

Nikkei 225 in September

As of the end of September, the Nikkei Stock Average (Nikkei 225) stood at 17388.15 down 1502.33 points, or 7.95%, from the end of August 2015, more than 1000 point plunges for the consecutive two months, for the first time in September and October in 2008, facing the global financial crisis. The tumble was mainly caused by a China economic slowdown and the Volkswagen (VW) scandal on an emission test cheating.

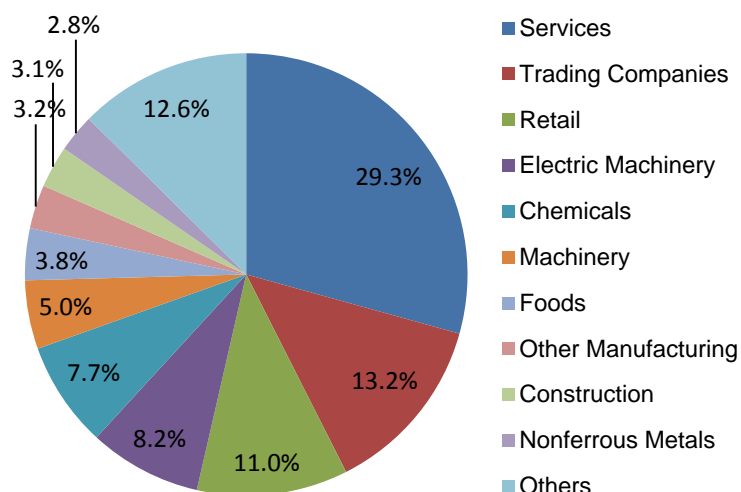
This month's Topic : Nikkei JASDAQ Average keeps relative stability

The Nikkei JASDAQ Stock Average has been relatively stable comparing with the Nikkei 225. The index fell 4.88% in September, a smaller decline than the Nikkei 225 (7.95%) in the month. It is said that, while investors are reluctant to buy large-sized stocks, small-sized stocks tend to be invested more between such phases they prefer larger stocks, and small-cap stocks could result in outperforming large-cap stocks. How about this phase?

The Nikkei JASDAQ Average consists of all domestic common stocks in the JASDAQ of the Tokyo Stock Exchange, excluding Bank of Japan, ETFs etc., which is a price weighted index like the Nikkei 225. The Nikkei JASDAQ index components are mainly small-cap and domestic demand-related stocks, comparing with those of the Nikkei 225.

The constituent weights show the characteristic of the index (See Figure1). Based on the Nikkei 36 industrial classification, the weights of Service, Retail and Foods, typical domestic demand-related industries, are relatively high. The drops of the Nikkei 225 since August were triggered by a slowdown of China economy. The scenario was that it would affect emerging countries, which could lead to a slowdown in the global economy. It seems to be reasonable for the JASDAQ index consisting of domestic demand-related stocks has a smaller impact on such scenario triggered by the "China shock".

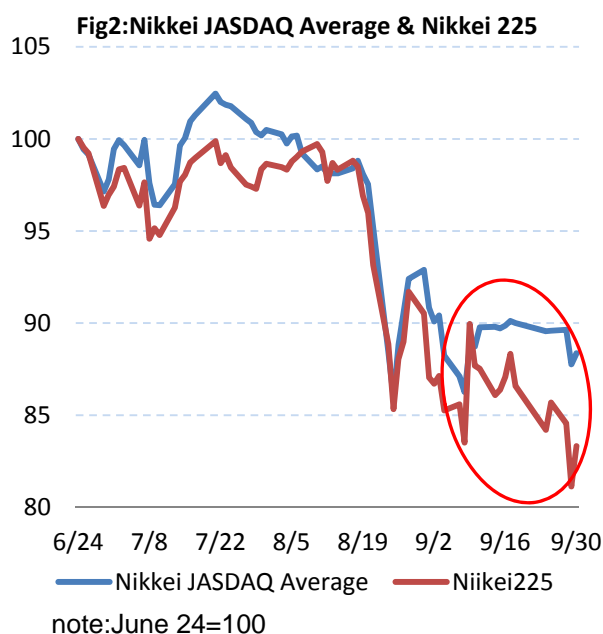
Fig1:Top10 Nikkei Industry Classification by weight



However, a comparison with the Nikkei 225 represents a different aspect. Figure 2 compares the Nikkei JASDAQ Average with the Nikkei 225 from June 24th when the index touched its year high (recomputed as the level on the day equal to 100). The two indexes moved similarly

in the phase in the sharp decline in August caused by the “China shock”. The disparity became clearer after the middle of September.

