



Japan Equity Market Outlook

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-October 2026-

Summary

Japan Equity Outlook

In September, TOPIX fell 1.1%, its first decline in six months, while the Nikkei 225 gained 0.7%, its second consecutive rise. Renewed Middle East tensions, higher oil prices and global yields weighed on equities, but resilient growth and stabilizing semiconductor and AI shares supported the tech-heavy Nikkei.

Hawkish central banks, fiscal concerns and big-tech financing are pushing yields higher. However, big-tech investment and fiscal expansion should sustain the global recovery and earnings growth, although higher rates may curb demand. We expect gradual gains in Japanese equities, but rates matter.

Economic and Monetary Policy

Global and domestic recovery remains our base case, supported by AI demand, resilient employment and fiscal expansion. Middle East tensions and energy prices risk further tightening. We expect BOJ hikes in January and June to 1.75%, matching its median neutral-rate estimate, and a December Fed hike following September's move. Despite joint US-Japan yen-buying intervention and warnings, high US rates and structural yen-selling flows should sustain gradual dollar strength.

Key Drivers for Japan's Stock Market

Japanese equities remain supported by the end of deflation, governance reform, and improving capital efficiency. Takaichi's growth investment and economic-security policies add potential tailwinds. Given these structural changes, equities do not look expensive on P/E multiples.

Risks and Events

Downside risks include surging US real yields, weaker AI earnings, oil-driven terms-of-trade losses, valuation pressure from higher Japanese yields, and a yen surge. Upside drivers include faster AI monetization, investment under Takaichi's growth strategy, greater recognition of governance reforms, and stronger foreign buying.

Outlook for the Japanese Economy

SMDAM Forecasts: Japanese Economy

Forecasts as of 14 Sep 2026

		FY22 (A)	FY23 (A)	FY24 (A)	FY25 (A)	FY26 (E)	FY27 (E)
Real GDP	(yoy, %)	1.5	0.1	0.7	0.9	0.9	0.9
Private Consumption	(yoy, %)	2.5	▲ 1.0	0.1	1.3	0.8	1.5
Private Resid. Investment	(yoy, %)	0.7	2.0	▲ 0.4	▲ 2.6	0.4	▲ 0.1
Private Capex	(yoy, %)	4.2	0.8	1.8	2.2	▲ 0.5	1.7
Public Investment	(yoy, %)	▲ 4.5	▲ 0.1	0.1	▲ 0.3	0.2	0.5
Net Exports (contribution)	(%point)	▲ 0.6	1.2	▲ 0.3	▲ 0.1	0.4	▲ 0.2
Exports	(yoy, %)	4.7	3.1	2.7	2.0	2.0	1.8
Imports	(yoy, %)	7.3	▲ 2.2	4.0	2.6	▲ 0.1	3.2
Nominal GDP growth	(yoy, %)	2.7	4.9	4.0	4.2	3.6	2.9
GDP deflator	(yoy, %)	1.2	4.8	3.2	3.3	2.7	2.0
Industrial production	(yoy, %)	▲ 0.3	▲ 1.9	▲ 1.5	▲ 0.1	2.7	1.1
CPI (less fresh food & institutional factors)	(yoy, %)	4.0	2.8	2.7	2.7	3.0	2.0
Unemployment Rate	(%)	2.6	2.6	2.5	2.6	2.4	2.3
Policy Rate	(End of Period, %)	▲ 0.1	0-0.1	0.50	0.75	1.50	1.75

Note: Forecasts by SMDAM.

Source: SMDAM

Economic and Asset Price Outlook for Key Regions

SMDAM Forecasts: Major Economies, Rates and FX

Forecasts as of 16 Sep 2026		2026				2027			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GDP Growth Rate									
United States	(saar, %)	2.1	1.5	3.1	1.8	1.9	2.0	2.0	2.1
Japan	(saar, %)	1.9	1.4	0.5	0.5	0.7	1.7	0.7	0.7
Euro Area	(saar, %)	▲ 0.0	2.6	1.5	1.1	1.1	1.2	1.5	1.6
China	(yoy, %)	5.0	4.3	4.4	4.6	4.5	4.6	4.5	4.5
Inflation									
United States	(core PCED, yoy, %)	3.1	3.4	3.4	3.4	3.0	2.7	2.7	2.6
Japan	(core CPI, yoy, %)	1.7	1.5	1.8	2.4	3.1	1.4	1.3	0.7
Euro Area	(yoy, %)	2.0	3.0	3.3	3.8	3.4	2.7	2.4	1.9
China	(yoy, %)	0.9	1.2	0.7	1.0	0.3	0.2	0.2	0.2
Policy Rates									
United States	(End of Period, %)	3.5-3.75	3.5-3.75	3.75-4.0	4.0-4.25	4.0-4.25	4.0-4.25	4.0-4.25	4.0-4.25
Japan	(End of Period, %)	0.75	1.00	1.25	1.25	1.50	1.75	1.75	1.75
Euro Area	(End of Period, %)	2.00	2.25	2.50	2.75	2.75	2.75	2.75	2.75
China	(End of Period, %)	1.40	1.40	1.40	1.40	1.40	1.30	1.30	1.30
Long-term Rates									
US 10Y	(End of Period, %)	4.32	4.47	5.28	5.00	5.00	4.90	4.80	4.80
Japan 10Y	(End of Period, %)	2.35	2.67	3.07	3.10	3.20	3.20	3.20	3.20
Germany 10Y	(End of Period, %)	3.00	2.86	3.59	3.40	3.40	3.30	3.20	3.20
FX									
USD/JPY	(End of Period)	158.7	162.5	157.4	158.0	160.0	160.0	160.0	160.0
EUR/JPY	(End of Period)	183.4	185.8	178.4	183.3	185.6	185.6	187.2	187.2
Stock Prices									
TOPIX	(End of Period)	3,498	3,995	4,109	4,250	4,300	4,350	4,350	4,350
Nikkei 225	(End of Period)	51,064	70,062	66,754	68,900	69,700	70,500	70,500	70,500

Note: Forecasts by SMDAM.

Source: SMDAM

2024	2025	2026	2027
(yoy, %)	(yoy, %)	(yoy, %)	(yoy, %)
2.8	2.1	2.2	2.1
0.7	1.2	0.9	0.8
1.1	1.3	1.1	1.3
5.0	5.0	4.6	4.5
2.9	2.8	3.3	2.7
2.7	3.1	1.8	1.6
2.4	2.1	3.0	2.6
0.2	0.0	0.9	0.2

Note: Japan is FY-based.

This Month's Topic (1): Japan's Policy Dynamics

• **September polls showed strong Cabinet support:** NHK and Nikkei held at 53% and 62%, while Yomiuri rose three points to 59%. Most senior officials stayed, but the relatively liberal Hayashi left. **The reshuffle favored continuity and longer-term conservative rule, strengthening the political base for growth policies and multiyear budgets.**

• **Japan and the US aligned on yen concerns and economic policy.** Bessent urged an end to reflationary policies. At their September 22 summit, Takaichi acknowledged Trump's yen-undervaluation concerns. Economic and Fiscal Policy Minister Kiuchi also declared the reflationary phase over. These statements briefly strengthened the yen but failed to contain rising JGB yields.

• **This does not imply a policy reversal.** Takaichi's advisers emphasize investment and supply expansion through a high-pressure economy. Fiscal support and her preference for accommodative financial conditions should persist. She likely still favors a weak yen; some observers see ¥150–155 per dollar as her preferred range.

• **Investment measures should emerge in the year-end FY2027 budget.** Critics question the breadth and effectiveness of government support across 17 sectors and 62 products and technologies. Responding to state-backed US and Chinese policies, **Japan seeks to initiate investment and encourage long-term private investment through multiyear predictability.** Support varies by priority, horizon and development stage. Reassessment must balance continuity with selectivity to sustain effectiveness and fiscal credibility.

The BOJ raised rates from 1.00% to 1.25% on September 18, accelerating tightening after December and June hikes. **Ueda described a new phase** with underlying inflation approaching 2%, requiring

responses to two-sided risks and tightening toward neutral. The level remains uncertain; 1.75%, based on the BOJ's median estimate, is our reference. **Takaichi-appointed Asada and Sato voted against the proposal.** Government representatives urged assessment of cumulative tightening and neutral rates, signaling caution over pace and endpoint.

Trump reportedly encouraged Japan–China dialogue, but rapprochement remains difficult. November's APEC offers an opportunity. Without progress, personnel considerations ahead of China's 2027 Party Congress could discourage a softer stance toward Japan, **prolonging risks to China-related demand and critical-mineral supplies.**

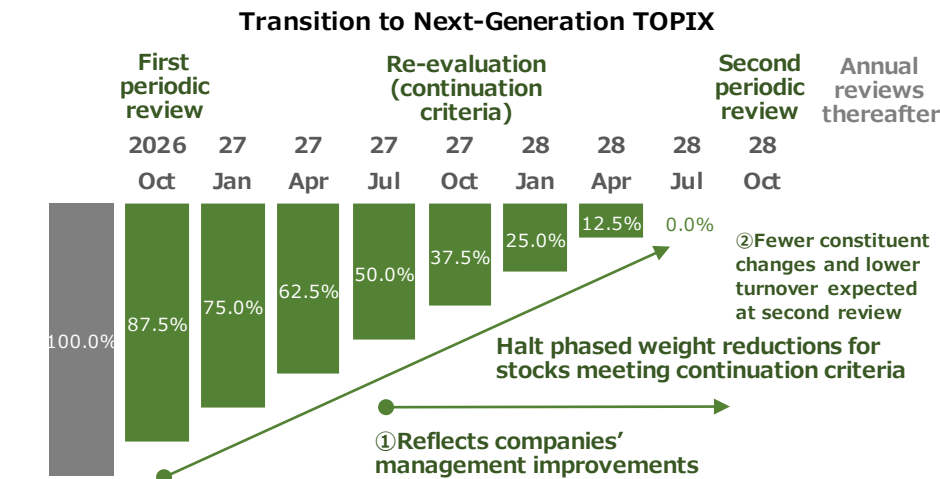
Middle East peace remains elusive. US escorts and alternative routes reportedly helped oil exports recover in September, but escort costs and Revolutionary Guard activity threaten continuity. Energy prices remain elevated. Oil, hawkish central banks, fiscal concerns and investment-driven financing demand are lifting global yields. Higher yields and equities can coexist if investment supports growth and earnings.

For Japan, prolonged conflict worsens terms of trade, weighing on nominal growth (G), while inflation and yen weakness lift long-term yields (R). Pricing power also affects G, but prolonged $G \approx R$ or $R > G$ could favor selective investing and cap market gains.

