

Nikkei 225 in July

As of the end of July, the Nikkei Stock Average (Nikkei 225) stood at 13668.32 down 9.00 points, or 0.1%, from the end of June. The index rose at 14808.50 on 18th, its the highest level since May22 in line with weakening Yen. But due to concern over Chinese economy and weak earning reports of Japanese major companies, the index dropped below the 14000 on 29th for the first time in one month.

This month's Topic : Which index by industry exceeds the peak of bubble?

The Nikkei Stock Average by industry consists of 36 sub-indices from Nikkei 500 Stock Average categorized on the 36 Nikkei industrial classifications, adjusted price weighted index like Nikkei 225. In the 36 index returns from end of 1989, record-high of Nikkei 225& 500 to end of July 2013, only Automobiles & Auto parts and Precision Instruments index returns became positive(see Table 1).

While the Nikkei 225 fell by 64.9% for the period, which stocks drove up the 2 sector indices? The Table 2 & 3 described significant contributors to rises of indices of the 2 winning industries respectively. (see Table 2& 3)

The stock prices of such winner groups started rising in the mid-1990's after the bubble economy burst, reached the historical high in 2007, and plunged after the world financial crisis in 2008. However the auto stocks have been recently buoyed while precision instrument stocks have not so rallied(see Figures 1 & 2 on the next page).

While indices of 26 industries, about 70% of 36 industries recorded the highest values from 1989 to 1990, some indices of industries touched their maximum levels before the world financial crisis in 2008, others reached the highest in the middle of IT bubble in 1999 to 2000, Banking and Securities indices set the record high in 1987, long time before the collapse of bubble economy.

Table 1: Return of index by industry

Rank	Industry name	Return
1	Automobiles	30.2%
2	Precision Instruments	14.4%
3	Trading Companies	-4.3%
4	Pharmaceuticals	-4.9%
5	Rubber	-17.4%
6	Electric Machinery	-22.9%
7	Retail	-35.2%
8	Other Financial Servs	-35.6%
9	Machinery	-39.5%
10	Chemicals	-47.1%

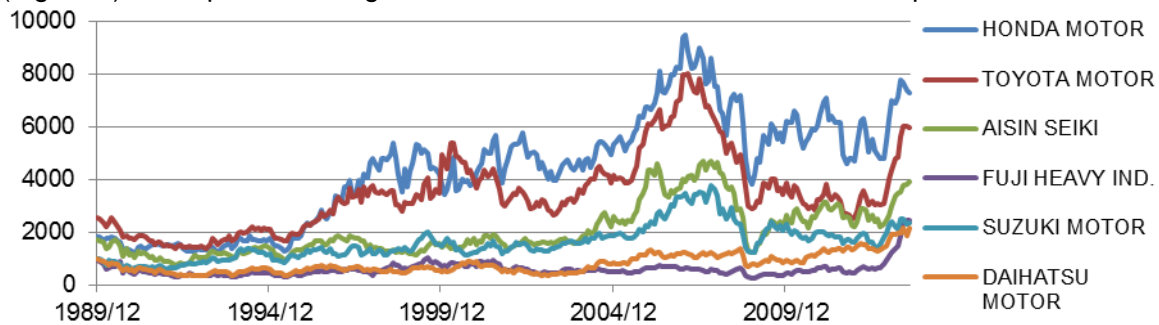
Table 2: Returns of Auto stocks (plus only)

Rank	Company name	Return
1	HONDA MOTOR	296.7%
2	FUJI HEAVY IND.	161.6%
3	SUZUKI MOTOR	137.5%
4	TOYOTA MOTOR	135.0%
5	AISIN SEIKI	124.9%
6	DAIHATSU MOTOR	124.3%
7	HINO MOTORS	17.7%

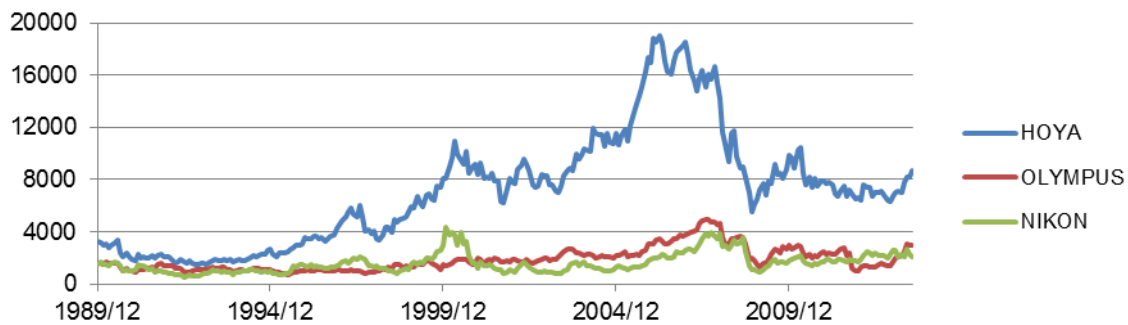
Table 3: Precision Instruments stocks' Returns

Rank	Company name	Return
1	HOYA	156.2%
2	OLYMPUS	87.4%
3	NIKON	36.6%
4	CITIZEN HOLDING	-45.0%
5	SHIMADZU	-47.1%

(Figure 1) Stock prices of 6 significant contributors to Automobiles & Auto parts index



(Figure 2) Stock prices of 3 significant contributors to Precision Instruments index



Performance Summary of July 2013

○Nikkei 225 and its derived indices

(Data as of end of July)

Name of Index	Index Value	Monthly Return	Avg Return	Volatility	Yealy High	The Date	Yearly Low	The Date
Nikkei 225	13668.32	-0.07%	0.20%	1.59%	15627.26	22-May	10486.99	23-Jan
Nikkei 225 TR	19634.56	-0.06%	0.20%	1.58%	22417.23	22-May	14924.17	23-Jan
Nikkei 225 VI (Volatility)	28.67	-18.48%	0.30%	5.97%	46.19	13-Jun	19.06	8-Jan
Nikkei 225 VI Futures	103419.63	-9.29%	0.20%	3.06%	120465.35	13-Jun	47519.52	23-Jan
Nikkei 225 Covered Call	11708.30	-3.18%	0.13%	1.27%	13319.05	22-May	9865.49	23-Jan
Nikkei 225 Risk Control	14762.12	-0.36%	0.12%	0.83%	15659.93	22-May	12624.71	8-Jan
Nikkei 225 Leveraged	8284.16	-0.63%	0.39%	3.17%	11165.32	22-May	5125.79	23-Jan
Nikkei 225 Inverse	3842.92	-0.43%	-0.20%	1.59%	5261.18	8-Jan	3459.80	22-May

Name of Index	Index Value	Change	Hist. High	The year	Hist. Low	The year
Nikkei 225 DP	110.47	3.51%	115.44	2008	47.39	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	230.75	-0.15%	0.19%	1.46%	259.66	22-May	176.73	8-Jan
Nikkei China Related 50	1216.54	-0.21%	0.18%	1.62%	1423.34	22-May	981.20	8-Jan
Nikkei 500 Average	1156.87	0.00%	0.18%	1.33%	1276.55	22-May	881.67	8-Jan
Nikkei Japan 1000	1334.05	-0.15%	0.19%	1.46%	1502.78	22-May	1023.90	8-Jan
Nikkei JASDAQ Average	1823.20	3.30%	0.14%	1.08%	2140.59	14-May	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 July 2012.

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

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