

Nikkei 225 in August

As of the end of August, the Nikkei Stock Average stood at 8839.91, up 144.85 points, or 1.7%, from the end of July. Although the index down to 8555.11 on August 3 due to anxiety over Europe debt problem, positive impact of Yen declining on the Japanese stock market pushed gradually the Nikkei 225 up to above 9000 on August 16, for the first time since July 6. But toward the end of month, more uncertainty over global economic outlook pushed the index down to below 9000 on August 31.

This month's Topic : Nikkei Stock Average Volatility Index

Nikkei Volatility Index declined to lowest level since Feb 2011

The Nikkei Stock Average Volatility Index stood at 20.84 as of August 31, a 3.3% up from its closing of July 31. The index declined to 17.59 on August 10, the lowest level since February 18, 2011, while the Nikkei was rising gradually. However due to more uncertainty over stock market outlook, the index rose above 20 at the end of month

The Nikkei Stock Average Volatility Index indicates the expected degree of fluctuation of the Nikkei 225 in one month period. The index is calculated based on prices of Nikkei 225 futures and options on the Osaka Securities Exchange. Nikkei started publishing it on November 19, 2010, and it has been calculated on the real-time basis since January 30, 2012.

The volatility index has tendencies to rise in the situations where the Nikkei 225 depreciates. For instance, the index skyrocketed at its historical high, 92.03 on October 31, 2008 while the Nikkei 225 tumbled by 24% in the month due to the world financial crisis triggered by the bankruptcy of Lehman Brothers. The volatility indices outside Japan, the VIX on the S& P500 in the US are the XSTOXX on the STOXX50 in Europe, the both rose sharply to above 80, which represented globally simultaneous growing fears of the stock markets.

However there are cases that the each volatility index fluctuates differently. After the Great East Japan Earthquake in March 2011, the Nikkei volatility index surged to 69.88 on March 15, while the US and European volatility indices were up to around 30. Due to Europe debt anxiety, the VSTOXX has been recently priced higher than the other two indices. To use the

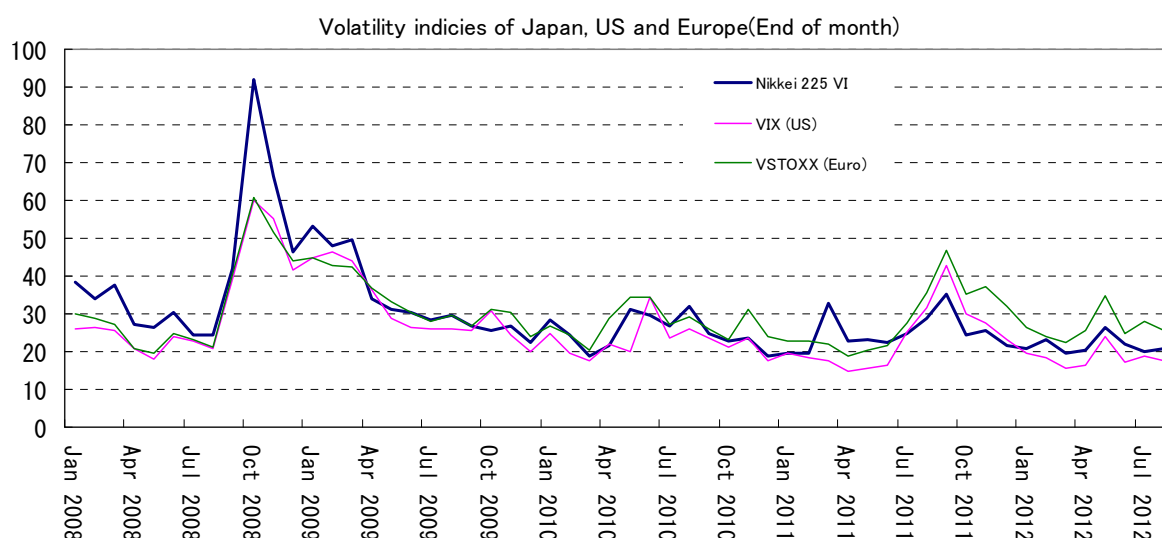
volatility index for risk hedges or investments, it would be crucial to note that the specific regional risks could lead to the different movements of the each volatility index.

To learn more about Nikkei Stock Average Volatility Index

<http://indexes.nikkei.co.jp/en/nkave/index/profile?idx=nk225vi>

(Related article) The Nikkei 225 VI Futures list on the OSE

http://indexes.nikkei.co.jp/nkave/archives/news/20120227E_3.pdf



○Nikkei 225 and its derived indices

(Data as of end of August)

Name of Index	Index Value	Monthly Return	Avg Return	Volatility	Yealy High	The Date	Yearly Low	The Date
Nikkei 225	8839.91	1.67%	0.00%	1.14%	10255.15	27-Mar	8295.63	4-Jun
Nikkei 225 VI (Volatility)	20.84	3.32%	0.03%	5.84%	30.93	4-Jun	17.59	10-Aug
Nikkei 225 Covered Call	8758.71	1.91%	0.00%	1.07%	9993.99	27-Mar	8166.45	4-Jun
Nikkei 225 Risk Control	11112.54	1.05%	0.00%	0.62%	12255.86	27-Mar	10711.47	25-Jul
Nikkei 225 Leveraged	3685.49	3.16%	0.00%	2.28%	5023.30	27-Mar	3266.86	4-Jun
Nikkei 225 Inverse	6313.65	-1.83%	0.00%	1.14%	6773.84	16-Jan	5511.00	27-Mar

Name of Index	Index Value	Change	Historical High	The year	Historical Low	The year
Nikkei 225 Dividend Point	111.75	7.27%	119.45	2008	48.97	2002

○Benchmark and other indices

Name of Index	Index Value	Monthly Return	Avg Return	Volatility	Yealy High	The Date	Yearly Low	The Date
Nikkei 300	148.91	-0.33%	-0.01%	1.09%	176.27	27-Mar	141.08	4-Jun
Nikkei China Related 50	801.58	-1.10%	-0.03%	1.39%	1024.28	27-Mar	771.86	25-Jul
Nikkei 500 Average	776.22	1.21%	0.01%	0.97%	863.79	27-Mar	721.87	4-Jun
Nikkei Japan 1000	860.09	-0.53%	-0.02%	1.09%	1025.25	27-Mar	818.37	4-Jun
Nikkei JASDAQ Average	1302.40	-0.42%	0.03%	0.56%	1402.75	2-May	1185.44	12-Jan

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

"Change" in the Nikkei 225 Dividend Point Index indicates a comparison with the value at the end of August 2011.

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

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