

Nikkei 225 in December 2014

As of the end of December, the Nikkei Stock Average (Nikkei 225) stood at 17450.77 slightly down 9.08 points from the end of November, which fell for the first time in four months. As a result of the rally continuing until the middle of the month, the index reached 18000 temporarily during the trading hours on 8th. However, it plunged on the last 2 days of the year due to a concern over a deterioration of outside circumstances during the New Year holidays. In the year, the index climbed 7.12%, which rose for three years in a row.

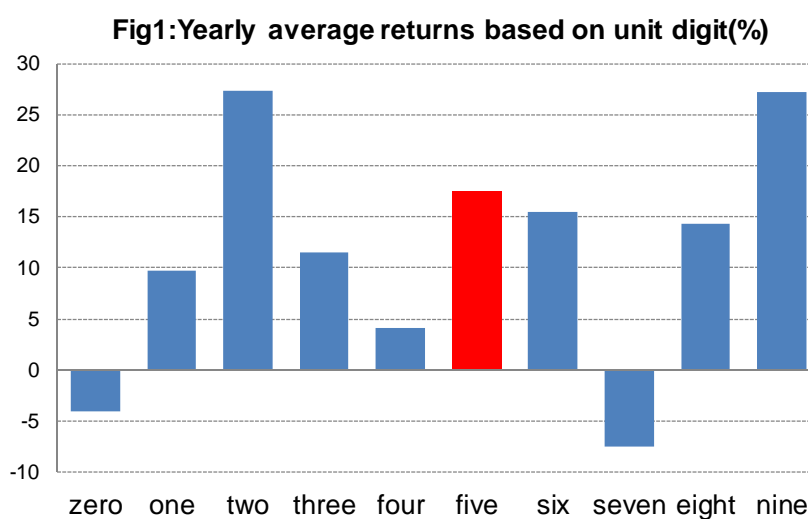
This month's Topic : Trivia in the Nikkei Stock Average (Nikkei 225)

This report provides analyses on "trivia", three surprising facts related to the Nikkei 225 as the monthly reports did in the early of 2014 and 2013.

Another traditional calendar related to the Animal Symbol

For a Japanese traditional calendar, Animal Symbol, 2015 is "Sheep" year. According to a saying about stock markets, the animal year indicates "patience". Actually, yearly average return of the "Sheep" year (coming every 12 years) was 7.6%, 4th lowest in the 12 Animals. However, another

traditional calendar related to the Animal Symbols represents that 2015 will be better where the each year is categorized into 10 groups based on the unit digit. Year 2015 belongs to a group with the unit digit of five, 1955, 1965, etc.. The yearly average return of the past 6 times (coming every 10 years) was 17.5%, the third highest in the 10



groups and all of the 6 times produced positive returns. The other group all of positive returns provided was only a group with the year's unit digit of nine, and the average return was 27.2%.

What event exceeded "Previous years of the US presidential elections"?

The second analysis introduces the relationships between events and price movements of the Nikkei 225. Regarding chosen 7 events occurring last or this year, comparing the number of years when it was up or down for the same events in the past (Fig 2), the best performer was "Next years when the stock index futures were listed". It climbed in 8 out of 10 times of the following years of the launches. The result exceeded "The previous years of the US presidential elections", one of

the most famous anomalies for stock markets where it appreciated 11 out of 16 times of the preceding years of the election while in the US market, the Dow Industrial Average increased all of 17 times after Second World War. The JPX-Nikkei 400 Futures were listed on the Osaka Exchange in Nov 2014. How about the succeeding year of 2015?

Fig2: Events & Nikkei 225 (Ratio of years when the index rose)

Event	How to Choose the Year	Ratio	Up	Down
Stock Index Futures	Year following start of new stock index future	80%	8	2
First Trading Day	Dates other than Jan 4	69%	9	4
US Presidential Election	Year before the election	69%	11	5
Nobel Prizes	Year following the Japanese winning	64%	9	5
Rise For 3 Consecutive Years	Rise or not in 4th year	60%	3	2
Lower House Election	Year following the election	57%	13	10
Annual Return	All records since 1950	63%	41	24

“Up” outnumbers “Down” after the bubble burst

End of 2014 was a milestone date, which has passed a quarter of century since the historical high of the Nikkei 225, 38915.87 at end of 1989. Since then, the number of days when it was up was always less than that when it was down although they became sometimes similar. In 2014, the former (up) has outnumbered the latter (down) for the first time since end of 1989, and the difference was 7 days on end of 2014. It might be a signal that the long-term stock market trend starts to change although the current level is about more than 50% lower than the peak in 1989.

Performance Summary of November 2014

(Data as of end of December)

Name of Index	Index Value	Monthly Return	Avg Return	Volatility	Yealy High	The Date	Yearly Low	The Date
Nikkei 225	17450.77	-0.05%	0.04%	1.28%	17935.64	8-Dec	13910.16	14-Apr
JPX-Nikkei Index 400	12768.42	-0.52%	0.04%	1.19%	13148.44	8-Dec	10314.83	14-Apr
Nikkei 225 TR	25683.09	0.07%	0.04%	1.29%	26364.68	8-Dec	20271.52	4-Feb
Nikkei 225 VI (Volatility)	26.36	10.76%	0.21%	5.71%	33.21	4-Feb	14.00	17-Jul
Nikkei 225 VI Futures	48930.85	-3.30%	-0.22%	2.49%	97741.36	4-Feb	38902.54	29-Sep
Nikkei 225 USD Hedged	18560.70	0.01%	0.03%	1.29%	19057.02	8-Dec	14848.66	14-Apr
Nikkei 225 EUR Hedged	16337.17	-0.01%	0.03%	1.29%	16782.65	8-Dec	13039.38	14-Apr
Nikkei 225 Covered Call	15122.25	1.15%	0.04%	1.13%	15365.40	8-Dec	12348.19	4-Feb
Nikkei 225 Risk Control	16566.19	0.01%	0.01%	0.73%	16788.71	8-Dec	14898.08	14-Apr
Nikkei 225 Leveraged	12727.83	-0.41%	0.07%	2.57%	13483.85	8-Dec	8275.01	14-Apr
Nikkei 225 Inverse	2836.77	-0.25%	-0.04%	1.28%	3651.06	4-Feb	2768.05	8-Dec
Nikkei 225 Double Inverse	3777.59	-0.81%	-0.07%	2.57%	6467.31	4-Feb	3607.22	8-Dec
Nikkei 300	284.47	-0.27%	0.04%	1.19%	292.71	8-Dec	229.49	14-Apr
Nikkei China Related 50	1530.82	-0.18%	0.05%	1.20%	1591.65	8-Dec	1220.64	4-Feb
Nikkei 500 Average	1514.02	0.55%	0.06%	1.17%	1548.88	8-Dec	1191.33	4-Feb
Nikkei Japan 1000	1662.22	-0.24%	0.04%	1.19%	1710.64	8-Dec	1335.72	14-Apr
Nikkei JASDAQ Average	2363.94	0.17%	0.06%	0.82%	2377.80	2-Dec	1890.85	19-May

Name of Index	Index Value	Change	Hist. High	The year	Hist. Low	The year
Nikkei 225 DP	240.53	15.19%	240.53	2014	81.35	2002

Note: Avg Return and Volatility are calculated on the daily return for the past 1 year.

"Change" in the Nikkei 225 Dividend Point Index (Nikkei 225 DP) indicates a comparison with the value at the end of December 2013.

Historical High and Low in the dividend index were based on the values in the same month since 1998.

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