

JAPAN WEEKLY REVIEW

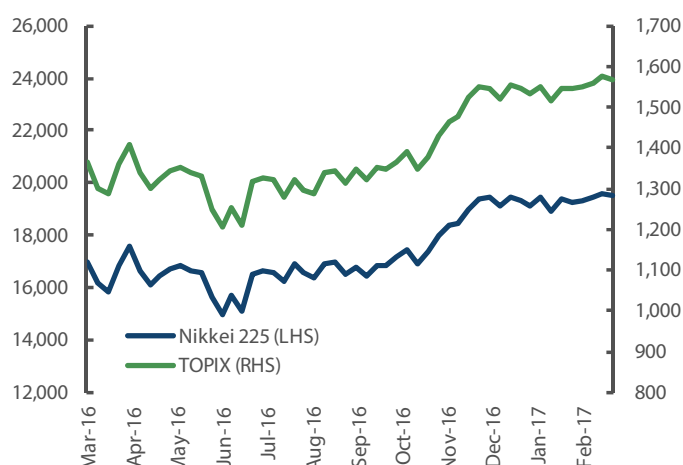
For Week Commencing 13 March 2017

Market Review

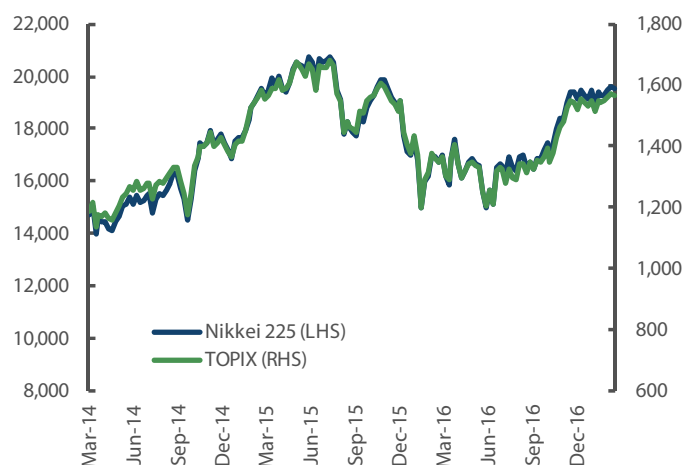
Below are performance data for the Nikkei 225, TOPIX, JPX-Nikkei 400 and MSCI Japan stock indices representative of Japan's stock market:

Stock Index	As of 2017/3/17	Performance Returns (%)					
		1 Week	Rolling 3 Months	Rolling 6 Months	Rolling 1 Year	MTD	YTD
Nikkei 225	19,521.59	-0.4	0.6	18.2	15.3	2.1	2.1
TOPIX	1,565.85	-0.5	1.0	19.4	15.2	2.0	3.1
JPX-Nikkei 400	14,019.31	-0.5	1.0	19.1	14.2	2.0	3.0
MSCI Japan	936.60	-0.6	0.1	18.3	14.1	1.9	2.5

Nikkei 225 & TOPIX 1 Year Performance



3 Year Performance



Source: Nikko AM, Tokyo Stock Exchange Inc., MSCI Inc., 17 March 2017
Past performance or any prediction, projection or forecast is not indicative of future performance.

Macro & Other Data

- Japan machinery orders drop 3.2% in January; government maintains its assessment
- Japan Corporate Goods Price Index for February rises 1.0%; climbing for second straight month
- Number of foreign visitors to Japan in February grows 7.6%; record high for February
- BOJ Governor Kuroda: monetary policy unchanged

- January machinery orders statistics released by the Cabinet Office on 13 March showed that private sector machinery orders (excluding volatile orders for ships and those from electric power companies), a leading indicator of private capital investment, decreased a seasonally adjusted 3.2% on-month. It was the first decline in two months, reflecting falls in reaction to growth in orders for power generators, air conditioners and other equipment recorded in December 2016. The government maintained its basic assessment that “orders are at a standstill”.
- On 13 March, the Bank of Japan released the preliminary Corporate Goods Price Index for February. The Index, which measures the prices companies charge each other for their goods and services, rose 1.0% on-year to 97.9 (2015=100) climbing for the second straight month. The rise was due to a recovery in the oil price, and was the largest increase in the last 26 months since December 2014 when the index went up 1.8%.
- The Japan National Tourism Organization announced on 15 March that the estimated number of foreign visitors to Japan in February increased 7.6% on-year to 2 million. The number not only exceeded the same month of the previous year but was a record high for a February. The number grew on the back of an increase in visitors mainly from East Asia who arrive by cruise ships and due to more flight routes.
- Bank of Japan (BOJ) Governor Haruhiko Kuroda said at a press conference after the BOJ monetary policy meeting on 16 March that it will keep its monetary policy unchanged by maintaining short-term interest rates at minus 0.1% and long-term interest rates pegged at around 0%. To this end he stated that the BOJ will continue its annual purchases of long-term government bonds at around JPY 80 trillion (approx. USD 706 billion). He also stressed the central bank’s commitment to monetary easing, adding that in order to achieve the price stability target of 2 percent, the BOJ will continue with its Quantitative and Qualitative Monetary Easing (QQE) with Yield Curve Control as long as it appears to be necessary for keeping that target sustainable.

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