



Market Report - Japan

November 23, 2012

Japan Securities Dealers Association

1. Economy

Major Economic Indicators

		2011				2012		CY2010	CY2011
		1-3	4-6	7-9	10-12	1-3	4-6		(%)
GDP		-2.0	-0.3	1.7	0.1	1.3	0.2	4.5	-0.8
Domestic Demand		-1.8	0.6	1.0	0.8	1.1	0.2	2.8	0.1
	(Contribution ratio)	-1.8	0.6	1.0	0.8	1.2	0.2	2.8	0.1
	Private Demand	-2.2	0.2	1.4	1.0	1.0	0.2	3.1	-0.1
	(Contribution ratio)	-1.6	0.1	1.0	0.8	0.8	0.1	2.3	-0.1
	Private Consumption	-1.5	0.6	1.1	0.7	1.2	0.1	2.6	0.1
	Private Residential Investment	1.7	-3.0	4.8	0.1	-1.6	0.9	-4.2	5.7
	Private Non-Residential Investment	-0.1	-0.9	0.3	5.5	-1.6	1.4	0.8	1.3
	Public Demand	-0.6	1.9	0.0	0.1	1.5	0.5	1.9	1.0
	(Contribution ratio)	-0.1	0.5	0.0	0.0	0.4	0.1	0.5	0.2
	Government Consumption	0.3	0.6	0.2	0.4	1.1	0.2	2.2	2.0
	Public Investment	-4.4	7.4	-1.1	-1.0	3.6	1.8	0.9	-3.5
Net Exports of Goods & Services(Contribution ratio)		-0.3	-0.9	0.7	-0.7	0.1	-0.1	1.7	-0.9
	Exports of Goods & Services	-0.4	-5.8	7.8	-3.6	3.4	1.2	24.3	-0.1
	Imports of Goods & Services	1.5	0.0	3.4	1.0	2.2	1.6	11.2	6.3

(source) Cabinet Office

2. Stock Market (1)

Stock Prices: US, Europe and Japan



2. Stock Market (2)

Stock Prices: India, Hong Kong and Japan

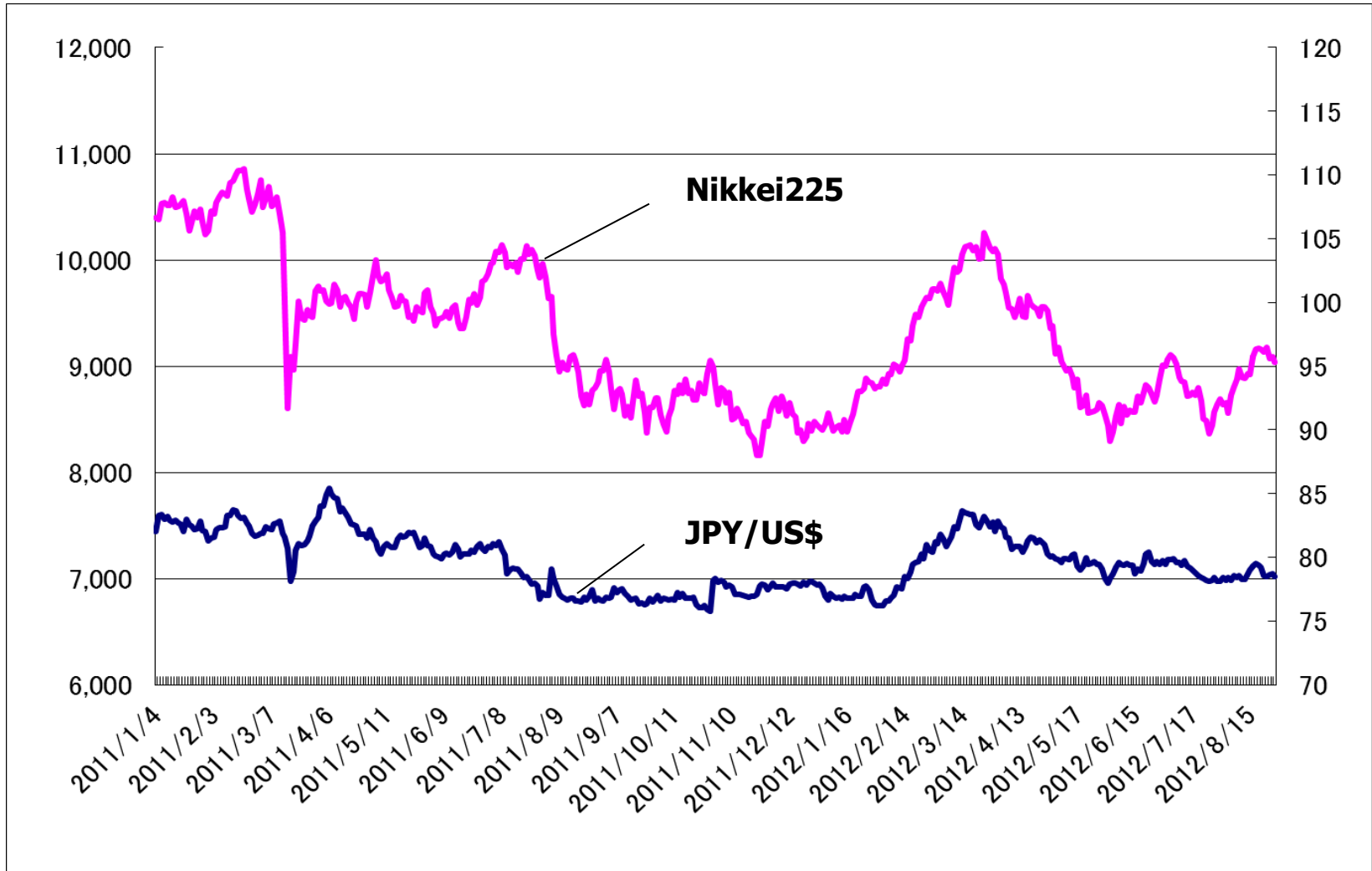


2. Stock Market (3)

Nikkei 225 Stock Average and JPY/USD Exchange Rate

Nikkei 225

JPY/US\$



1) Merger of TSE and OSE

- Tokyo Stock Exchange (TSE) and Osaka Securities Exchange (OSE) announced a merger of their operations (target date: January 2013).

2) Re-listing of Japan Airlines (JAL)

- Japan Airlines (JAL) re-listed on the Tokyo Stock Exchange in September 2012.
- The re-listing was the second biggest IPO in the world, next to Facebook.

3) Corporate Governance Issues

- In the fall last year, two major scandals were revealed in Japanese listed companies:
 - one case involving fraudulent accounting methods to hide investment losses over a prolonged period, and
 - the other caused by improper loans to a related party.
- Measures have been taken or being deliberated to prevent the recurrence of such cases and improve corporate governance.

3. Major Topics (2)

4) Issues Surrounding Public Offerings

- A string of incidents involving improper information management and insider trading have come to light since spring this year.
- Japan FSA and JSDA have taken actions and are deliberating further measures to prevent such incidents.

5) Regulatory Reforms Based on Agreements at G20 and FSB

- OTC derivative regulation
- Effective resolution regimes for failed financial institutions

4. JSDA's International Activities



JSDA Actively Engage in International Activities.

Just a few recent examples:

- Participating in FSB discussion on global LEI (Legal Entity Identifier) initiative
- Held ASF Tokyo Round Table during October 17 to 23, giving opportunities to the participants to discuss securities regulation and regulatory systems
- Conducting overseas promotion of Japanese securities market
 - The 5th “Japan Securities Summit” in London (to be held in London in February 2013)
 - Promotion video and leaflet