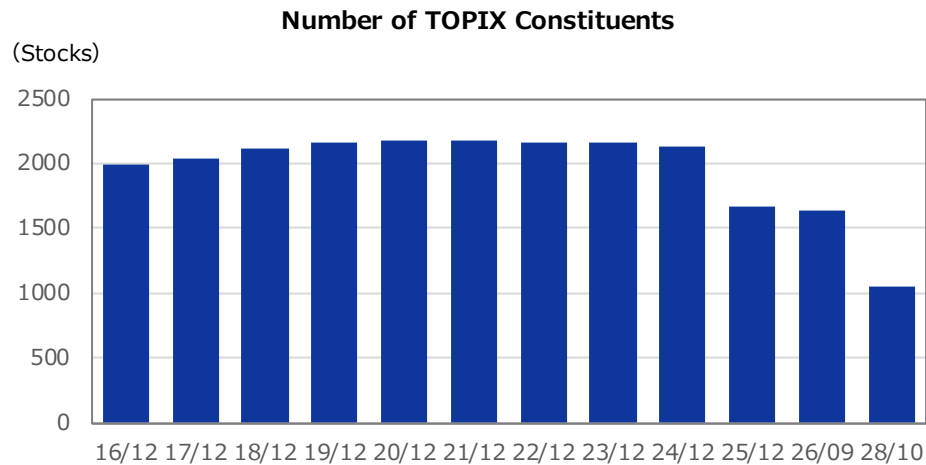
The October 5 extraordinary Diet session will address food consumption-tax cuts and funding. Gasoline subsidies and winter energy relief are separate priorities. Household support aids growth, but additional borrowing may unsettle JGBs. **The FY2027 budget and tax package will test investment support against spending and issuance discipline.**

This Month's Topic (2): TOPIX Revisions—From Market Segments to Liquidity-Based Selection

- TOPIX's first periodic review under revised rules takes effect in October 2026. Selection covers Prime, Standard and Growth markets, using annual traded value ratio and cumulative free-float-adjusted market capitalization. Prime listing no longer guarantees inclusion; Standard and Growth stocks gain entry opportunities. Nonqualifying existing constituents face phased weight reductions, not immediate exclusion.
- New additions require an annual traded value ratio of at least 0.20 and inclusion within the top 96% of cumulative free-float-adjusted market capitalization. Existing constituents face continuation thresholds of 0.14 and 97%, limiting frequent changes in membership.
- JPX's end-March 2026 simulation projects approximately 1,050 constituents versus 1,654 currently, with free-float market coverage declining modestly from 97.5% to 96.6%. Around 50 stocks would enter from Standard and Growth. These estimates include constituents meeting continuation criteria upon re-evaluation, rather than representing membership immediately after the first review.
- Competition for inclusion and retention may encourage companies to improve liquidity and market valuations. Prime companies face exclusion risk, while Standard and Growth companies gain entry opportunities.
- Nonqualifying constituents' weights decline in eight quarterly steps from October 2026 through July 2028. Those meeting continuation criteria at the October 2027 re-evaluation halt reductions at a transition factor of 50%. The second periodic review takes place in October 2028.



Source: SMDAM and JPX



Note: Oct 2028 estimate based on JPX's end-Mar 2026 simulation.

Source: SMDAM, Bloomberg and JPX

(Y/M)

This Month's Topic (3): US Midterms: Budgets, Taxes, Presidential Powers and AI Infrastructure

Party Priorities

- **Republicans** favor tax cuts, deregulation, higher defense spending, domestic energy and AI infrastructure. Tariffs and China technology restrictions remain presidential priorities.
- **Democrats** emphasize affordability, oppose food-assistance and Medicaid cuts, and seek stronger oversight. Tax and healthcare proposals vary.
- **Both parties** oppose transferring data-center costs to households. Environmental and safety concerns feature among Democrats, while some Republicans oppose local projects.

Congressional Control

- **Republican control** allows further tax and spending measures through reconciliation, potentially raising deficit expectations. Ending ordinary legislative filibusters generally requires 60 Senate votes.
- **A Democratic House** could block major bills and investigate conflicts of interest, crypto and corporate pricing. Direct economic and earnings effects should be limited. Impeachment is possible, but removal remains difficult.
- **Winning the Senate** too lets Democrats lead budget and tax debates, defend household support, and influence Fed and judicial confirmations. Presidential vetoes still necessitate compromise.
- **Either chamber gives Democrats budget and debt-limit leverage**, raising shutdown and payment risks. Republican divisions can also impede agreements.

Presidential Policies Continue

- **Tariffs, China export controls, immigration and Iran policy remain largely presidential decisions.** Gridlock may encourage executive action and diplomacy; Democratic gains do not automatically reduce trade or geopolitical risks. Legal constraints

remain, including the Supreme Court's rejection of IEEPA tariffs.

AI Investment and Project Economics

- **Democratic gains alone should not sharply slow AI investment, given competition with China.** Federal support and deregulation may face hurdles; cost-sharing and safety requirements may tighten. Local permitting and utility regulation remain jurisdiction-specific.
- The House-passed bipartisan bill would require state regulators to consider cost-recovery standards, not mandate full cost coverage nationwide. Some senators seek binding requirements, leaving passage uncertain. Both parties oppose passing costs to households, but actual costs and profitability impacts vary with state rules and power contracts.

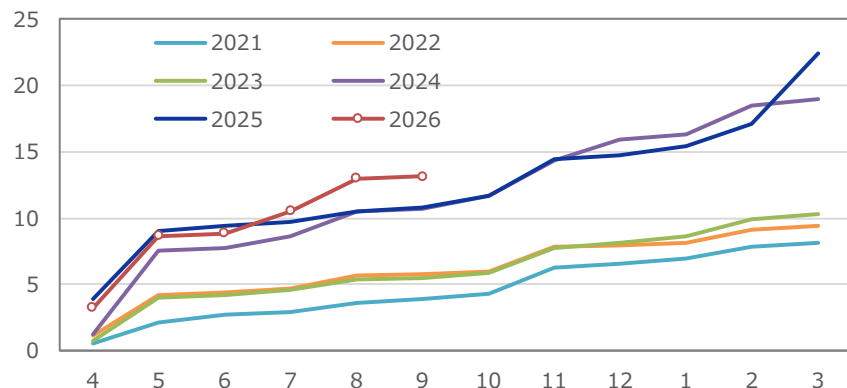
Market Implications

- **Equities:** A Republican sweep supports additional tax cuts and spending, although higher yields may cap gains. Democratic control increases budget confrontation and shutdown risk. Eventual compromise and temporary equity effects remain our base case.
- **Sectors:** A Republican sweep favors financial deregulation and energy support. Democratic gains constrain new fiscal support, but executive deregulation and permitting reforms can continue. Defense and AI retain bipartisan support; grid-cost allocation remains a bipartisan issue affecting data-center profitability.
- **Rates and FX:** A Republican sweep allows more fiscal expansion, putting upward pressure on Treasury yields. Divided government limits further expansion without reducing existing deficits. Higher yields may support the dollar, but concerns over fiscal credibility could lift yields while weakening the dollar.

This Month's Topic (4): Share Buybacks in H1 FY2026

- Announced buybacks reached ¥13.2 trillion versus ¥10.7 trillion a year earlier, exceeding H1 of last fiscal year, when annual buybacks hit a record. Actual purchases rose to ¥10.7 trillion from ¥8.8 trillion, confirming robust shareholder payouts.
- Electrical appliances led at ¥2.9 trillion (previously second), followed by transportation equipment, ¥1.6 trillion (first); wholesale trade, ¥1.5 trillion (third); and information/communication, machinery and banks, each ¥0.8 trillion (fifth, eleventh and fourth). Machinery advanced; other leading sectors were largely unchanged.
- The revised Governance Code emphasizes capital allocation, including growth investment, and accountability—not curbing shareholder payouts. Continued earnings growth would allow both investment and payouts to expand. Rising announcements and purchases suggest buybacks will continue to support Japanese equities through supply-demand dynamics.

Share Buyback Programs by Japanese Companies (FY Cumulative)
(trillion JPY)

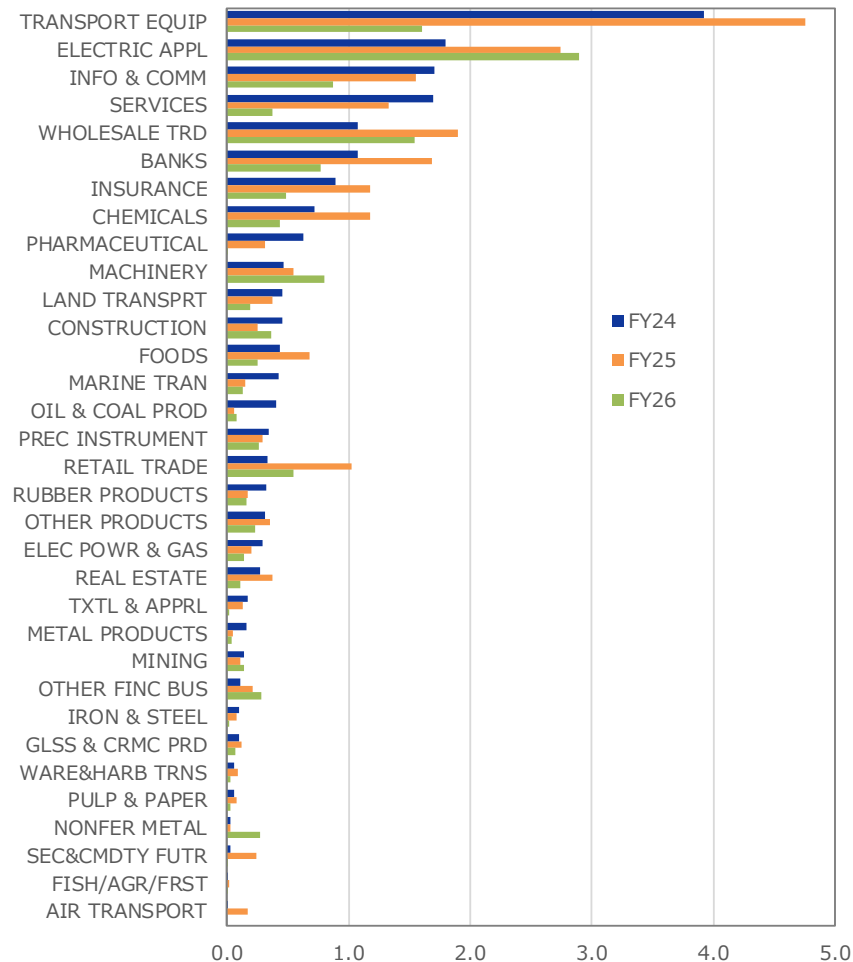


Note: Latest data are for Sep 2026

Source: SMDAM and INDB

(M)

Share Buyback Announcements by Industry (Fiscal Year)



Note: For FY2026 Cumulative Total from Apr to Sep.

