



Today's Theme



Japan

Japanese Corporate Earnings



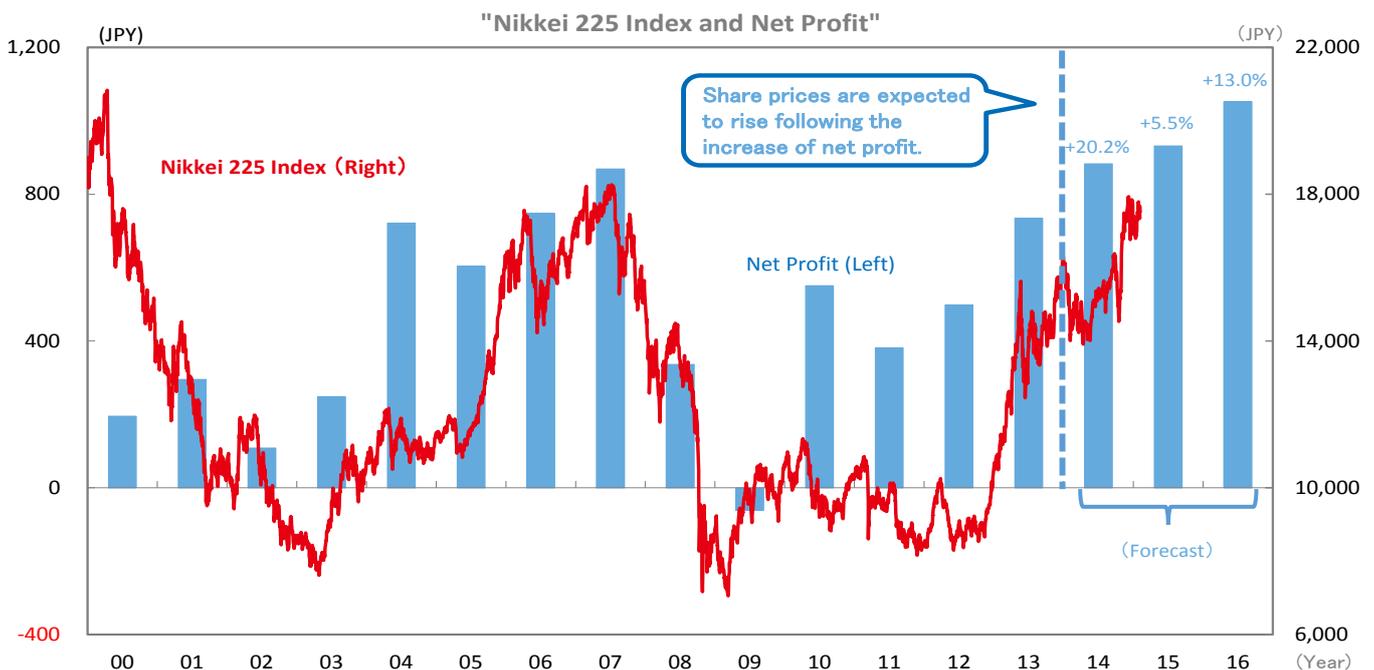
What is the corporate earnings like for Japanese companies?



Favorable results were announced by the companies benefited from improvement in export spurred by weaker yen and reduction in costs led by lower oil price. Historical highest profit record is expected to continue after 2014 as well.

- High export sensitive companies such as Toyota Motors and Hitachi are expected to renew their historical high profit this fiscal year due to the recovery of the global economy and the advantage of weakening yen, which is making positive impacts on domestic demand related companies, too. Furthermore, Isetan Mitsukoshi Holdings (Department store group) and JR Tokai Railway have also expanded their profits due to increase in foreign tourist's consumption in Japan.
- Fall in oil price helped save costs of energy across the industries. Strong car sales in the US resulting from the lower gasoline price contributed to the earnings growth of Auto manufactures and Auto parts makers as well.
- Total net profit of 225 companies comprising Nikkei 25 Index in 2014 is expected to renew its highest record which was achieved in 2007 just before the global financial crises in 2008, due to weaker yen, lower oil price and successful cost reduction by companies. The trend of profit expansion is expected to continue even after 2015 along with the moderate growth of the global economy.
- Hence, share prices in Japanese stock market are expected to advance following the expansion of corporate earnings going forward.

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(Note) Data Period: Net Profit (Net profit per share of the Nikkei 25 Index component stocks): From 2000 to 2016 (Yearly bases). Bloomberg's forecast are used for the 2014 to 2016 forecasts y-o-y. Nikkei 25 Index: From January 4, 2000 to February 5, 2015 (Daily bases). (Source) SMAM, based on Bloomberg L.P. data



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