

JAPAN WEEKLY REVIEW

For Week Commencing 15 August 2016

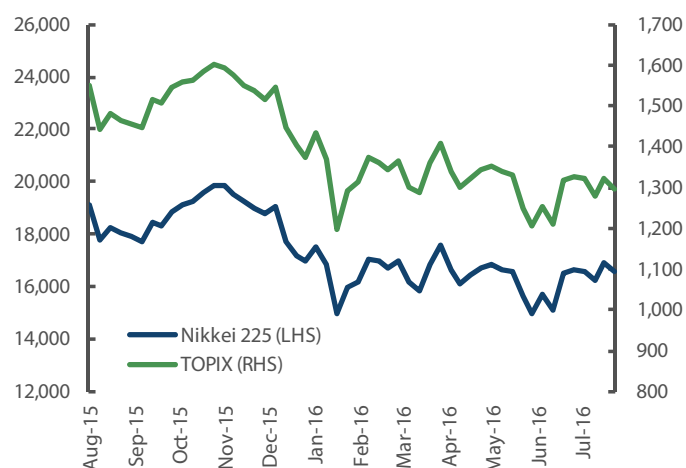
Market Review

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

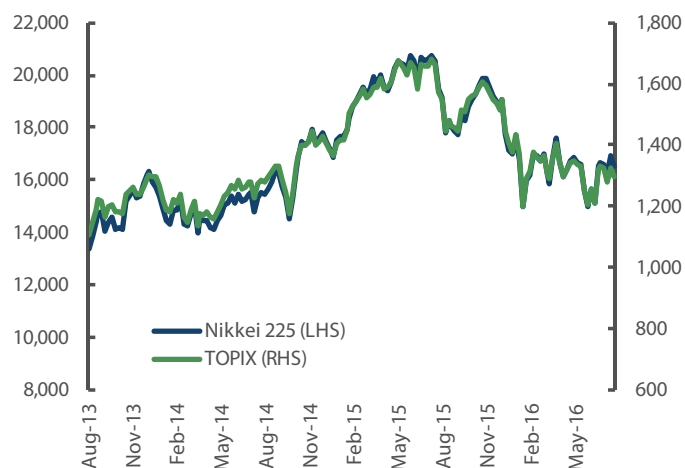
Stock Index	As of 2016/8/19	Performance Returns (%)					
		1 Week	Rolling 3 Months	Rolling 6 Months	Rolling 1 Year	MTD	YTD
Nikkei 225	16,545.82	-2.2	-0.6	3.6	-18.2	-0.1	-13.1
TOPIX	1,295.67	-2.1	-3.1	0.3	-21.4	-2.0	-16.3
JPX-Nikkei 400	11,653.93	-2.2	-3.6	-0.3	-21.4	-1.9	-16.5

Nikkei 225 & TOPIX

1 Year Performance



3 Year Performance



Source: Nikko AM, Tokyo Stock Exchange, Inc. , as of 19 August 2016

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

Macro & Other Data

- Japan GDP grows annualized 0.2%; capital spending and exports decline
- Japan Indices of Industrial Production for June revised upward to a 2.3% on-month increase
- Number of tourists visiting Japan increases 20% on-year in July; record high for a single month
- Japan records second straight month of trade surplus in July, boosted by cheaper oil prices

- According to preliminary figures released by the Cabinet Office on 15 August, Japan's real GDP grew a seasonally-adjusted 0.048% on-quarter in the April-June period, which equates to an annualized rise of 0.2%. While this marked the second straight quarter of growth, the momentum has slowed compared to the January-March quarter, when a boost from the effect of the leap year resulted in an annualized increase of 2.0%. While residential investment and public investment increased, capital spending and exports declined as they were weighed down by a slowdown in the global economy and the strength of the yen.
- On 15 August, the Ministry of Economy, Trade and Industry (METI) released revised data on industrial production for June, with the seasonally adjusted index climbing 2.3% on-month to 96.9 (2010 = 100). The data was revised upwards from the preliminary figure of a 1.9% increase thanks to growth in aircraft parts production. Chemical producers and manufacturers of transportation equipment also showed strong production growth in June.
- According to estimates announced by the Japan National Tourism Organization on 17 August, the number of foreign visitors to Japan increased 19.7% on-year to 2.3 million in July, setting a new record high for a single month. The number of visitors from China grew to an all-time high, due in part to a large increase in port calls by cruise ships as the summer holiday season approached.
- According to preliminary trade statistics (on a customs clearance basis) released by the Ministry of Finance on 18 August, Japan's trade balance—calculated as the value of exports minus the value of imports—recorded a surplus of JPY 513.5 billion (approx. USD 5.0 billion) in July. This represented the second straight month of surplus and exceeded market forecasts for a surplus of JPY 305.2 billion (approx. USD 3.0 billion). Although exports recorded their sharpest drop in over six years, imports also fell significantly due to the impact from declining crude oil prices, resulting in a surplus.

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