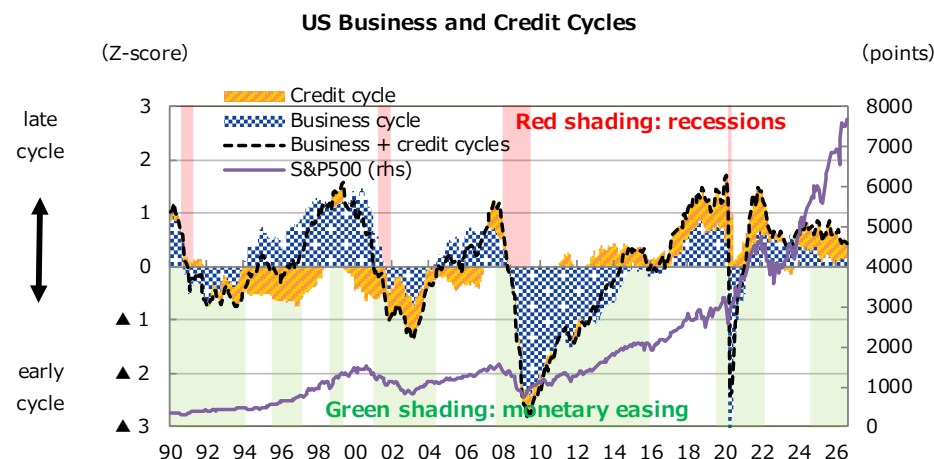
Source: SMDAM and INDB

(trillion JPY)

This Month's Topic (5): Corporate Imbalances in the US and Reform Progress in Japan Through Longer-Term Cycles #1

The following summarizes the September 24 Macro View (Japanese only):
"Corporate Imbalances in the US and Reform Progress in Japan Through Longer-Term Cycles."

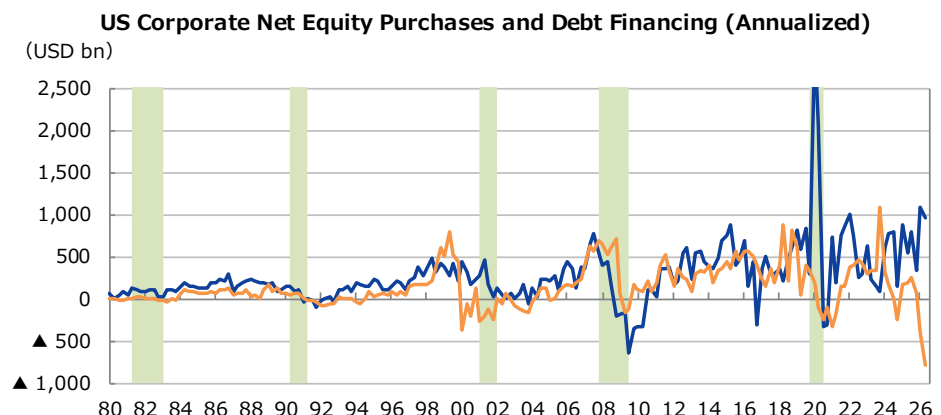
- Our proprietary business-cycle and credit-cycle indicators track economic activity and corporate financing and financial behavior. Positive readings generally support equities, but excessive combined strength signals overheating or imbalances. They assess both cyclical position and the intensity of expansion.
- Both countries' cycles support equities, but capital allocation differs. US capital expenditure and external financing are expanding, making investment monetization crucial to sustained equity gains. Both indicators remain positive, below historical excess levels. Aggregate overheating does not yet warrant anticipating a broad market correction, but favorable cycles do not guarantee sound allocation.
- US companies traditionally combined debt financing with equity absorption through buybacks. Net debt financing is now rising while equity transactions shift toward issuance. Together with big-tech bond financing and AI expenditure, this suggests greater emphasis on physical investment.
- AI investment pursues growth and protects competitive advantages. Companies risk falling behind if they stop while rivals invest, encouraging spending despite uncertain profitability. Individually rational decisions can produce industry-wide overinvestment.
- The industry must generate sufficient demand, earnings and cash flow to cover investment. Delayed monetization could expose excess capacity and lower returns; rising debt dependence could transmit adjustment to credit markets. Even without aggregate overheating, concentrated investment and financing burdens warrant greater caution if monetization lags.



Note: Jan 1990–Aug 2026.

Source: SMDAM and Bloomberg

(Y)



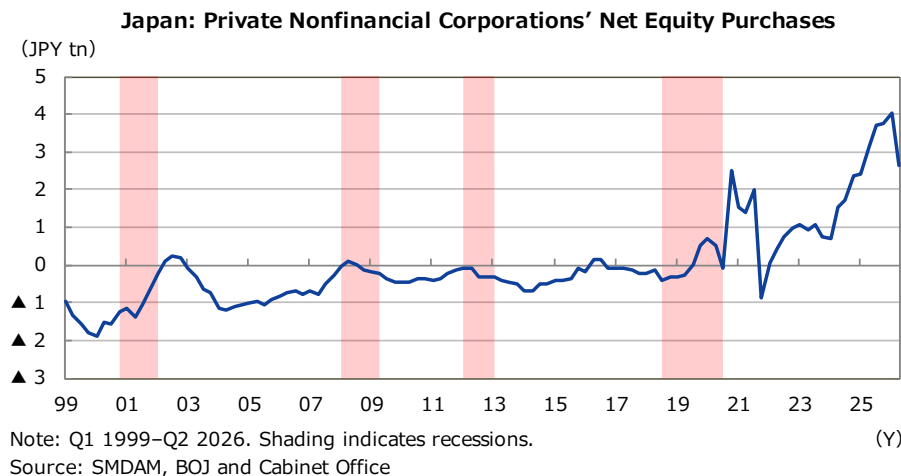
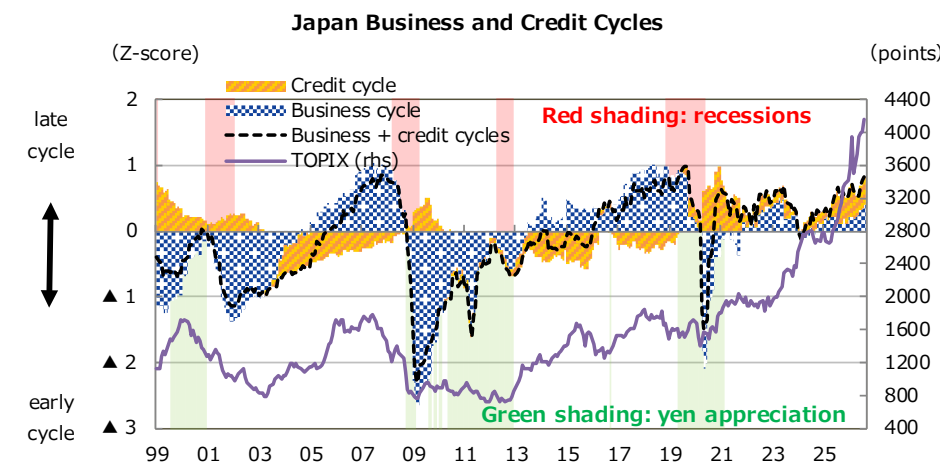
Note: Q1 1980–Q2 2026. Shading indicates recessions.

Source: SMDAM, FRB and NBER

(Y)

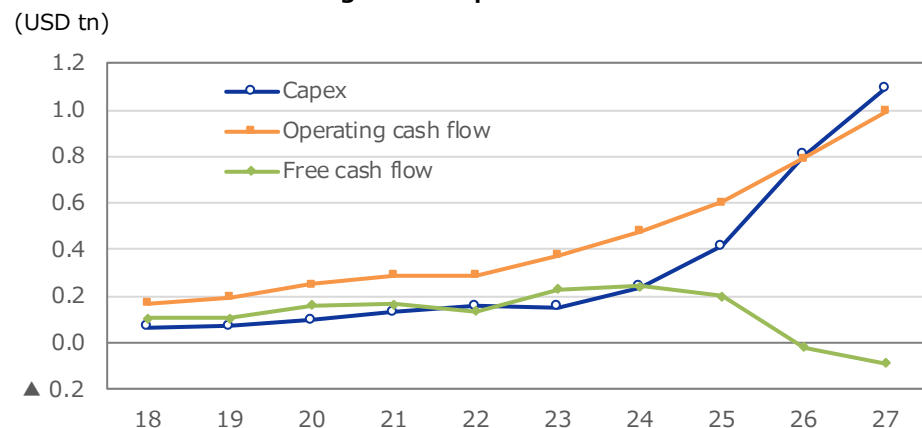
This Month's Topic (5): Corporate Imbalances in the US and Reform Progress in Japan Through Longer-Term Cycles #2

- Both cycle indicators are positive, supporting Japanese equities. Such simultaneous strength is unusual in Japan, particularly in the credit cycle. Unlike the US, expanding corporate net equity purchases stand out.
- Rising net bond and loan financing, alongside net equity purchases, is lifting the credit cycle. These flows resemble earlier US corporate support for equity supply-demand dynamics. They suggest changes in capital structures and allocation, consistent with governance reforms encouraging greater attention to capital costs and shareholder value.
- Reform remains incomplete. Buybacks support equity demand and can improve capital efficiency by reducing excess capital, but do not themselves increase earnings capacity. The next step is translating capital expenditure, R&D, human-capital investment and business restructuring into productivity and sustainable earnings growth.
- The revised Governance Code emphasizes growth strategies and explaining resource allocation. Takaichi's strategy promotes public-private investment in resilience and growth across strategic sectors. Reform and policy thus reinforce investment that strengthens future earnings.
- Investment and shareholder payouts are not mutually exclusive: fund attractive opportunities and return capital when these are scarce. Policy support does not guarantee profitability; allocation decisions and execution matter.
- Corporate net equity purchases support current demand, but subsequent earnings growth remains unproven. Productivity and profit gains would justify a stronger assessment of reform. Sustained equity gains depend on US investment generating sufficient returns and Japanese reforms adding stronger earnings capacity to supply-demand support.



