



Today's Theme

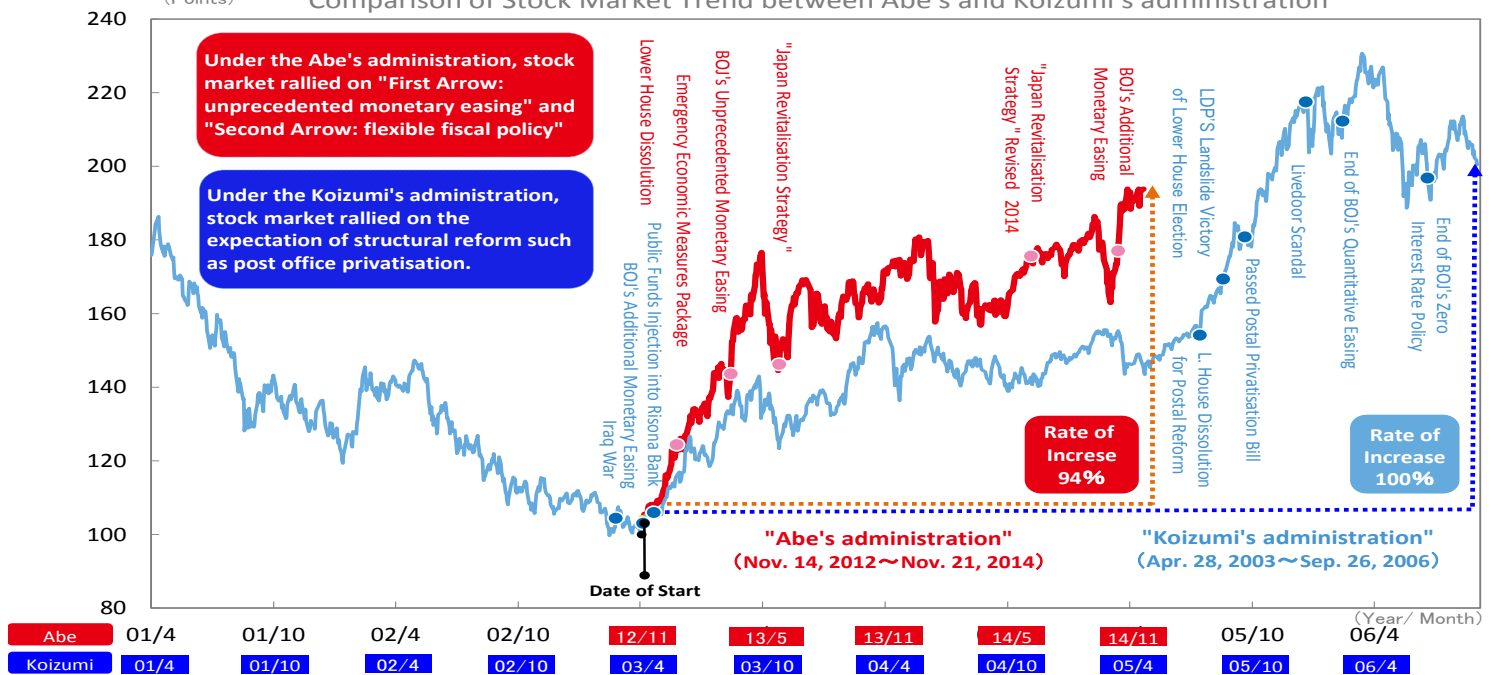
Japan

Japanese Equity Market

Q What was the Japanese equity market trend under the Koizumi's administration and the Abe's administration ?

A During the period of Koizumi's administration, the Japanese equity market rose in an expectation for a structural reform such as privatisation of post office. Whereas under the Abe's administration, the stock market has been rising on his bold economic policies called "Abenomics" to stimulate private sector's demand. We must keep an eye on further development of his "Growth Strategy".

"Comparison of Stock Market Trend between Abe's and Koizumi's administration"



(Note) Data period: The Koizumi's administration from Apr. 26, 2001 to Sep. 26, 2006. The Abe's administration from Nov.14, 2012 to date. The TOPIX was indexed so that the index level on Apr. 28, 2003 (immediate bottom before entering into the bull market) during the Koizumi's administration is 100 and the level on Nov. 14, 2012 (when former PM Noda declared Lower House dissolution) is 100 for the Abe's administration.

(Source) SMAM, based on Bloomberg L.P. and publicly available data

Outlook Mid to long term economic growth expectation would support the equity market.

- Since the Abe's government was formed, TOPIX has risen almost 94%. It is believed that "the First Arrow: unprecedented monetary easing" and "the Second Arrow: flexible fiscal policy" of so called Abenomics drove the equity market.
- PM Abe announced delaying the further consumption tax hike for a year and a half. This announcement showed his strong will to put the Japanese economy on its growth path in order to dispel uncertainty over the current economic slowdown.
- Next focus should be on progress of "the Third Arrow: growth strategy". We expect that the equity market will be reflecting the increasing expectation for medium to long term economic growth as the Japanese corporations are gradually recovering their "earning capability" by their expanding investments in the growth field.

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