

Nikkei 225 in April

As of the end of April, the Nikkei Stock Average (Nikkei 225) stood at 19520.01 up 313.02 points or 1.63% from the end of March 2015. On 22nd in the month, the Nikkei 225 climbed above the 20000 mark on an end-of-day basis, for the first time in 15 years. In addition, the index was buoyed by expectations on expansions of corporate profits and returns to shareholders. However, the index plummeted by announcements on BOJ's stance to keep its monetary policy following the meeting on 30th.

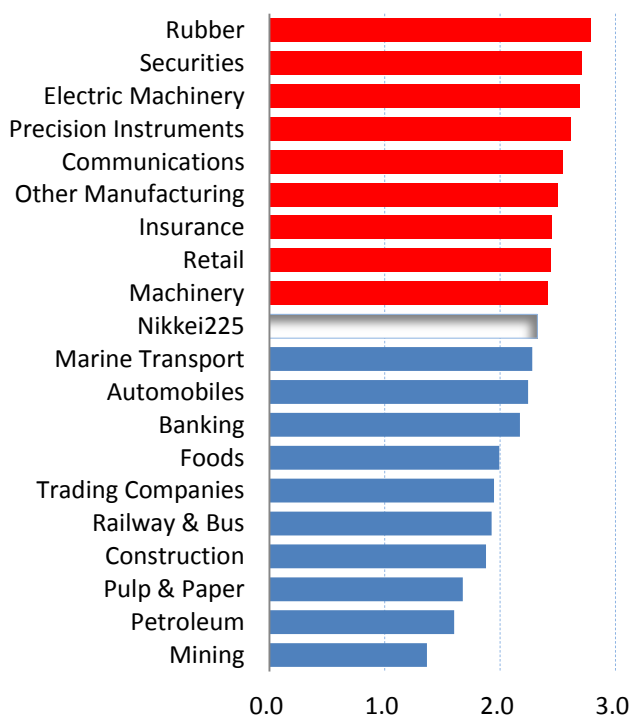
This month's Topic : Which sectors led to the 20000 mark of the Nikkei 225?

The Nikkei 225 has recovered its 20000 mark in April. It is no doubt that "Abenomics" changing the market sentiment has been one of the driving forces for the recovery. Which sectors or industries were the contributors to the Abenomics rally? The 36 indices of Nikkei Stock Average by Industry, sub-index of the Nikkei 500 Average could tell the story of the recovery.

The ranking (Fig.1) compares the price returns of the 36 industrial indices from November 14th 2012 to April 22nd 2015. The former was the date when former prime minister, Mr. Noda claimed the dissolution of the lower house of the Diet, defined as "Abenomics eve" here. The latter was the date when the index rose above the 20000 mark for the first time in the rally after the "Abenomics eve".

The 13 indices outperformed the Nikkei 225 soared 2.32 times for the period. The common factor for the winning sectors was that these sectors could receive merits from the monetary easing policy by BOJ. The yen depreciation due to the monetary policy caused to increase indices of "Rubber", "Electric Machinery", and "Precision Instruments" more. "Insurance" is one of the typical interest-rate sensitive sectors. "Securities" seems to be supported by the active trades of Japanese equity markets.

Fig.1: Ranking of price returns of the industries in Abenomics rally



Note: compare prices on Nov 14 2012 & April 22 2014

The keyword for the losers would be decreases in resource prices. Typical examples are worse results of “Mining”, “Petroleum”, and “Trading Companies” where the price depreciations directly affected the company financial performances. “Marine Transport” was badly affected by price cuts of bulk carrier carrying minerals.

Another common characteristic for the winning sectors was “better in the second phase of the Abenomics rally”. The first phase could be defined as the period until May 15th 2013 when the Nikkei 225 hit the 15000 mark and the second phase could be the period after that. 11 out of the above winning 13 industry indices outperformed the index in the second phase. For instance, although “Electric Machinery” climbed 70.1% less than 74.2% of the Nikkei 225 for the first phase, it outperformed the Nikkei 225 for the second phase and for the whole period of the “Abenomics” rally as a result. Reversely, “Real Estate” rose more than the Nikkei 225 for the first period but less than the index for the whole period.

The market participant mentioned, return-reversal investments led the first rally but stocks backed by better financial performances were the significant contributors to the second rally. That indicates that whether an expectation shared by many investors that the 20000 mark is just a pass point are realized will totally depend on whether stocks improving in financial performances are increased.

Performance Summary of April 2015

(Data as of end of April)

Name of Index	Index Value	Monthly Return	Avg Return	Volatility	Yealy High	The Date	Yearly Low	The Date
Nikkei 225	19520.01	1.63%	0.13%	1.10%	20187.65	23-Apr	16795.96	14-Jan
JPX-Nikkei Index 400	14421.55	2.84%	0.13%	1.02%	14771.19	28-Apr	12308.20	7-Jan
Nikkei 225 TR	28916.68	1.63%	0.14%	1.09%	29905.72	23-Apr	24719.38	14-Jan
Nikkei 225 VI (Volatility)	21.20	-6.65%	0.12%	5.50%	26.58	6-Jan	18.97	25-Feb
Nikkei 225 VI Futures	30416.38	-8.45%	-0.33%	2.39%	50080.55	6-Jan	30370.64	16-Apr
Nikkei 225 USD Hedged	20773.02	1.68%	0.13%	1.10%	21483.49	23-Apr	17851.30	14-Jan
Nikkei 225 EUR Hedged	18290.35	1.57%	0.13%	1.11%	18925.06	23-Apr	15690.33	14-Jan
Nikkei 225 Covered Call	17054.05	2.04%	0.12%	0.95%	17601.59	23-Apr	14648.80	14-Jan
Nikkei 225 Risk Control	17753.03	1.08%	0.07%	0.66%	18143.67	23-Apr	16255.58	14-Jan
Nikkei 225 Leveraged	15797.44	3.09%	0.26%	2.20%	16910.92	23-Apr	11771.84	14-Jan
Nikkei 225 Inverse	2515.70	-1.79%	-0.13%	1.10%	2942.85	14-Jan	2434.48	23-Apr
Nikkei 225 Double Inverse	2947.18	-3.73%	-0.26%	2.20%	4059.40	14-Jan	2762.06	23-Apr
Nikkei 300	323.68	3.28%	0.13%	1.01%	331.60	28-Apr	274.44	14-Jan
Nikkei China Related 50	1709.40	2.82%	0.13%	1.03%	1749.40	28-Apr	1471.94	14-Jan
Nikkei 500 Average	1735.72	1.17%	0.15%	1.00%	1778.72	9-Apr	1464.27	7-Jan
Nikkei Japan 1000	1882.23	3.20%	0.13%	1.01%	1923.90	28-Apr	1603.46	14-Jan
Nikkei JASDAQ Average	2545.72	3.59%	0.11%	0.62%	2576.46	27-Apr	2329.73	3-Feb

Name of Index	Index Value	Change	Hist. High	The year	Hist. Low	The year
Nikkei 225 DP	8.09	15.74%	8.09	2015	0.52	2004

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 April 2014.

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

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