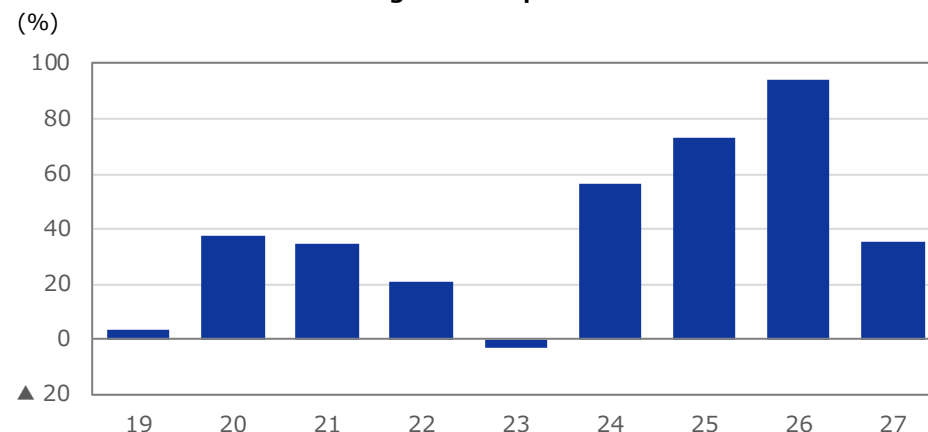
This Month's Topic (5): Corporate Imbalances in the US and Reform Progress in Japan Through Longer-Term Cycles #3

US Big Tech: Capex and Cash Flow



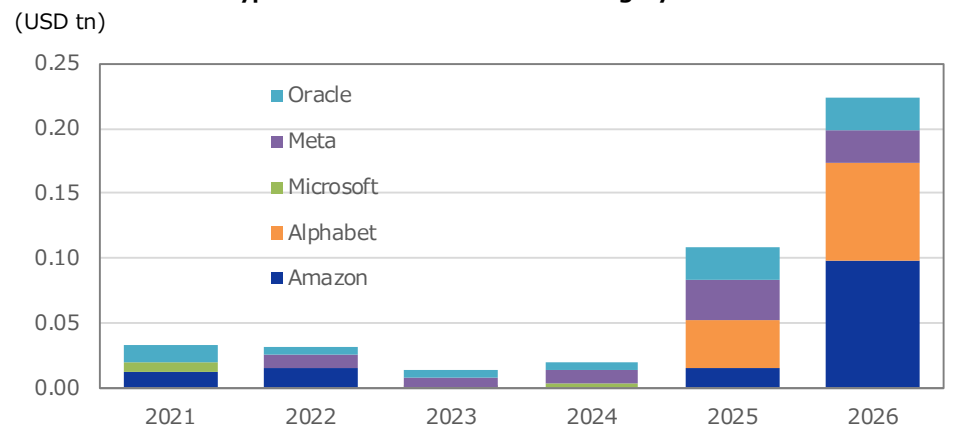
Note: Combined totals for Amazon, Alphabet, Microsoft, Meta and Oracle. (Y)
 2018–2027; 2026–27 are Bloomberg consensus estimates.
 Source: SMDAM and Bloomberg

US Big Tech: Capex Growth



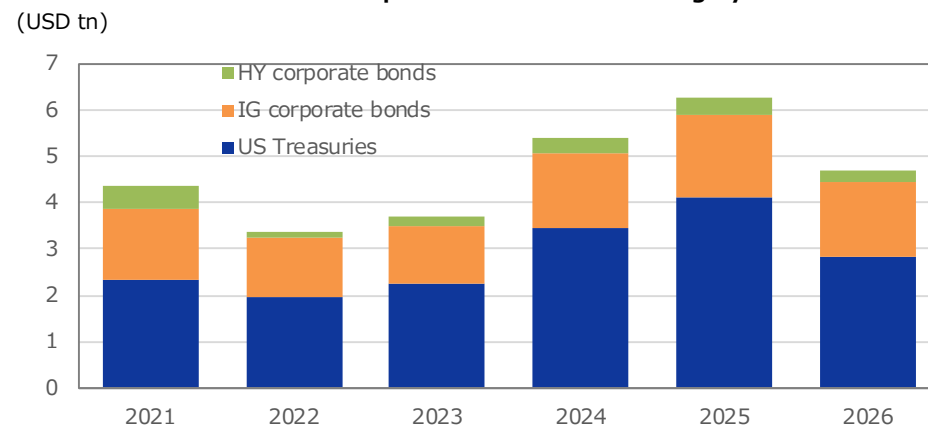
Note: Combined totals for Amazon, Alphabet, Microsoft, Meta and Oracle. (Y)
 2019–2027; 2026–27 are Bloomberg consensus estimates.
 Source: SMDAM and Bloomberg

US Hyperscalers: Bonds Outstanding by Issue Year



Note: 2026 issuance through Sep 22. (Y)
 Source: SMDAM and Bloomberg

US Treasuries and Corporate Bonds Outstanding by Issue Year



Note: 2026 issuance through Sep 22. (Y)
 Source: SMDAM and Bloomberg

※References to individual securities do not constitute investment recommendations.

Trends in Major Asset Prices

TOPIX (Daily)

(Points)



Note: Latest data are for 2 Oct 2026

Source: SMDAM and Bloomberg

(Y/M)

S&P500 (Daily)

(Points)



Note: Latest data are for 2 Oct 2026

Source: SMDAM and Bloomberg

(Y/M)

Japan 10-Year Government Bond Yield (Daily)

(%)



Note: Latest data are for 2 Oct 2026

Source: SMDAM and Bloomberg

(Y/M)

USD/JPY (Daily)

(Yen)



Note: Latest data are for 2 Oct 2026

Source: SMDAM and Bloomberg

(Y/M)

Trends in Value/Growth and Foreign/Domestic Demand for Japanese Stocks

Japanese Stocks: Value/Growth (Daily)

(30 Dec. 2019=1)



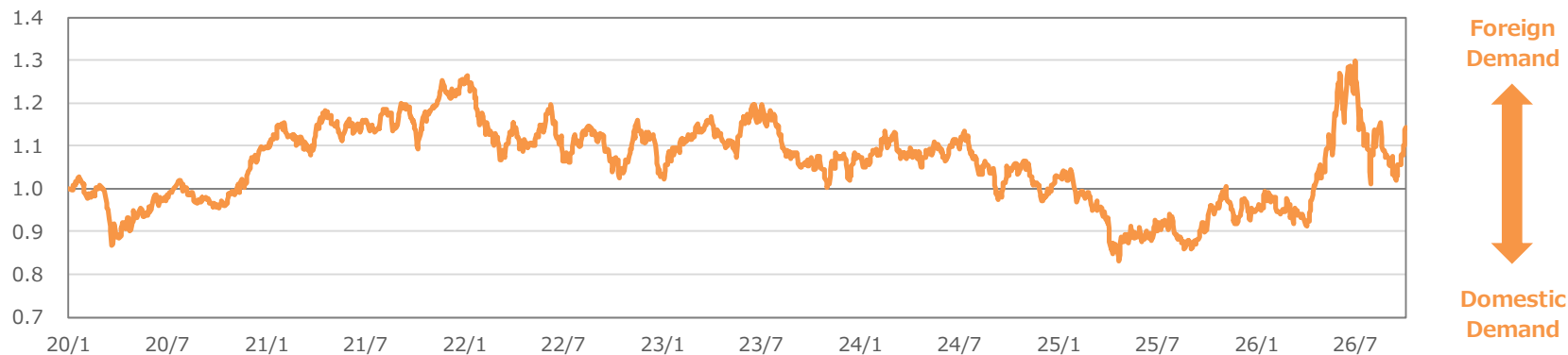
Note: Latest data are for 2 Oct 2026. Value/Growth represents Russell Nomura Total Market Value Index vs Growth with Dividend.

(Y/M)

Source: SMDAM and Bloomberg

Japanese Stocks: Foreign Demand/Domestic Demand (Daily)

(30 Dec. 2019=1)



Note: Latest data are for 2 Oct 2026. Foreign/Domestic Demand represents Nikkei Global Exposure 50 vs Domestic.

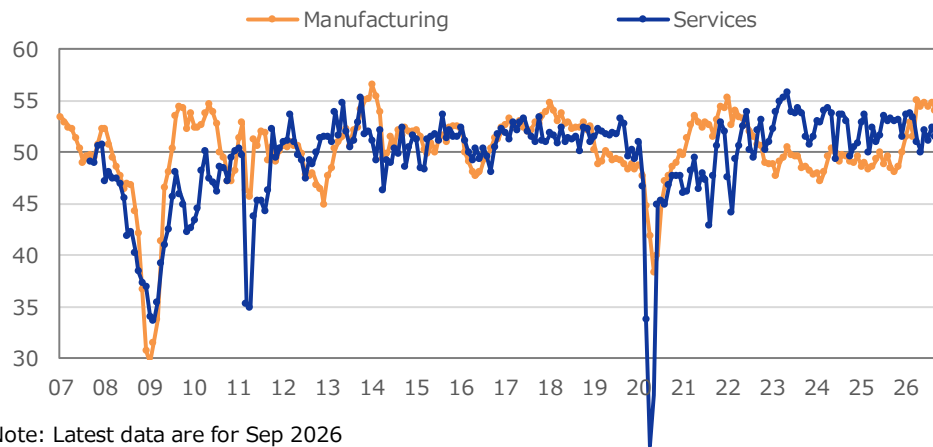
(Y/M)

Source: SMDAM and Bloomberg

Japanese Economic Indicators (1)

PMI

(sa, >50=improvement since previous month)



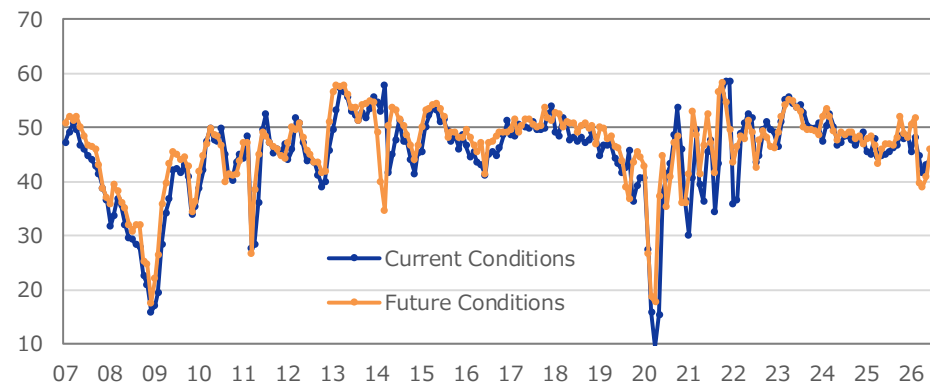
Note: Latest data are for Sep 2026

Source: SMDAM and S&P Global

(Y)

Economy Watchers Survey

(sa, DI)



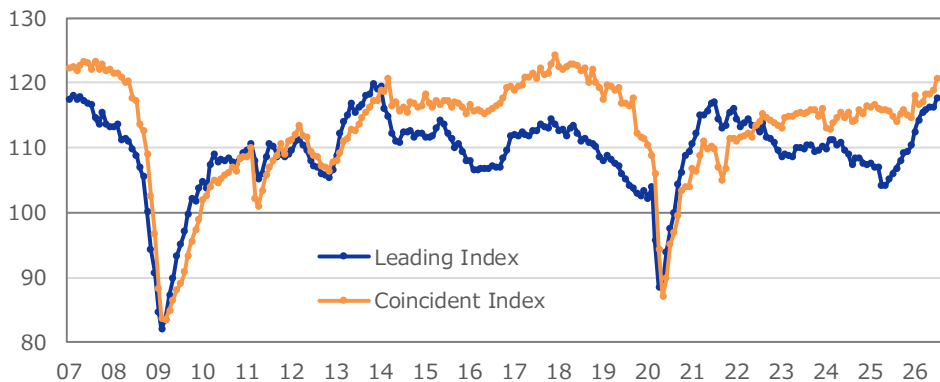
Note: Latest data are for Aug 2026

Source: SMDAM and Cabinet Office

(Y)

