

# JAPAN WEEKLY REVIEW

For Week Commencing 16 May 2016

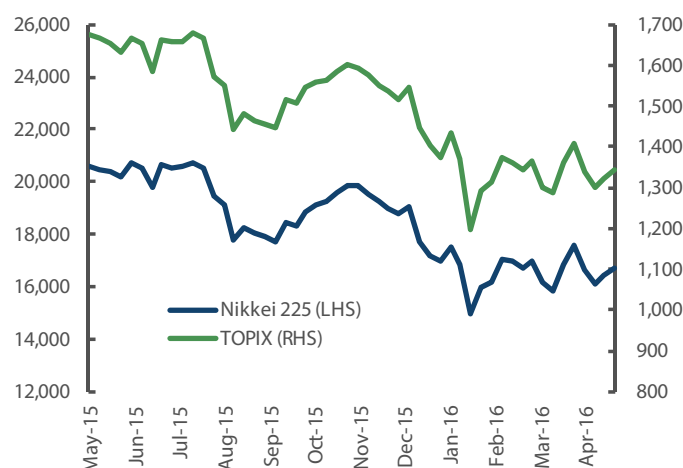
## Market Review

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

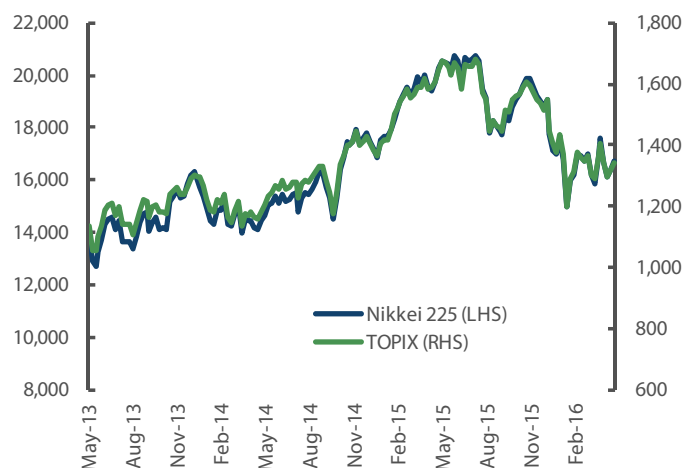
Stock Index	As of 2016/5/20	Performance Returns (%)					
		1 Week	Rolling 3 Months	Rolling 6 Months	Rolling 1 Year	MTD	YTD
Nikkei 225	16,736.35	2.0	4.8	-15.8	-17.1	0.4	-12.1
TOPIX	1,343.40	1.8	4.0	-16.2	-18.3	0.2	-13.2
JPX-Nikkei 400	12,136.17	1.7	3.8	-16.1	-18.3	0.1	-13.0

### Nikkei 225 & TOPIX

#### 1 Year Performance



#### 3 Year Performance



Source: Nikko AM, Tokyo Stock Exchange, Inc., as at 20 May 2016.

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

## Macro & Other Data

- Japan GDP grows annualized 1.7% in January-March; first rise in two quarters on boost by leap year effect
- Nikkei Shimbun report: Japan government to postpone sales tax hike planned for April 2017
- Japan machinery orders increase 5.5% in March, beating market forecast for 0.7% rise
- Japan Corporate Goods Price Index falls in April; weighed down by stronger yen, weak electricity and gas prices

- According to preliminary figures released by the Cabinet Office on 18 May, Japan's real GDP grew a seasonally-adjusted 0.4% on-quarter in the January-March period, which equates to an annualized rise of 1.7%. This marked a recovery from the 1.7% annualized decline in October-December 2015 and the first growth in two quarters. It also beat market projections for annualized growth of 0.3%. The January-March figure includes the impact of February having one extra day due to 2016 being a leap year. Prior to the release, private sector economists had estimated that the effect of the leap year would push up GDP about 0.3 point from the previous quarter (or 1.2 points on an annualized basis).
- Japanese Prime Minister Shinzo Abe has decided to postpone a consumption tax increase that was planned for April 2017, the Nikkei Shimbun reported on 19 May. According to the report, Abe determined that the planned tax hike, which would see the current rate of 8% lifted to 10%, would threaten efforts to pull Japan's economy out of deflation. The report said that the prime minister informed senior government and ruling coalition officials on 13 May of his decision.
- March machinery order statistics released by the Cabinet Office on 19 May showed that private sector machinery orders (excluding volatile orders for ships and those from electric power companies), a leading indicator of private capital investment, rose a seasonally adjusted 5.5% from the previous month to JPY 895.1 billion (approx. USD 8.0 billion). This was the first increase in two months and exceeded market expectations for a 0.7% rise. The Cabinet Office maintained its assessment that there are signs that orders are picking up.
- On 16 May, the Bank of Japan released the Corporate Goods Price Index for April. The index, which measures the prices companies charge each other for their goods and services, fell 4.2% on-year to 99.3 (2010=100), representing its sharpest drop in over six years. It also marked the index's 13<sup>th</sup> straight month of on-year decline and its lowest level since November 2009. Prices were weighed down by the stronger yen, as well as by the continued drop in electricity and gas prices. The April figure was also worse than market expectations for a 3.7% decline.

**Nikko Asset Management Asia Limited**

12 Marina View, #18-02, Asia Square Tower 2,  
Singapore 018961  
Phone: +65 6500 5700  
Fax: +65 6534 5183  
Email: SGContactUs@nikkoam.com

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