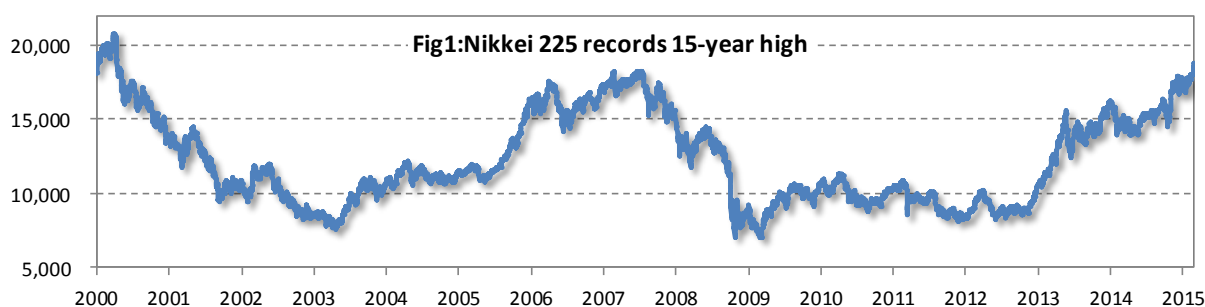


Nikkei 225 in February

As of the end of February, the Nikkei Stock Average (Nikkei 225) stood at 18797.94 up 1123.55 points or 6.36% from the end of January 2015, the highest level for the first time in 15 years. The index was buoyed by expectations on recovery in Japanese economy following the publication of the positive growth of the GDP in three months to December 2014 and announcements of steady financial results in April to December 2014 by listed companies. Also ceasing to fall of crude oil prices has increased tolerance for risk for overseas investors.

This month's Topic : Nikkei 225 highest in 15 years with changing leaders of the market

The 225 has recently continued to update the highest record in fifteen years. Although its closing in February was highest for the first time since April 20 2000, the peak in the month was 20833 yen on April 12 2000, which most participants recognize as the next target.



April 2000 is so called “peak of Information Technology (IT) bubble”. Actually the stock prices were overvalued based on some financial indicators. For instance, supposing the listed Nikkei 225 components was purchased as a whole, price-earnings ratio (PER) of the portfolio exceeded 300 times, which was strongly affected by huge red ink of Nissan Motor etc.. The price-book value ratio (PBR) was 2.72 times and the dividend yield was 0.62%, both of which indicate the stock market was overvalued in those days.

Conversely, the PER, the PER dated February 27, 2015 computed based on the Nikkei 225 components in the same way were 16.89 times and 1.46 times respectively. The levels were still below the figures on July 9th 2007 (19.66 and 2.08 times respectively) when the Nikkei 225 peaked before the global financial crisis in 2008. Some participants pointed out that the recent stock prices were inflated by affluent money on the BOJ monetary easing policy. However, it would be possible to mention that the current stock price levels were backed up by firm fundamentals including the financial indicators, comparing the peaks in 2000 and 2007.

Table 1 : Present and Past of Nikkei225

	Feb.27,2015	Apr.12,2000
Nikkei225(yen)	18,797.94	20,833.21
PER (times)	16.89	305.58
PBR (times)	1.46	2.72
Dividend yield	1.30%	0.62%

The leading stocks in Japanese market were significantly changed in fifteen years. In April

2000, four electronics company stocks dominated in top ten in terms of market capitalizations. However, no electronics stocks existed among the top ten at the end of February 2015. For instance, SONY went down to the 20th place from the 3rd in 15 years.

In succession to the electronics, telecommunication and automobile stocks have stepped up the presence in the Japanese stock market. Three car makers such as TOYOTA and four telecoms operators were ranked among the top 10 on the market caps. The two sectors were also significant contributors to the current expansions in profits of listed Japanese companies.

