



Royston Carr Asset Management Comments as Japan Economy Grows in Q4

In spite of a return to growth in the fourth quarter of 2018, analysts at Royston Carr Asset Management say Japan's economy could be in for a tough year.

TAIPEI, TAIWAN, February 27, 2019 /EINPresswire.com/ -- Driven by strong spending by households and businesses, Japan's economy returned to growth in the final quarter of last year, growing at a yearly rate of 1.4% after a contraction of 2.6% in the period from July to September last year.

However analysts at [Royston Carr Asset Management](#) say Japan's economy may struggle to grow at a rapid pace this year due to slowing demand and concerns about China.

In February, business sentiment in the world's third largest economy dipped to levels not seen since the end of 2016, indicating that Japanese businesses are feeling the effects of slowing domestic and foreign demand.

In addition to the risks posed by the trade war between the US and China, Japan faces the fallout of a scheduled nationwide sales tax increase which is due to be implemented in October this year.

Capital expenditure in the manufacturing sector is being delayed while businesses wait to see the outcome of trade negotiations between the US and China.

Business owners are growing increasingly concerned about the slowdown in China's economy and business sentiment on the sentiment index for manufacturers fell to 13 this month, down from 18 in January. This was the lowest reading in more than two years and analysts at Royston Carr Asset Management say it is expected to fall even further in the coming months.

The service sector index also fell significantly reaching 22 in February, down from 31 the month before, indicating that consumption was another cause for concern.

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