The trigger was Council on Economic and Fiscal Policy on September 11th where Prime Minister Shinzo Abe said mobile phone rates should be reduced. On the next day, shares of mobile phone operators plunged and the Nikkei 225 fell 298 points while the Nikkei JASDAQ Average closed slightly higher. Another topic was the VW scandal. As it was exposed in the Silver Week (Japanese national holidays in September), automobile stocks tumbled on 24th and the Nikkei 225 dropped 498 points, 2.76% while the JASDAQ index was slightly down 0.49%.



A market participant mentioned that the Nikkei JASDAQ Average constituent stocks are not likely to be purchased aggressively but it seems that such negative events have not affected the JASDAQ market significantly. Reversely, it indicates more clearly that the recent Nikkei 225 declines resulted from the big negative events.

Performance Summary of September 2015

(Data as of end of September)

Name of Index	Index Value	Monthly Return	Avg Return	Volatility	Yealy High	The Date	Yearly Low	The Date
Nikkei 225	17388.15	-7.95%	0.04%	1.43%	20868.03	24-Jun	16795.96	14-Jan
JPX-Nikkei Index 400	12628.54	-8.58%	0.03%	1.36%	15251.93	10-Aug	12308.20	7-Jan
Nikkei 225 TR	26001.86	-7.34%	0.05%	1.42%	30941.86	21-Jul	24719.38	14-Jan
Nikkei 225 VI (Volatility)	32.19	-3.07%	0.52%	7.58%	47.01	25-Aug	16.33	21-Jul
Nikkei 225 VI Futures	28800.61	26.72%	-0.08%	3.31%	50080.55	6-Jan	17065.71	17-Aug
Nikkei 225 USD Hedged	18442.29	-8.00%	0.04%	1.44%	22179.49	24-Jun	17851.30	14-Jan
Nikkei 225 EUR Hedged	16244.80	-8.07%	0.04%	1.44%	19531.69	24-Jun	15690.33	14-Jan
Nikkei 225 Covered Call	15489.17	-7.15%	0.03%	1.31%	18257.09	10-Aug	14648.80	14-Jan
Nikkei 225 Risk Control	16643.23	-2.58%	0.01%	0.75%	18586.71	24-Jun	16255.58	14-Jan
Nikkei 225 Leveraged	12199.34	-16.39%	0.08%	2.85%	18015.34	24-Jun	11574.10	29-Sep
Nikkei 225 Inverse	2748.26	7.16%	-0.04%	1.43%	2942.85	14-Jan	2343.28	21-Jul
Nikkei 225 Double Inverse	3421.46	13.19%	-0.08%	2.85%	4059.40	14-Jan	2543.36	21-Jul
Nikkei 300	284.35	-8.72%	0.03%	1.35%	343.20	10-Aug	274.44	14-Jan
Nikkei China Related 50	1410.42	-7.74%	0.00%	1.38%	1805.35	29-May	1371.78	29-Sep
Nikkei 500 Average	1573.73	-7.58%	0.06%	1.35%	1871.64	10-Aug	1464.27	7-Jan
Nikkei Japan 1000	1666.56	-8.29%	0.04%	1.35%	2000.58	10-Aug	1603.46	14-Jan
Nikkei JASDAQ Average	2456.15	-4.88%	0.03%	0.92%	2847.99	21-Jul	2329.73	3-Feb

Name of Index	Index Value	Change	Hist. High	The year	Hist. Low	The year
Nikkei 225 DP	168.16	24.53%	168.16	2015	49.38	2002

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 September 2014.

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

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