Index of Business Conditions

(sa, 2020=100)



Note: Latest data are for Jul 2026

Source: SMDAM and Cabinet Office

(Y)

Machine Tools (Orders YoY - Order Backlogs YoY)

(%)



Note: Latest data are for Aug 2026

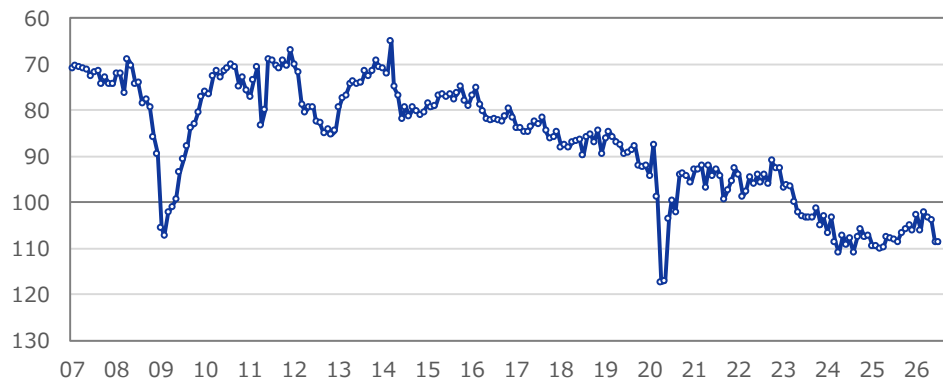
Source: SMDAM and Japan Machine Tool Builders' Association

(Y)

Japanese Economic Indicators (2)

Index of Producer's Inventory Ratio of Final Demand Goods

(sa, 2020=100, Inverted)

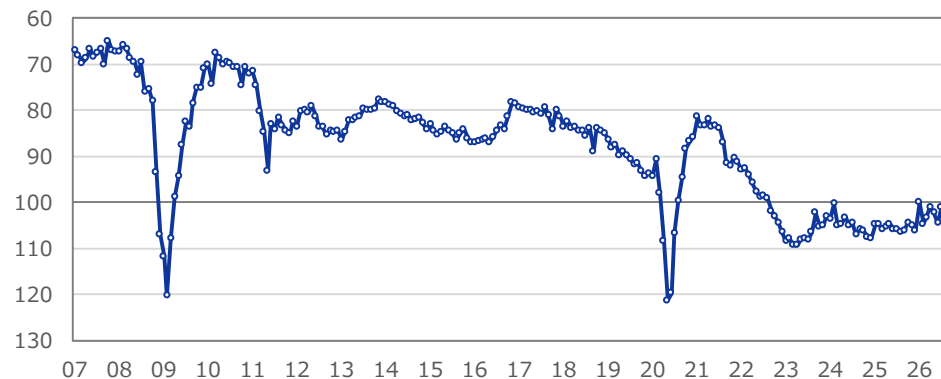


Note: Latest data are for Jul 2026
Source: SMDAM and Cabinet Office

(Y)

Index of Producer's Inventory Ratio of Producer Goods

(sa, 2020=100, Inverted)

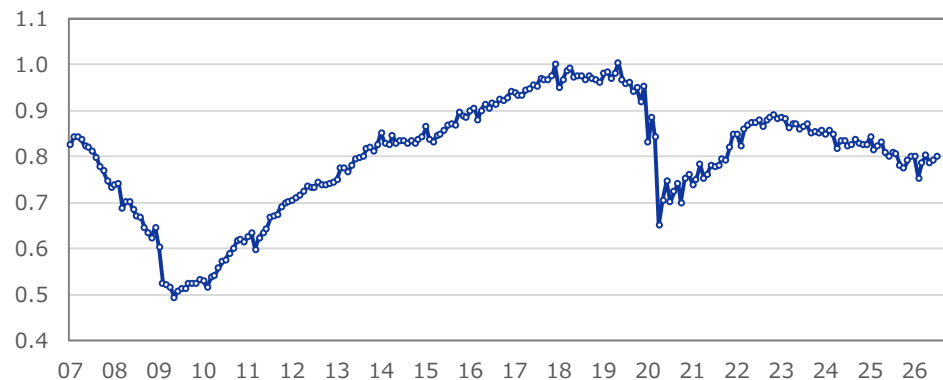


Note: Latest data are for Jul 2026
Source: SMDAM and Cabinet Office

(Y)

New Job Offers (Excluding New School Graduates)

(sa, million persons)

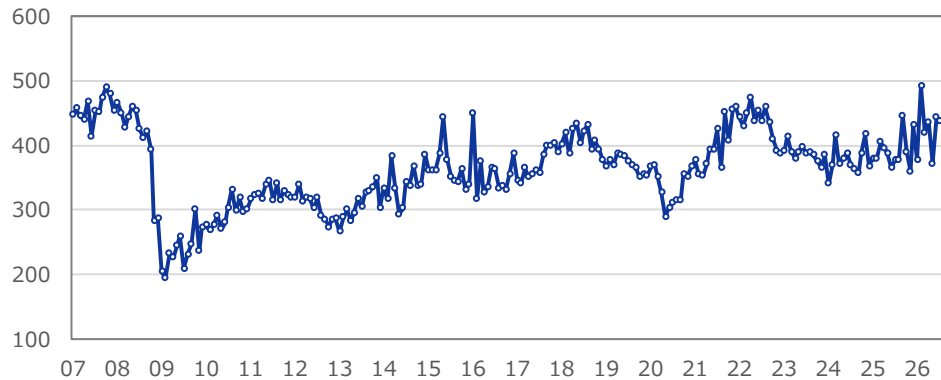


Note: Latest data are for Jul 2026
Source: SMDAM and Cabinet Office

(Y)

Machinery Orders at Constant Prices (Manufacturing)

(sa, billion JPY)



Note: Latest data are for Jul 2026
Source: SMDAM and Cabinet Office

(Y)

Japanese Economic Indicators (3)

Total Floor Area of New Housing Construction Started

(million m²)



Note: Latest data are for Jul 2026

Source: SMDAM and Cabinet Office

Consumer Confidence Index

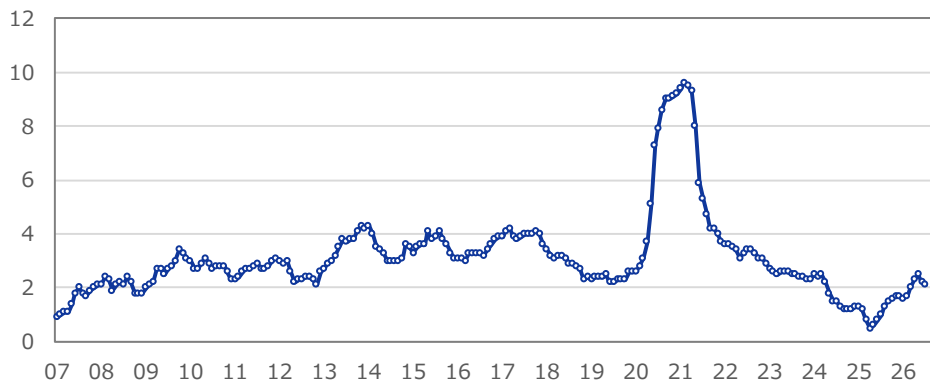


Note: Latest data are for Jul 2026

Source: SMDAM and Cabinet Office

M2(YoY)

(%)



Note: Latest data are for Jul 2026

Source: SMDAM and Cabinet Office

Sales Forecast DI of Small Businesses



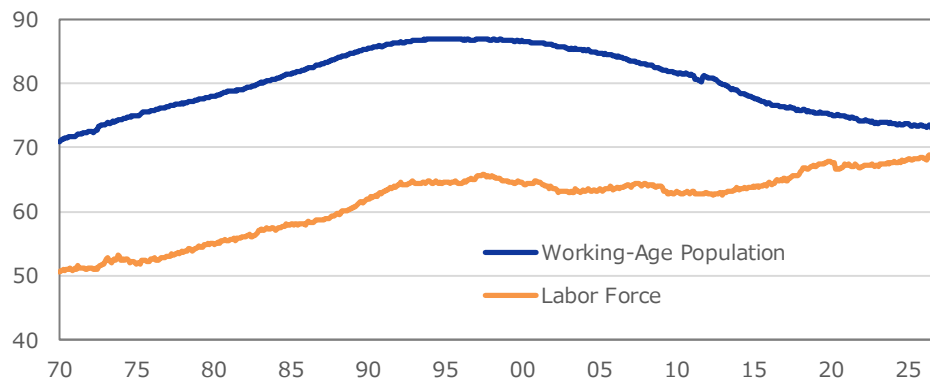
Note: Latest data are for Jul 2026

Source: SMDAM and Cabinet Office

Japanese Economic Indicators (4)

Working-Age Population and Labor Force

(sa, million persons)

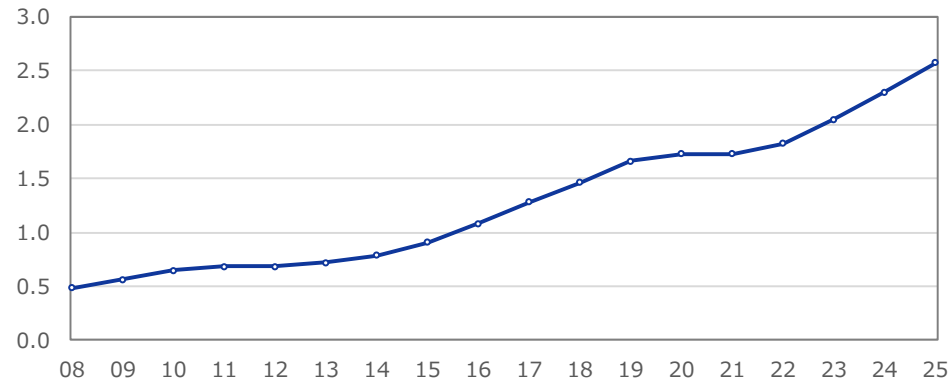


Note: Latest data are for Jul 2026

Source: SMDAM and MIC

Number of Foreign Workers

(million persons)

