jasdax was in line while Mothers index fell sharply.
- Worse sectors were marine/air transportation, pulp & paper and warehousing.
- Swings were attributed to headline effects from ongoing US-China trade tensions as US President Donald Trump announced he is considering adding another \$100B in tariffs on Chinese imports.
- Yen finished moderately firmer.

Best regards