

January “Foreign Visitors”, Solid Numbers

The number of foreign visitors can be found in the “Number of foreign tourists visiting Japan” statistics released by the Japan National Tourist Organization (JNTO). The statistics for the last 2 months show estimated “numbers of tourists” from 18 countries and regions which have a larger number of tourists to Japan. Also, the Ministry of Justice releases provisional numbers of incoming tourists from 36 countries and regions for 3 months ago and before. Confirmed numbers are announced in the following year.

Point 1

Number of foreign tourists visiting Japan increased 52.0% YoY in January

Number of visitors from China more than doubled

- The “Number of foreign tourists visiting Japan” in January was released by JNTO on 16th February, rising 52.0% YoY to 1.85 million. The number of visitors from most of the countries increased, continued to be led by China with a sharp growth of 2.1 times YoY. The growth rate stayed at the 40% level for four months in a row since September 2015, before the sharp rise in January.
- There was a concern over the increase in the number of foreign visitors due to the global stock market plunge, China’s slowdown and JPY appreciation. However, as far as the data in January is concerned, there was not a negative impact on the number of tourists visiting Japan.

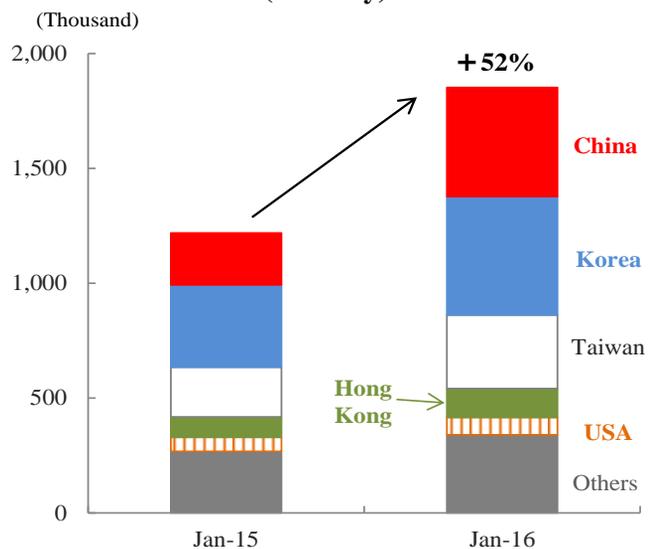
Point 2

Big increase in countries other than China

Focus should be made on sharp increase of visitors to Japan by passenger cruise ships

- Total number of Chinese traveling overseas has sharply declined recently, however, those who intend to travel to Japan are increasing. Meanwhile, number of visitors from most of the countries surveyed by JNTO (total of 16 countries) saw record highs. This seems to be a proof that Japan is more appraised globally as a tour destination.
- Focus should be made on increasing choice of means of transportation. Out of 475 thousand visitors from China in January this year, 76 thousand have travelled to Japan by passenger cruise ships which saw an outstanding increase of 15 times YoY.

“Number of Foreign Tourists Visiting Japan” (January)



(Source) SMAM, based on JNTO data.

■ Overcome lower stock price and stronger JPY

There is a concern over the negative impact of global stock market plunge and JPY appreciation to “number of foreign tourists visiting Japan” going forward. As for China, as long as the Japanese boom prevails, we can expect a sharp increase of Chinese travelling to Japan, as the number is only around 10% of those who travel to Hong Kong.

■ Sales of duty free shops are robust in February

Sales of duty free items of major department stores in the first half of February seemed robust due to increase of travelers to Japan during the Chinese New Year Holidays. Despite a possible decrease in sales per person due to slow downs in sales of high-end brand goods, benefit from increase in the number of foreign tourists seems to be continuing.

■ Disclaimer**Please read this disclaimer carefully.**

- This material is for non-Japanese institutional investors only.
- The research and analysis included in this report, and those opinions or judgments as outcomes thereof, are intended to introduce or demonstrate capabilities and expertise of Sumitomo Mitsui Asset Management Company, Ltd. (hereinafter “SMAM”), or to provide information on investment strategies and opportunities. Therefore this material is not intended to offer or solicit investments, provide investment advice or service, or to be considered as disclosure documents under the Financial Instruments and Exchange Law of Japan.
- The expected returns or risks in this report are calculated based upon historical data and/or estimated upon the economic outlook at present, and should be construed no warrant of future returns and risks.
- Past performance is not necessarily indicative of future results.
- The simulated data or returns in this report besides the fund historical returns do not include/reflect any investment management fees, transaction costs, or re-balancing costs, etc.
- The investment products or strategies do not guarantee future results nor guarantee the principal of investments. The investments may suffer losses and the results of investments, including such losses, belong to the client.
- The recipient of this report must make its own independent decisions regarding investments.
- The opinions, outlooks and estimates in this report do not guarantee future trends or results. They constitute SMAM’s judgment as of the date of this material and are subject to change without notice.
- The awards included in this report are based on past achievements and do not guarantee future results.
- The intellectual property and all rights of the benchmarks/indices belong to the publisher and the authorized entities/individuals.
- This material has been prepared by obtaining data from sources which are believed to be reliable but SMAM can not and does not guarantee its completeness or accuracy.
- All rights, titles and interests in this material and any content contained herein are the exclusive properties of SMAM, except as otherwise stated. It is strictly prohibited from using this material for investments, reproducing/copying this material without SMAM’s authorization, or from disclosing this material to a third party.

Registered Number: Kanto Local Finance Bureau (KINSHO) No.399

Member of Japan Investment Advisers Association, The Investment Trusts Association, Japan and

Type II Financial Instruments Firms Association

© Sumitomo Mitsui Asset Management Company, Limited