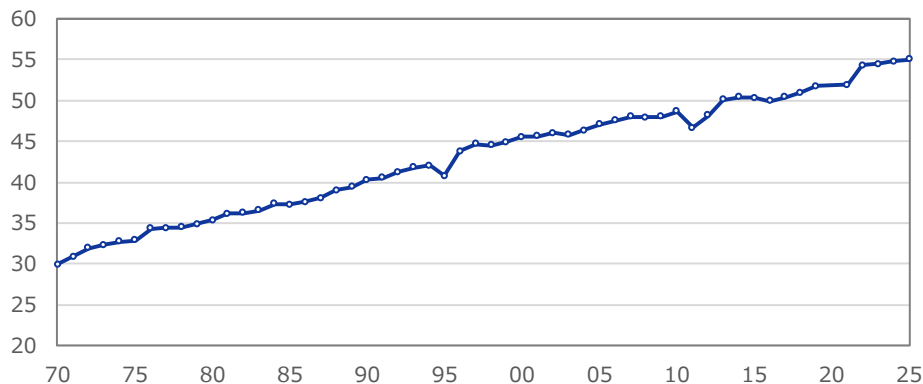


Note: Latest data are for 2025

Source: SMDAM and MHLW

Number of Households

(million)

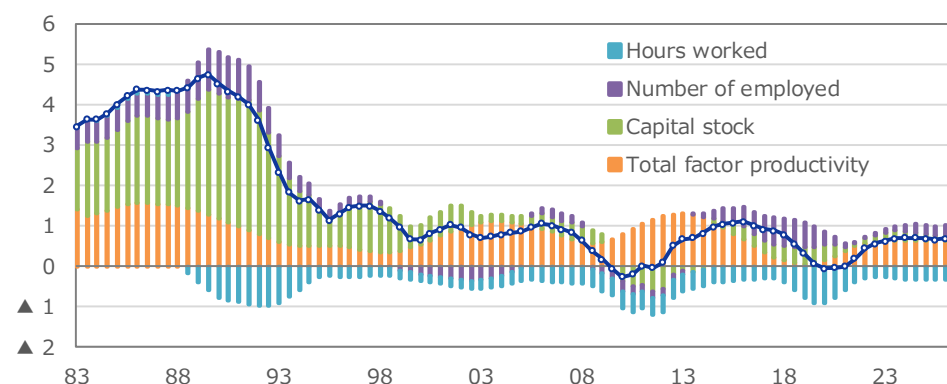


Note: Latest data are for 2025

Source: SMDAM and Cabinet Office

Potential Growth Rate

(%)

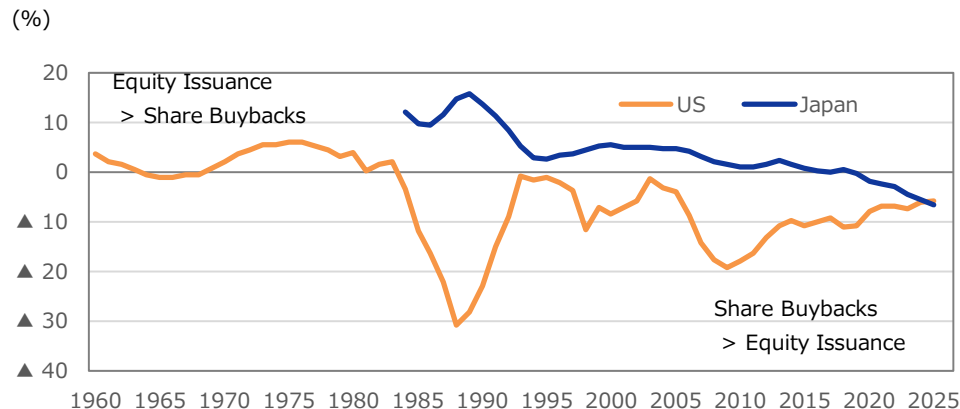


Note: Latest data are for 1Q 2026

Source: SMDAM and BoJ

Japanese Economic Indicators (5)

Net Equity Issuance in Japan and the US



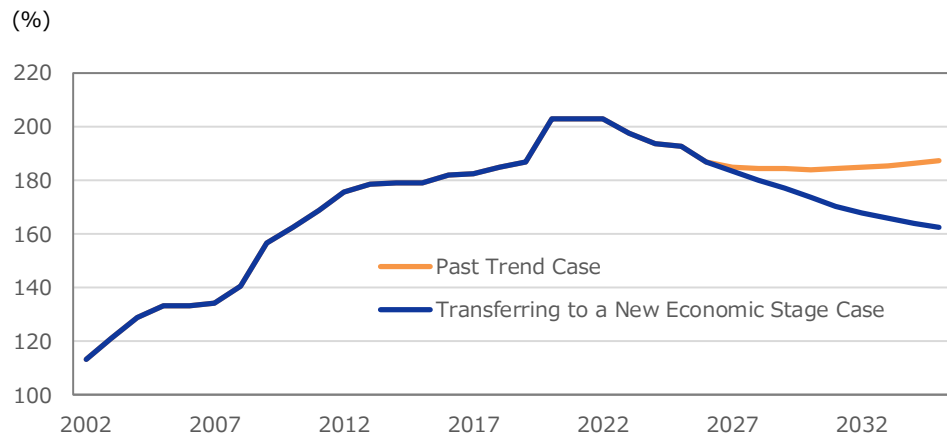
Note: Latest data are for 2025.

(Y/FY)

Note: Net Equity Issuance / Market Cap (5Y MA)

Source: SMDAM, BoJ and FRB

Debt-to-GDP Projection (Medium to Long Term) by Cabinet Office



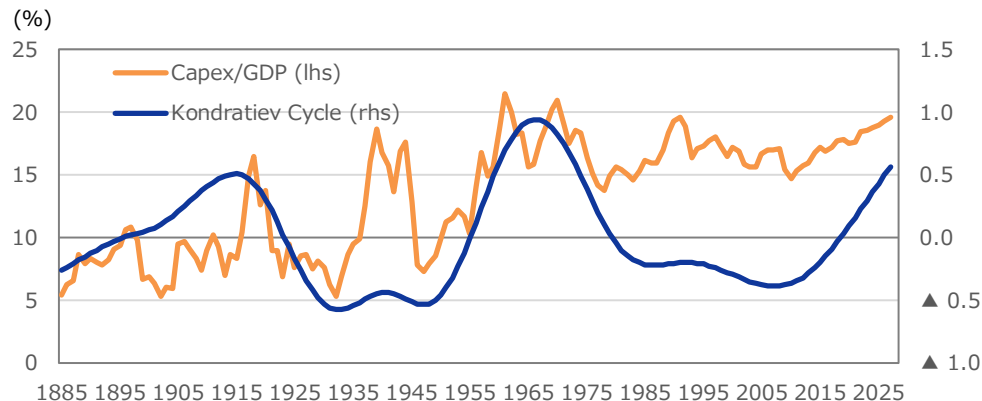
Note: Latest data are for 2035 (including some forecasts)

(FY)

Note: New Economic Stage assumes 3% nominal growth.

Source: SMDAM and Cabinet Office

Japan Capex/GDP Ratio (Long-Term Trend) and Kondratiev Cycle



Note: Latest data are for 2027 (including some forecasts)

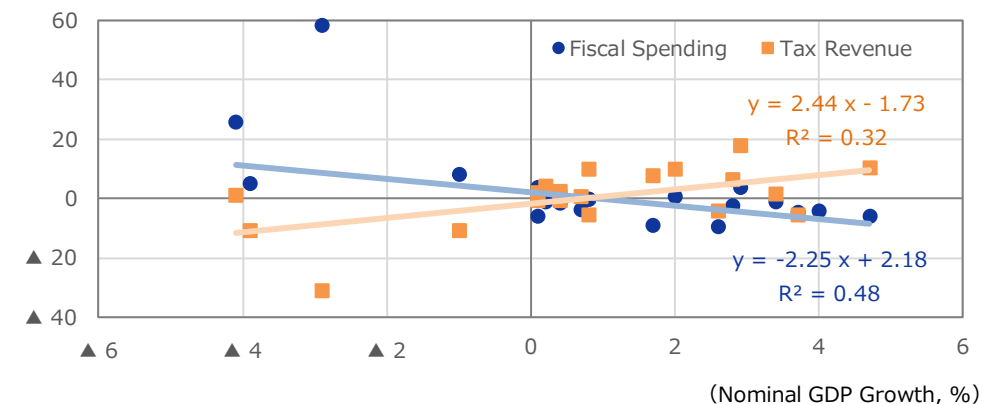
(Y)

Note: Kondratiev Cycle is statistically derived as a 40 to 70 year cycle from the Capex/GDP ratio.

Source: SMDAM and Cabinet Office

Fiscal Spending, Tax Revenue, and Nominal GDP Growth

(Fiscal Spending (Primary Expenditure) and Tax Revenue Growth, %)

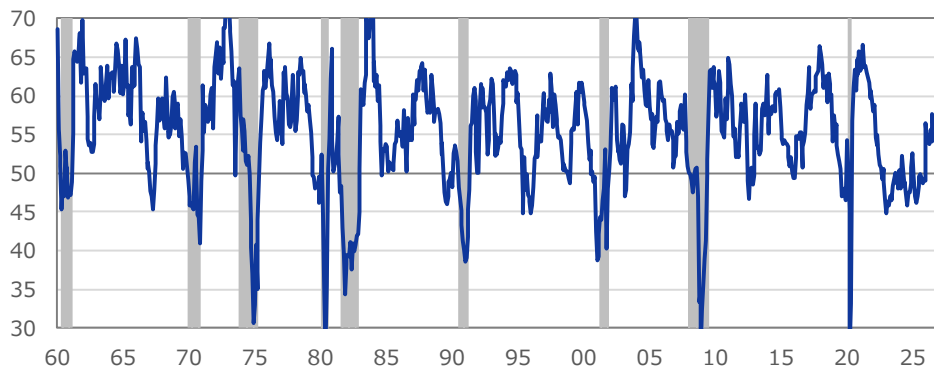


Note: The Data covers FY2003 to 24, and the regression line is calculated excluding outliers.

Source: SMDAM and Cabinet Office

US Economic Indicators

ISM Manufacturing PMI (Average of Production and New Orders)

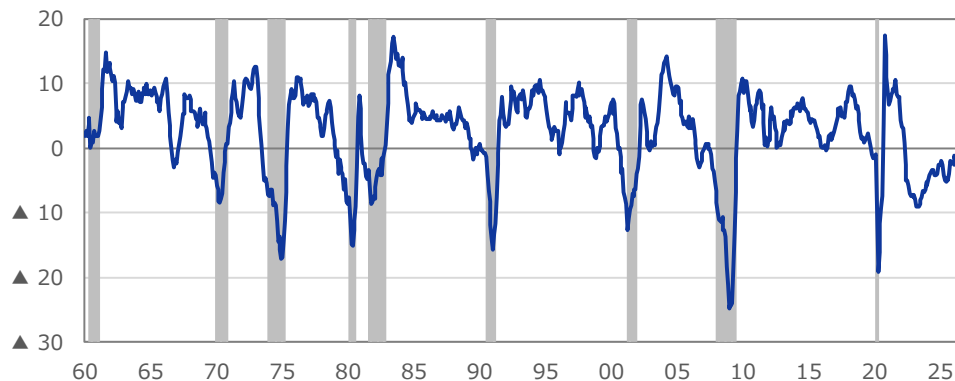


Note: Latest data are for Sep 2026. The shaded areas represent periods of recession.

