

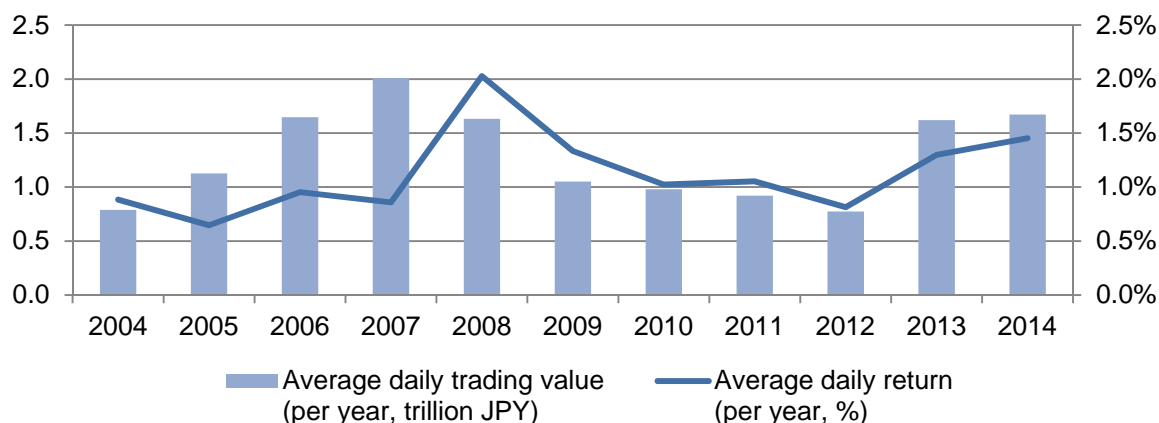
Nikkei 225 in February

As of the end of February, the Nikkei Stock Average (Nikkei 225) stood at 14841.07 down 73.46 points, or 0.5%, from the end of January. Concerns about US economy and Yen's appreciation triggered selling on the Tokyo market, and the index fell around 14000 on 4th. After that, market recovered gradually due to expectation of Bank of Japan's monetary easing policy, and the index reached above the 15000 on 25th, its first time for a month.

This month's Topic : Volatile Nikkei 225 shows a signal for local market to regain its power?

Japanese stock market has recently been volatile. Daily price changes in closings of the Nikkei 225 from the previous day exceeded 200 yen in 20 days, 53% trading days in February 2014, the highest for the first time since June 2013. How about longer trend of the price fluctuation? Figure 1 shows a comparison of its averaged daily returns (absolute values) each year. To analyze the trend with changes in the market liquidity, sum of trading values of the Nikkei 225 components are compiled. The daily averaged trading values have been relatively high, above 1.5 trillion yen while daily returns exceeded 1.5% since 2013 although it has not reached 2 trillion yen of the 2007 level, which indicates that the higher volatility accompanies the relatively higher trading values.

