

Nikkei 225 in December 2013

As of the end of December 2013, the Nikkei Stock Average (Nikkei 225) stood at 16291.31 up 629.44 points, or 4.0%, from the end of November, its highest level since November 2007. Ultimately Nikkei 225 rose at a 56.7 % in 2013, the highest in 41 years as an annual return. The Yen’s depreciation helped major exporter stocks advance towards end of the year. The bullish sentiment pushed the index up to above the 16000 level on Dec 25th.

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

The Nikkei Stock Average (Nikkei 225) started to be published on September 7th 1950, (calculated retroactively back to May 16th 1949). Using the index data for almost past 65 years, this report provides analyses on ‘trivia’, three surprising facts related to Nikkei 225 as [the monthly report did in early January 2013](#).

4th highest return in 2013, top ranked for 4 month return at end of April

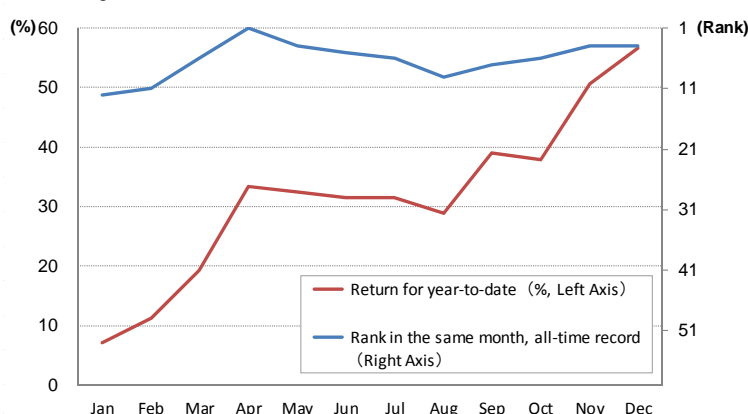
In 2013, the Nikkei 225 surged by 56.7%, the 4th highest on an annual basis in its history since 1950(Figure 1). It was in 1952 when it was the best, 118.4%, 2.2 times and the previous 1951 was the 3rd highest on the background that Korean War broke out in June 1950 and its related exports expanded significantly. 1972, the second highest year was called “excessive liquidity market” where Japanese prime minister, Mr. Tanaka announced his plan to reconstruct Japanese islands in summer and the Nikkei 225 rose every month, combined with monetary easing.

Fig.1 : Annual Return Top 10

Rank	Year	Return
1	1952	118.4%
2	1972	91.9%
3	1951	62.9%
4	2013	56.7%
5	1960	55.1%
6	1986	42.6%
7	1958	40.5%
8	2005	40.2%
9	1988	39.9%
10	1969	37.6%

Note: Using the data from 1950

Fig. 2: Nikkei 225 in 2013, Return for YTD & Rank for the month



Comparing, the year to date (YTD) return each month in 2013 with the YTD returns in the past same months, the YTD was the highest at the end of April the year, i.e. 4 month return. It went down after the plunge in May, the rank was recovered since September. April was the month when Mr. Kuroda, BOJ governor announced “new dimension” monetary easing on 4th (Figure 2).

Event and Nikkei 225

The second analysis is about the relationship between events and the Nikkei 225 price movements. Regarding chosen 6 events, comparing the number of years when it was up or down in

Fig.3: Event & Nikkei 225 (Ratio of years when the index rose)

Event	How to choose the year	Ratio	Up	Down
US FRB governer	First year term	83%	5	1
Nikkei 225 surge	Year following the top10	78%	7	2
Winter Olympics	Winter Olympics year	69%	11	5
First trading day	Dates other than Jan 4	64%	7	4
Closing yearly high	Year following the close	58%	7	5
Animal Symbol	Horse	40%	2	3
Nikkei 225 history	all records since 1950	64%	40	24

the years when the same events occurred in the past (Fig 3), the best performer was “Years when the US Federal Reserve Bank (FRB) chairman was replaced”. It climbed in 5 out of 6 times of the replacement years in the past. “The following year when the index notched up its sharp increases” (9 years excluding 2013 from the top 10) was followed as the 2nd best performer.

7 day difference between up and down after the bubble burst

The historical high of the Nikkei 225 was 38915.87 at end of 1989. The current level is about 60% lower than the peak. However, as [the last “trivia”](#) mentioned, the number of days when it was up was almost same that when it was down, 2949 vs. 2956 days (from 1990 to 2013). It became just a 7 day difference (36 days at end of 2012). The time might come soon when the number of the increases is greater than that of decreases if the current upward trend continues this year.

Performance Summary of December 2013

○Nikkei 225 and its derived indices

(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	16291.31	4.02%	0.20%	1.70%	16291.31	30-Dec	10486.99	23-Jan
Nikkei 225 TR	23573.02	4.12%	0.20%	1.70%	23573.02	30-Dec	14924.17	23-Jan
Nikkei 225 VI (Volatility)	22.84	-0.52%	0.16%	5.90%	46.19	13-Jun	19.06	8-Jan
Nikkei 225 VI Futures	89490.71	-4.16%	0.23%	3.12%	128730.71	4-Sep	47519.52	23-Jan
Nikkei 225 Covered Call	13999.63	6.33%	0.15%	1.35%	13999.63	30-Dec	9865.49	23-Jan
Nikkei 225 Risk Control	16254.78	2.14%	0.11%	0.81%	16254.78	30-Dec	12624.71	8-Jan
Nikkei 225 Leveraged	11546.47	7.90%	0.40%	3.39%	11546.47	30-Dec	5125.79	23-Jan
Nikkei 225 Inverse	3163.05	-4.13%	-0.20%	1.70%	5261.18	8-Jan	3163.05	30-Dec

Name of Index	Index Value	Change	Hist. High	The year	Hist. Low	The year
Nikkei 225 DP	208.81	8.10%	208.81	2013	81.35	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	265.63	3.39%	0.18%	1.52%	265.63	30-Dec	176.73	8-Jan
Nikkei China Related 50	1393.67	2.80%	0.16%	1.58%	1423.34	22-May	981.20	8-Jan
Nikkei 500 Average	1345.85	2.92%	0.19%	1.43%	1345.85	30-Dec	881.67	8-Jan
Nikkei Japan 1000	1537.27	3.50%	0.18%	1.52%	1537.27	30-Dec	1023.90	8-Jan
Nikkei JASDAQ Average	2053.35	3.96%	0.16%	1.15%	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 December 2012.

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

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