

JAPAN WEEKLY REVIEW

For Week Commencing 10 October 2016

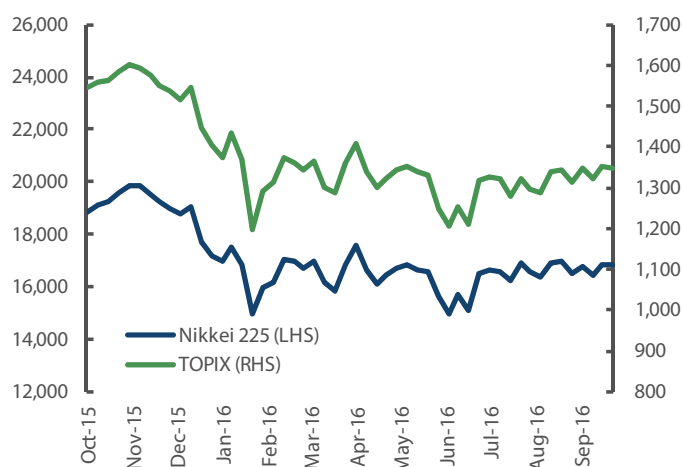
Market Review

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

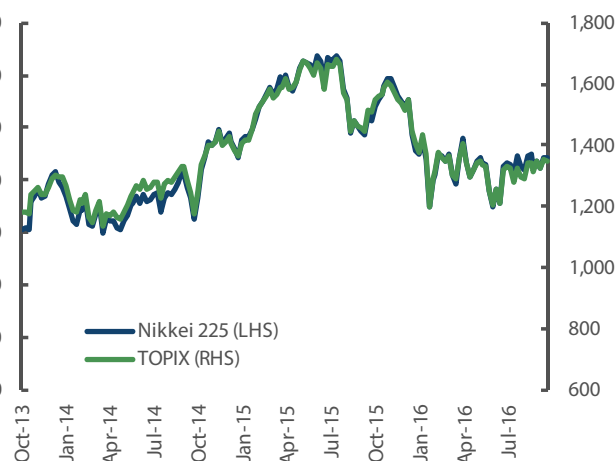
Stock Index	As of 2016/10/14	Performance Returns (%)					
		1 Week	Rolling 3 Months	Rolling 6 Months	Rolling 1 Year	MTD	YTD
Nikkei 225	16,856.37	-0.0	2.9	-0.3	-5.8	2.5	-11.4
TOPIX	1,347.19	-0.3	2.7	-1.8	-8.4	1.8	-12.9
JPX-Nikkei 400	12,046.36	-0.4	2.2	-2.9	-8.6	1.7	-13.7
MSCI Japan	809.77	-0.4	2.6	-2.2	-9.4	1.8	-13.7

Nikkei 225 & TOPIX

1 Year Performance



3 Year Performance



Source: Nikko AM, Tokyo Stock Exchange Inc., MSCI Inc., as of 14 October 2016

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

Macro & Other Data

- Japan core machinery orders for August decline on-month; government maintains positive assessment
- Japan posts surplus for 26th straight month for August
- Japan Economy Watchers Survey: business sentiment falls in September, first drop in three months

- August machinery orders statistics released by the Cabinet Office on 12 October showed that private sector machinery orders (excluding volatile orders for ships and those from electric power companies), a leading indicator of private capital investment, dropped a seasonally adjusted 2.2% from the previous month to JPY 872.5 billion (approx. USD 8.44 billion). The fall appeared to be in reaction to strong gains in June and July. Orders from the manufacturing sector declined 4.0% on-month, while orders from the non-manufacturing sector decreased by 1.9%. Despite the drop in August, the government maintained its assessment that orders are picking up and projected an on-quarter increase of 5.2% for the July-September period.
- According to preliminary balance of payments data released by the Ministry of Finance on 11 October, Japan's current account balance, a measure of the country's trade in goods and services with the rest of the world, posted a surplus of JPY 2.0 trillion (approx. USD 19.34 billion) in August. This represented an on-year increase of 23.1% and the 26th straight month of surplus. As declining energy prices drove down the value of imports by 18.3%, the trade balance improved on-year from a deficit of JPY 329.2 billion (approx. USD 3.18 billion) to a surplus of JPY 243.2 billion (approx. USD 2.35 billion). The primary income surplus shrank by 2.8% on-year as income from foreign investments fell on the stronger yen.
- According to the September Economy Watchers Survey, released by the Cabinet Office on 11 October, the diffusion index (DI) for current economic conditions, an indicator of street-level business sentiment, fell 0.8 point from the previous month to 44.8 points, worsening for the first time in three months. A drop in customer traffic to department stores and restaurants due to typhoons and other poor weather weighed on sentiment, which had been improving in previous months. At the same time, the DI for future economic conditions, which predicts economic activity two to three months in advance, rose 1.1 points on-month to 48.5, climbing for the third straight month. The government maintained that the typhoons' impact is only temporary and sentiment is moving in an upward trend.

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