Figure 1: Daily return and trading value of the Nikkei 225



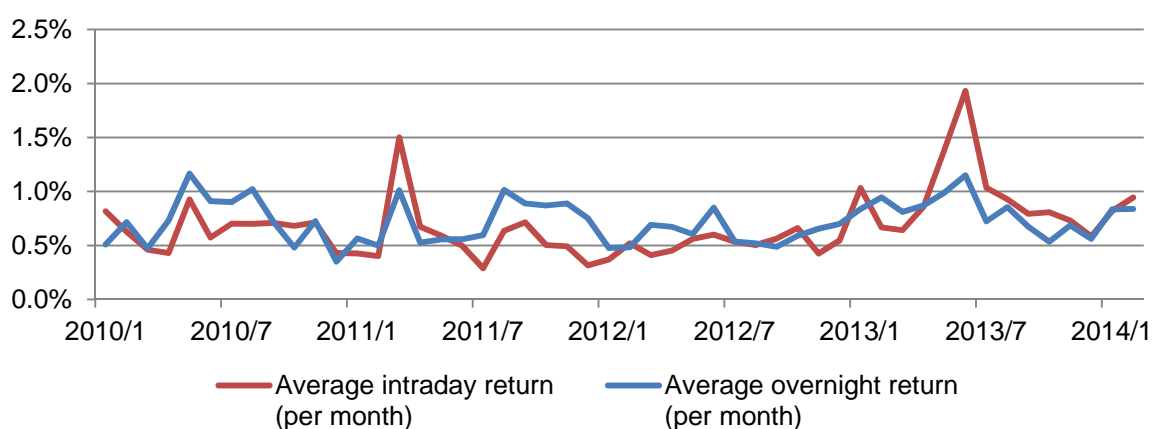
Note : Jan to Feb in 2014

Figure 2 shows the two divided parts of the daily returns from the previous closing, (1) returns from the previous closing to opening on the day, (2) returns from the opening to the closing on the day. The two daily return series (absolute values) are averaged in each month since 2010. In this analysis, the first returns could be recognized as "nighttime return" as it indicates the fluctuation while the Tokyo market closes and the second returns are defined as "daytime return" while Tokyo stock opens. In most of the months since 2010, "nighttime return" had been greater than "daytime return".

return”, which represents the overseas markets could lead more in that it was not very actively traded in Tokyo, and not fluctuated more than it was done at the opening from the previous day.

On the other hand, “daytime return” has been mostly greater than “nighttime return” since May 2013, which indicates the local market itself could lead the market more as the trading values have expanded. However, as it was usual for “daytime return” to exceed “nighttime return” stably until 2009. It would be necessary to continue to monitor the new movement to conclude that Tokyo market really regains the power to lead more.

Figure 2: Intraday return and overnight return of the Nikkei 225



Performance Summary of February 2014

○Nikkei 225 and its derived indices (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	14841.07	-0.49%	0.12%	1.72%	16121.45	8-Jan	14008.47	4-Feb
Nikkei 225 TR	21488.85	-0.43%	0.12%	1.72%	23327.25	8-Jan	20271.52	4-Feb
Nikkei 225 VI (Volatility)	25.93	-10.92%	0.13%	6.08%	33.21	4-Feb	21.40	23-Jan
Nikkei 225 VI Futures	88745.67	-1.83%	0.16%	3.05%	97741.36	4-Feb	78178.22	23-Jan
Nikkei 225 Covered Call	13076.47	-0.54%	0.08%	1.41%	14030.41	8-Jan	12348.19	4-Feb
Nikkei 225 Risk Control	15400.58	-0.52%	0.06%	0.80%	16161.58	8-Jan	14998.03	4-Feb
Nikkei 225 Leveraged	9470.04	-1.61%	0.23%	3.43%	11295.91	8-Jan	8471.34	4-Feb
Nikkei 225 Inverse	3432.00	-0.13%	-0.12%	1.72%	3651.06	4-Feb	3193.30	8-Jan

Name of Index	Index Value	Change	Hist. High	The year	Hist. Low	The year
Nikkei 225 DP	210.54	8.14%	210.54	2013	82.00	2002

○Benchmark and other indices

Name of Index	Index Value	Monthly Return	Avg Return	Volatility	Yealy High	The Date	Yearly Low	The Date
JPX-Nikkei Index 400	10971.80	-0.57%	0.10%	1.54%	11800.26	8-Jan	10330.02	4-Feb
Nikkei 300	246.92	-0.32%	0.10%	1.55%	265.90	8-Jan	231.88	4-Feb
Nikkei China Related 50	1305.38	-0.05%	0.09%	1.59%	1399.88	8-Jan	1220.64	4-Feb
Nikkei 500 Average	1265.50	-0.54%	0.12%	1.50%	1348.15	8-Jan	1191.33	4-Feb
Nikkei Japan 1000	1430.91	-0.68%	0.10%	1.56%	1541.51	8-Jan	1345.36	4-Feb
Nikkei JASDAQ Average	2073.56	-1.38%	0.11%	1.22%	2187.50	22-Jan	1952.33	4-Feb

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 2013.

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

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