The Table 2 ranked price returns from April 12 2000 to end of February 2015 for 126 stocks continuing to be the

Nikkei 225 components for the period. The ranking indicates that companies increasing their earning powers by succeeding in expansion of global businesses have produced prominent positive results while it clearly reflected the downfall of the electronics sector.

Table 2: Ranking of price returns for the Nikkei 225 components

Top 10 (up)		Top 10 (down)	
company name	rate of rising (times)	company name	rate of decline (%)
Hino Motors	6.1	Pioneer	-90.9
Keisei Electric Railway	5.3	Nippon Sheet Glass	-89.5
Sumitomo Metal Mining	5.1	NEC	-88.1
Kubota	4.9	Sharp	-87.8
Komatsu	4.5	Furukawa Electric	-86.4
Kikkoman	4.4	Tokyo Electric Power	-79.7
Taisei	4.4	Fujitsu	-77.7
Kawasaki Heavy Industries	4.2	Nomura Holdings	-77.5
The Yokohama Rubber	4.2	Sony	-75.8
The Japan Steel Works	4.2	NTT Data	-69.9

Note: Compare the closing prices on Feb 27 2015 with those on April 12 2000. for companies whose data are continuously available.

Performance Summary of February 2015

(Data as of end of February)

Name of Index	Index Value	Monthly Return	Avg Return	Volatility	Yealy High	The Date	Yearly Low	The Date
Nikkei 225	18797.94	6.36%	0.10%	1.16%	18797.94	27-Feb	16795.96	14-Jan
JPX-Nikkei Index 400	13826.67	7.77%	0.10%	1.07%	13826.67	27-Feb	12308.20	7-Jan
Nikkei 225 TR	27682.88	6.42%	0.11%	1.17%	27682.88	27-Feb	24719.38	14-Jan
Nikkei 225 VI (Volatility)	20.55	-5.17%	0.05%	5.52%	26.58	6-Jan	18.97	25-Feb
Nikkei 225 VI Futures	36195.47	-8.62%	-0.34%	2.45%	50080.55	6-Jan	34428.29	25-Feb
Nikkei 225 USD Hedged	19986.94	6.27%	0.10%	1.17%	19986.94	27-Feb	17851.30	14-Jan
Nikkei 225 EUR Hedged	17607.26	6.29%	0.10%	1.17%	17607.26	27-Feb	15690.33	14-Jan
Nikkei 225 Covered Call	16354.34	6.29%	0.10%	1.02%	16354.34	27-Feb	14648.80	14-Jan
Nikkei 225 Risk Control	17341.16	3.68%	0.05%	0.67%	17341.16	27-Feb	16255.58	14-Jan
Nikkei 225 Leveraged	14699.29	12.94%	0.21%	2.33%	14699.29	27-Feb	11771.84	14-Jan
Nikkei 225 Inverse	2621.04	-6.12%	-0.10%	1.16%	2942.85	14-Jan	2621.04	27-Feb
Nikkei 225 Double Inverse	3209.68	-12.01%	-0.21%	2.33%	4059.40	14-Jan	3209.68	27-Feb
Nikkei 300	309.51	8.18%	0.10%	1.07%	309.51	27-Feb	274.44	14-Jan
Nikkei China Related 50	1629.57	7.24%	0.10%	1.07%	1629.57	27-Feb	1471.94	14-Jan
Nikkei 500 Average	1657.89	7.72%	0.12%	1.05%	1657.89	27-Feb	1464.27	7-Jan
Nikkei Japan 1000	1800.44	7.71%	0.10%	1.07%	1800.44	27-Feb	1603.46	14-Jan
Nikkei JASDAQ Average	2434.03	3.28%	0.07%	0.67%	2434.03	27-Feb	2329.73	3-Feb

Name of Index	Index Value	Change	Hist. High	The year	Hist. Low	The year
Nikkei 225 DP (2014)	243.79	15.79%	243.79	2014	82.00	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 February 2014. Historical High and Low in the dividend index were based on the values in the same month since 1998.

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