Source: SMDAM and ISM

Conference Board Leading Economic Index

(6-Month Annual Change)



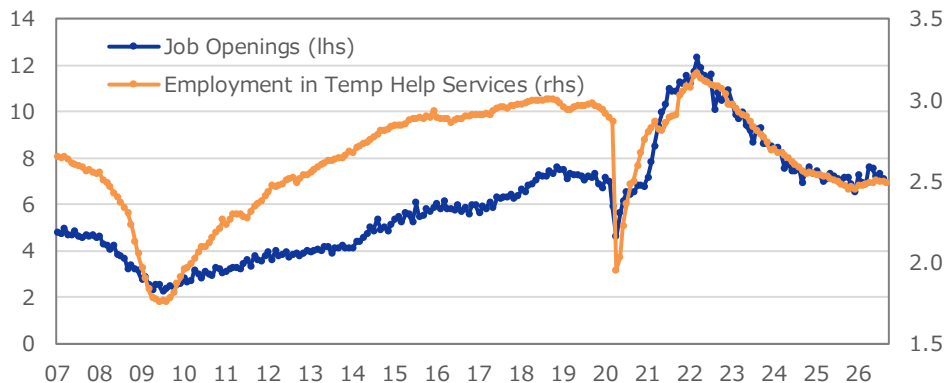
Note: Latest data are for Aug 2026. The shaded areas represent periods of recession.

Source: SMDAM and Conference Board

Job Openings and Employment in Temporary Help Services

(sa, million persons)

(sa, million persons)

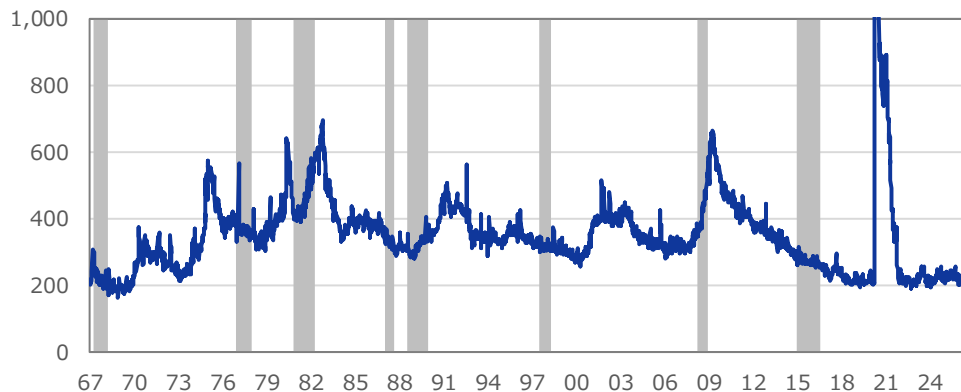


Note: Latest data are for Sep 2026

Source: SMDAM and Bureau of Labor Statistics

Initial Jobless Claims

(sa, thousand persons)



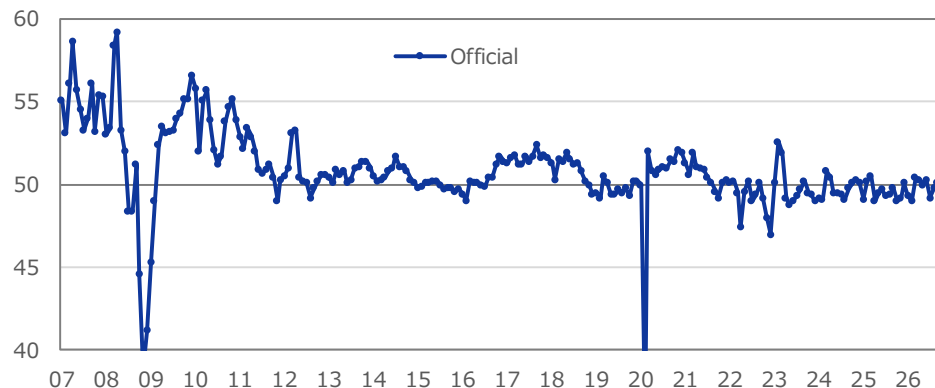
Note: Latest data are for 25 Sep 2026. The shaded areas represent periods of recession

Source: SMDAM and Department of Labor

Overseas Economic Indicators

China Manufacturing PMI

(sa, >50=improvement since previous month)

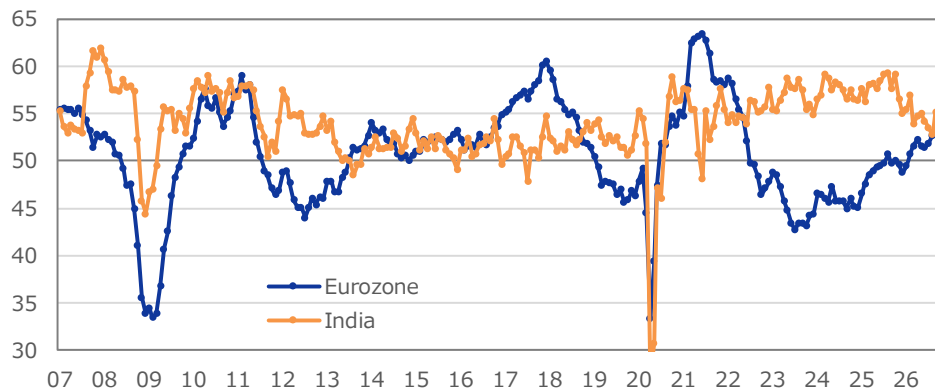


Note: Latest data are for Sep 2026

Source: SMDAM and China Federation of Logistics & Purchasing

Manufacturing PMI (Eurozone, India)

(sa, >50=improvement since previous month)

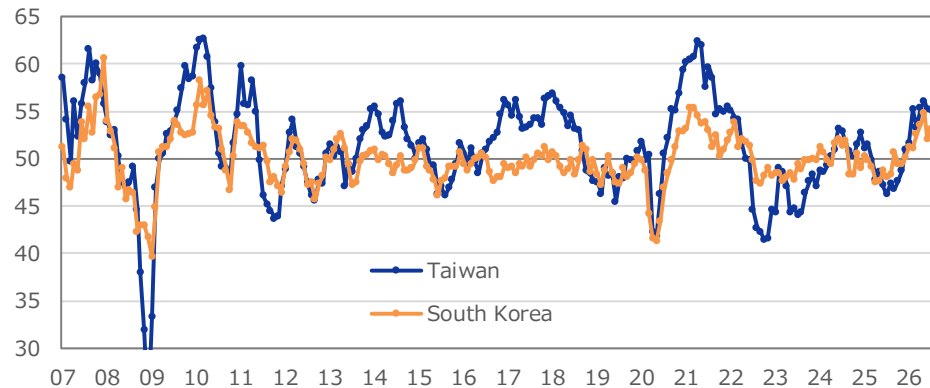


Note: Latest data are for Sep 2026

Source: SMDAM and S&P Global

Manufacturing PMI (Taiwan, South Korea)

(sa, >50=improvement since previous month)

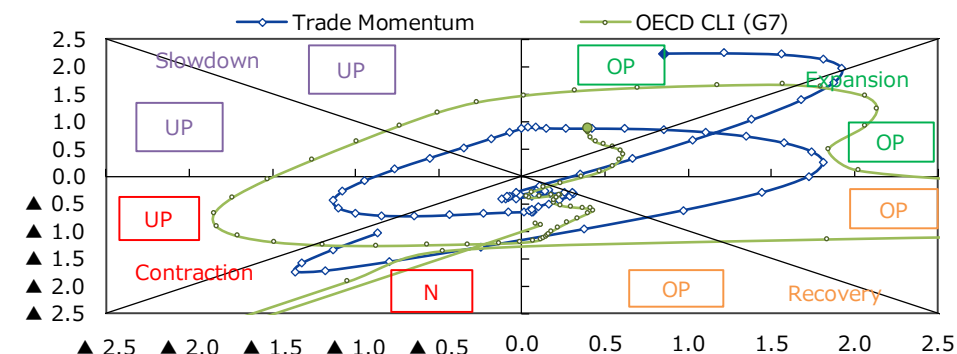


Note: Latest data are for Sep 2026

Source: SMDAM and S&P Global

Trade Momentum & OECD Composite Leading Indicator (CLI) Phases

Trade Momentum (Z-score) / OECD CLI Level (Index - 100)



Note: Latest data are for Aug 2026

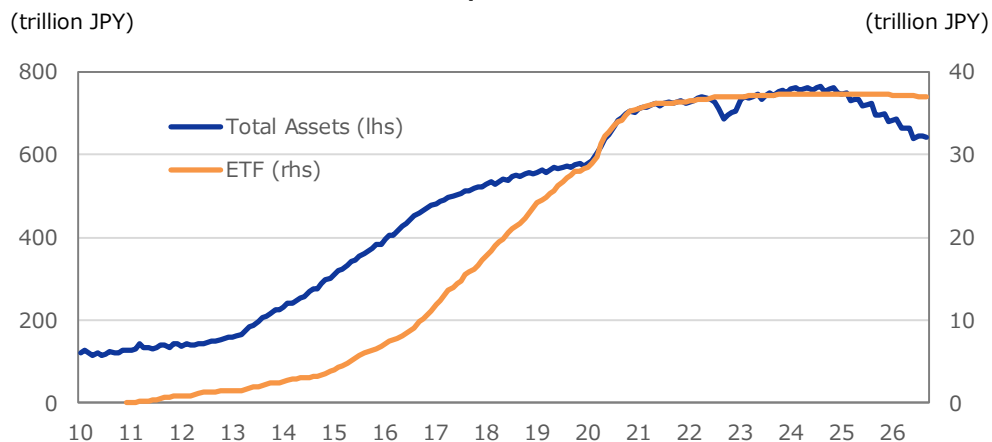
6M Diff. Trade Momentum & OECD CLI

Note: Trade momentum shows cycles from indicators; OP/N/UP = past Japan stock performance

Source: SMDAM, OECD, S&P Global, LSEG and Bloomberg

BOJ Monetary Policy (1)

