

Nikkei 225 in March

As of the end of March, the Nikkei Stock Average (Nikkei 225) stood at 12397.91 up 838.55 points, or 7.3%, from the end of February. Yen declining which was in line with the expectation of more monetary easing stance of the BOJ and soaring US equity market pushed the Nikkei 225 to 12635.69 on 21st, the highest level since September 2008. After that, Nikkei 225 declined slightly due to concern about Cyprus financial woes and profit-taking selling. Ultimately Nikkei 225 rose at a 23% annual rate in fiscal year 2012.

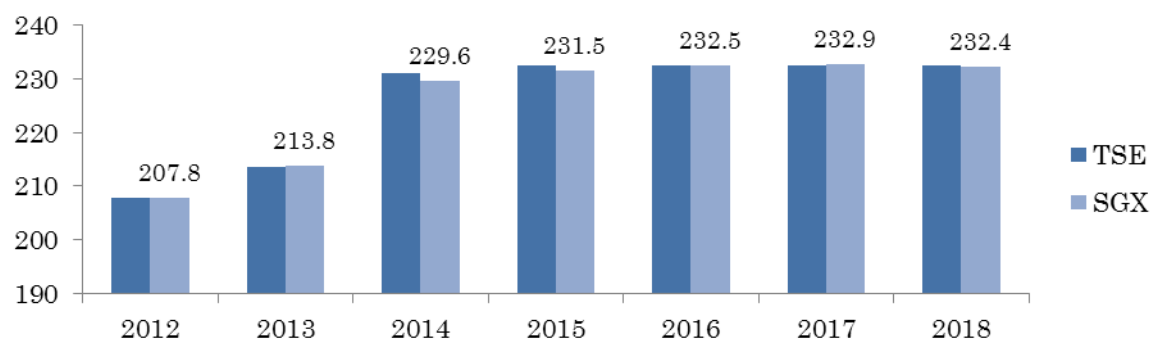
This month's Topic : Expected dividend increases on Nikkei dividend index

The final value of the [Nikkei Stock Average Dividend Point Index](#) was 207.92, 15.89 yen (8.3%) increase from the 2011's value. As the index is calculated by accumulating dividends received from the constituent companies on a calendar year basis, the index is expressed with the year..

The dividend index futures on the Tokyo Stock Exchange (TSE) and the Singapore Exchange(SGX) have expanded its trades. The total trading volumes from April 2012 to March 2013 were 162 thousand units on TSE and 157 thousand units on SGX 6.6 times and 1.9 times as those a year earlier respectively (trading value per unit of SGX is 10 times as that of TSE).

The future prices for the each settlement year on the Nikkei dividend index are determined on the estimation of the final value of the each year's index. The bar charts of settlement prices for the each year on March 29 describe the upward trend to the future shown in Graph 1, which represents market participants would predict the trend of dividend increase in the future.

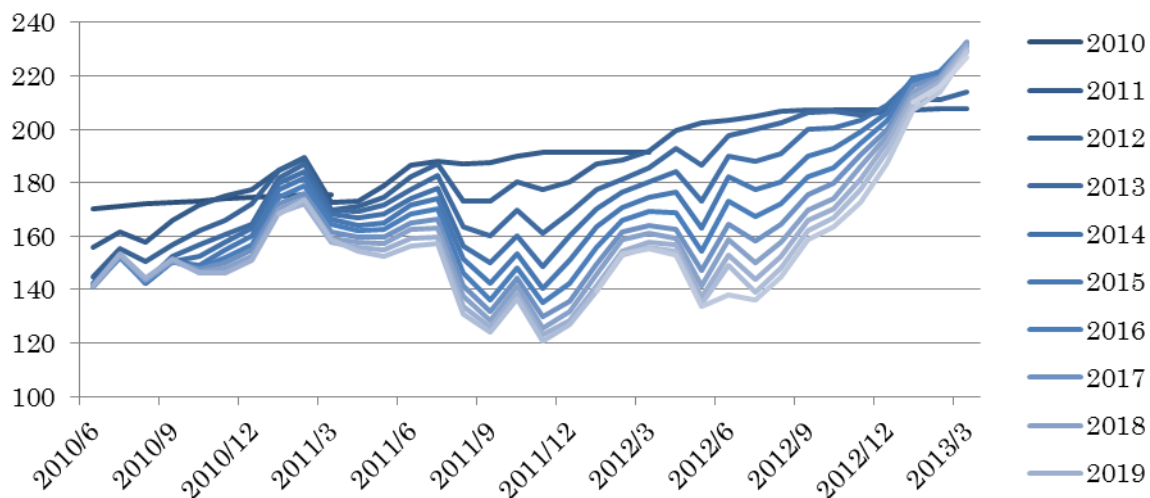
Graph1:futures prices on March 29 (figures from SGX)



Since summer in 2010 when the futures was listed, it has rarely described upward shapes, i.e. contango as it usually showed downwardly, i.e. backwardtion. From this year it changed and the

upward trend has become much clearer in March (Graph 2). Some sources commented as the main reasons (1)Market participants are more confident about dividend increases by Japanese companies (2)Inflationary expectations could raise those to longer maturities as the projections are based on the 'nominal' GDP etc (3)Short potions to hedge dividend risks on Nikkei 225 linked notes were covered due to their early extinguishments accompanying the rapid stock market rise.

Graph 2: Historical prices of dividend index futures on SGX (for each settlement year)



Performance Summary of March 2013

○Nikkei 225 and its derived indices

(Data as of end of March)

Name of Index	Index Value	Monthly Return	Avg Return	Volatility	Yealy High	The Date	Yearly Low	The Date
Nikkei 225	12397.91	7.25%	0.09%	1.21%	12635.69	21-Mar	10486.99	23-Jan
Nikkei 225 TR	17784.57	8.02%	0.10%	1.20%	17996.72	21-Mar	14924.17	23-Jan
Nikkei 225 VI (Volatility)	25.67	-7.66%	0.25%	5.27%	29.20	27-Feb	19.06	8-Jan
Nikkei 225 VI Futures	69974.48	4.69%	-0.02%	3.19%	71035.63	22-Mar	47519.52	23-Jan
Nikkei 225 Covered Call	11760.22	7.63%	0.08%	1.03%	11882.32	21-Mar	9865.49	23-Jan
Nikkei 225 Risk Control	13901.63	3.69%	0.06%	0.77%	14035.10	21-Mar	12624.71	8-Jan
Nikkei 225 Leveraged	7085.26	14.58%	0.18%	2.41%	7367.62	21-Mar	5125.79	23-Jan
Nikkei 225 Inverse	4398.23	-7.14%	-0.09%	1.21%	5261.18	8-Jan	4320.03	21-Mar

Name of Index	Index Value	Change	Hist. High	The year	Hist. Low	The year
Nikkei 225 DP (2012)	207.92	8.27%	219.73	2008	85.45	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	209.80	5.78%	0.09%	1.12%	214.67	21-Mar	176.73	8-Jan
Nikkei China Related 50	1126.35	3.78%	0.06%	1.37%	1165.94	21-Mar	981.20	8-Jan
Nikkei 500 Average	1064.30	8.46%	0.09%	0.94%	1070.11	21-Mar	881.67	8-Jan
Nikkei Japan 1000	1215.35	6.04%	0.08%	1.11%	1241.92	21-Mar	1023.90	8-Jan
Nikkei JASDAQ Average	1777.96	9.25%	0.11%	0.58%	1795.76	26-Mar	1435.89	4-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 (Nikkei 225 DP) indicates a comparison with the value at the end of March 2012.

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

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