

## JAPAN WEEKLY REVIEW

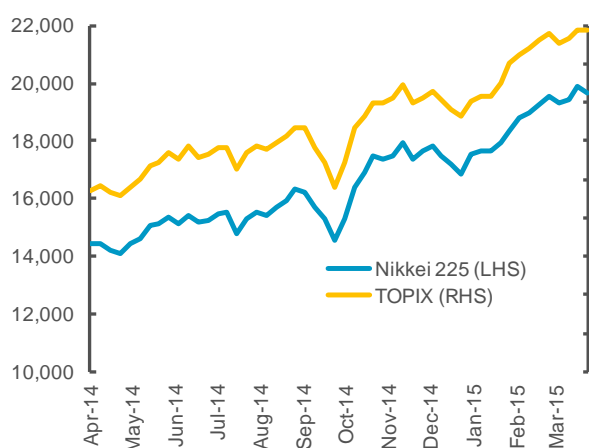
### For Week Commencing 13 April, 2015

#### MARKET REVIEW

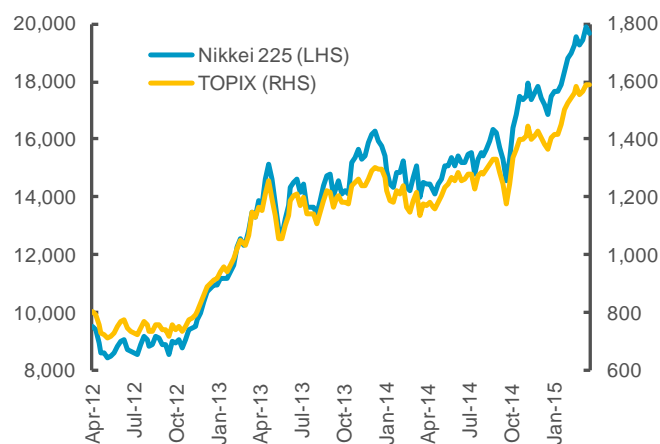
Below are performance data for the TOPIX, Nikkei 225 and JPX-Nikkei 400, stock indices representative of Japan's stock market:

Stock Index	As of 2015/4/17	Performance Returns (%)					
		1 Week	Rolling 3 Months	Rolling 6 Months	Rolling 1 Year	MTD	YTD
Nikkei 225	19,652.88	- 1.3	16.5	35.2	36.3	2.3	12.6
TOPIX	1,588.69	- 0.1	16.5	35.0	36.2	3.0	12.9
JPX-Nikkei 400	14,404.14	- 0.4	16.4	34.5	35.7	2.7	12.8

**Nikkei 225 & TOPIX  
1 Year Performance**



**Nikkei 225 & TOPIX  
3 Year Performance**



Source: Nikko AM, Tokyo Stock Exchange, Inc., as of 17 April 2015

※Past performance or any prediction, projection or forecast is not indicative of future performance.

#### MACRO & OTHER DATA

- ✓ Bank of Japan (BOJ) raises economic assessment of 3 regions in regional economic report, cites improved corporate earnings.
- ✓ February machinery orders fall 0.4% due to drop in non-manufacturer orders; figure not as bad as market expectations.
- ✓ Total net assets of publicly offered investment trusts in Japan hit record high for 10<sup>th</sup> straight month in March.
- ✓ Consumer confidence index rises 0.8 points in March to 41.7 points.
- ✓ Japan business lobby: Major Japanese companies raising wages by largest amount in 17 years.

- The Bank of Japan released its quarterly “Sakura Report” on the country’s regional economies on 13 April. In the report, the central bank raised its economic assessment of three of Japan’s nine regions, namely Kinki (centered on Osaka), Tokai (central Japan, centered on Nagoya), and Hokuriku (located in the central part of the main island Honshu and facing the Sea of Japan), while it maintained its previous assessment of the other six. The report noted that a recovery in corporate earnings has led to an improved employment situation and higher wages, broadening a sense of security among households. The central bank also upheld its assessment that the Kanto-Koshinetsu area (centered on Tokyo) is recovering moderately, noting that while activity is still slow among the middle class, the economy has been boosted by the affluent class and thanks to an increase in inbound tourism.
- February machinery order statistics released by the Cabinet Office on 13 April showed that private sector machinery orders (excluding volatile orders for ships and those from electric power companies), a leading indicator of private capital investment, fell 0.4% on a seasonally-adjusted basis from the previous month to ¥835.6 billion (approx. US\$7.0 billion). While orders from the manufacturing sector rose slightly, those from non-manufacturers fell, resulting in the second straight month of decline. That said, February’s decline was smaller than January’s (-1.7%) and it was not as bad as market expectations for a 2.5% drop.
- According to data released by Japan’s Investment Trusts Association on 13 April, publicly offered investment trusts (the Japanese equivalent of mutual funds) saw a total net inflow of ¥1.7 trillion (approx. US\$14.5 billion) in March, marking the 21<sup>st</sup> consecutive month of net inflow. Total net assets of publicly offered investment trusts stood at ¥97.0 trillion (approx. US\$811.6 billion), renewing an all-time high for the 10<sup>th</sup> consecutive month. The data indicate that investment trusts are becoming increasingly popular with individual investors in Japan, especially amid the recent uptrend in the Japanese equity market.
- On 17 April, the Cabinet Office released the results of its Consumer Confidence Survey for March. The seasonally-adjusted Consumer Confidence Index, an indicator of the consumer sentiment of Japanese households, rose 0.8 points from the previous month to 41.7. This marked the fourth straight month of improvement and pushed the index up to its highest level since December 2013. For the second month in a row, the Cabinet Office upgraded its basic assessment of the index, now saying that sentiment “is picking up”.
- Japan business lobby Keidanren on 16 April released the results of the first round of spring labor negotiations, showing that large companies (with at least 500 staff) intend to raise wages by 2.59%, the biggest increase since 1998. The percentage increase translates to a monthly wage hike of ¥8,502 (approx. US\$70), also the first time in 17 years that the increase has exceeded the ¥8,000 mark.

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