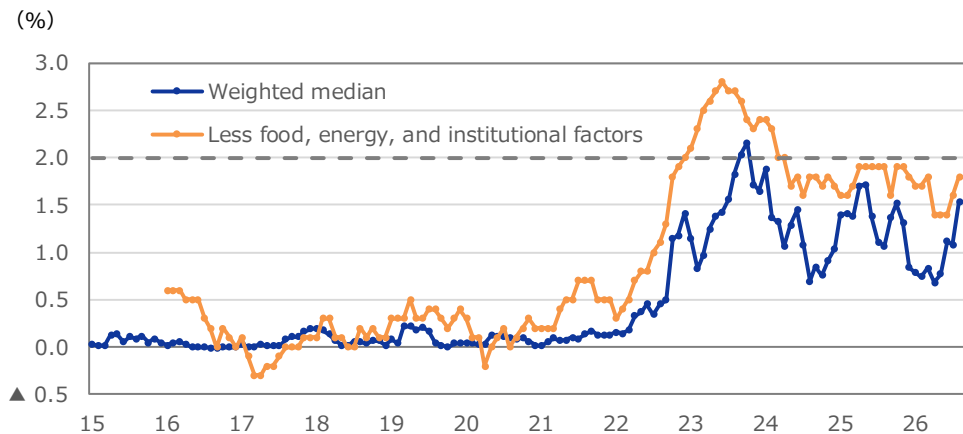
The Bank of Japan's Balance Sheet



Note: Latest data are for Sep 2026

Source: SMDAM and BoJ

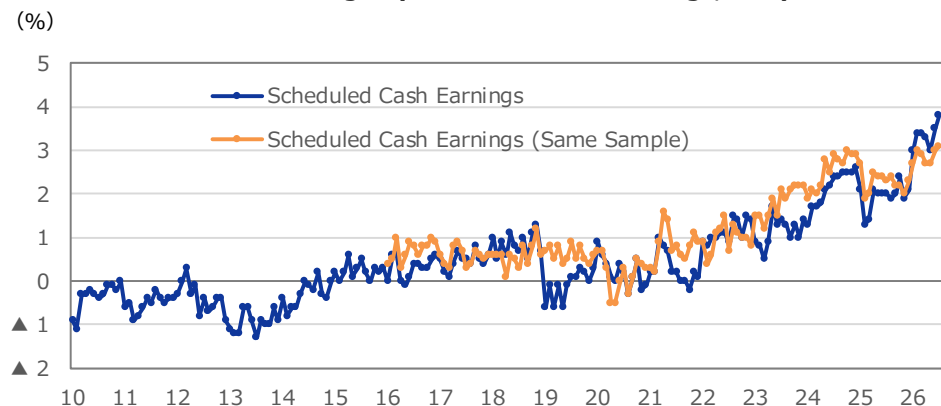
Indicators for Core CPI (YoY)



Note: Latest data are for Aug 2026

Source: SMDAM and BoJ

Nominal Wages (Scheduled Cash Earnings, YoY)



Note: Wage surveys change samples yearly. "Same Sample" uses only the same samples as the previous year to avoid gaps caused by such changes.

Note: Latest data are for Jul 2026

Source: SMDAM and MHLW

10-year Breakeven Inflation Rate



Note: Latest data are for 2 Oct 2026

Source: SMDAM and Bloomberg

BOJ Monetary Policy (2)

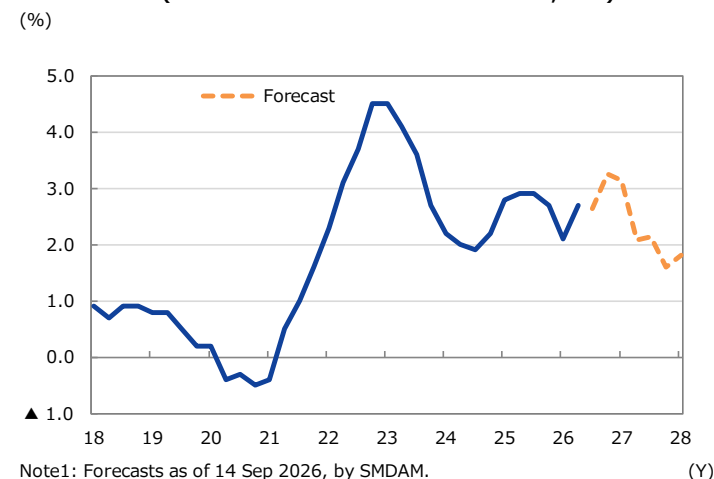
BOJ Monetary Policy Developments (Quarter-End and Latest)

	Mar 2026	Jun 2026	Sep 2026
O/N call rate	around 0.75%	Around 1.0% (rate hike)	Around 1.25% (rate hike)
Rate on Deposit Facility	0.75%	1.0%	1.25%
Objection to the monetary policy guideline	Committee member <u>Takata</u> opposed the policy of maintaining the current level and proposed an increase to around 1.00%.	Committee member <u>Asada</u> dissented, arguing that the Bank should maintain the guideline for money market operations.	Committee members <u>Asada and Sato</u> voted against the proposal, arguing that it was not appropriate to raise the policy interest rate at this time.
Conduct of Monetary Policy	Given that real interest rates are at significantly low levels, if the outlook for economic activity and prices will be realized, the Bank, in accordance with improvement in economic activity and prices, will continue to raise the policy interest rate and adjust the degree of monetary accommodation.	Given that underlying CPI inflation has been approaching 2 percent and financial conditions have been accommodative, the Bank will continue to raise the policy interest rate and adjust the degree of monetary accommodation, in response to developments in economic activity and prices as well as financial conditions. <u>In this regard, it will consider the timing and pace of adjustment, while closely monitoring the impact of the future course of the situation in the Middle East on Japan's economic activity and prices</u> and examining the likelihood of realizing the baseline scenario of the outlook for economic activity and prices and the risks to the outlook.	Given that underlying CPI inflation has been approaching 2 percent and financial conditions have been accommodative, the Bank will continue to raise the policy interest rate and adjust the degree of monetary accommodation, in response to developments in economic activity and prices as well as financial conditions. <u>In this regard, it will consider the timing and pace of adjustment, while examining the likelihood of realizing the baseline scenario of the outlook for economic activity and prices and the risks to the outlook, including the impact of the situation in the Middle East, the expansion in AI-related demand, and developments in foreign exchange rates.</u>
JGB purchases	No Change	The Bank will reduce the planned amount of its monthly purchases of JGBs by, in principle, about 200 billion yen each calendar quarter until January-March 2027. <u>From April 2027, the amount of its monthly purchases of JGBs will be about 2 trillion yen.</u>	No Change
ETF Purchases	No Change	No Change	No Change

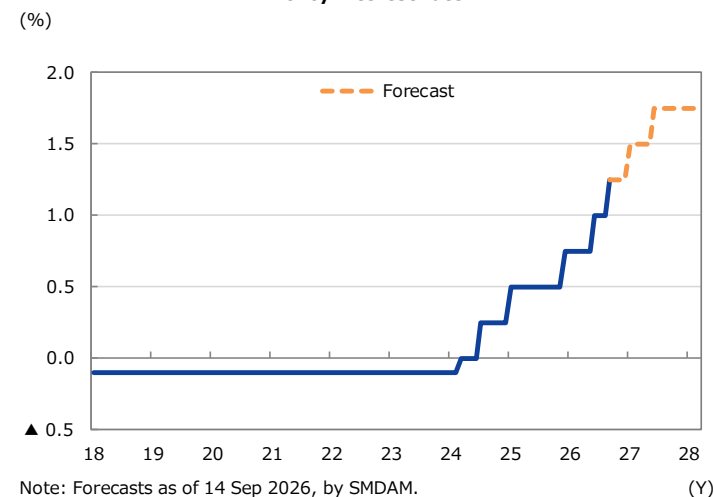
Note: Data as of 2 Oct 2026

Source: SMDAM and BOJ

CPI (less fresh food & institutional factors, YoY)

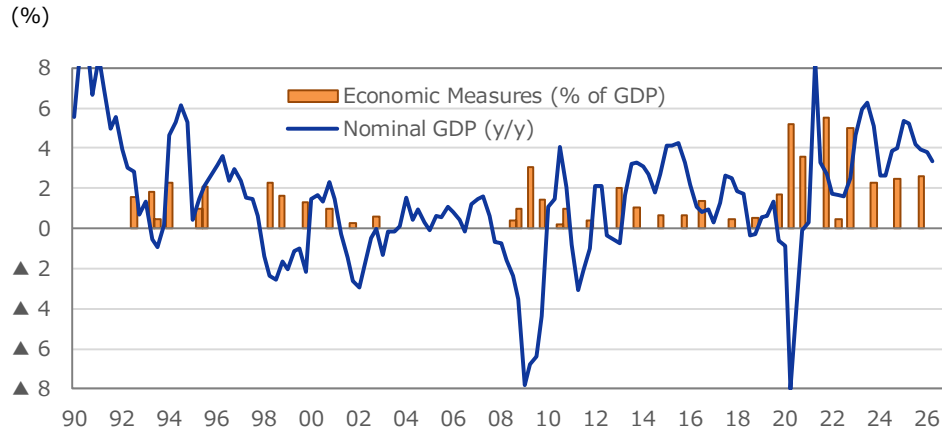


Policy interest rate



Japan's Fiscal policy

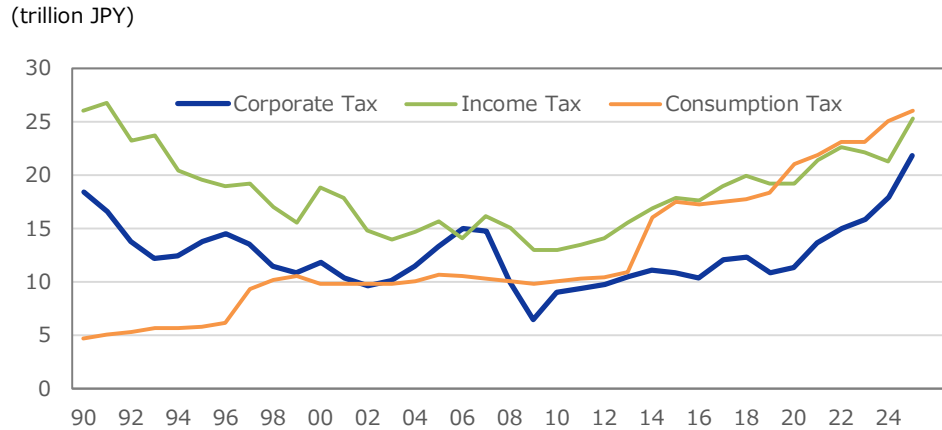
Government Economic Measures and Nominal GDP Growth Rate



Note: Latest data are for 2Q 2026. Economic measures are budget-backed amounts.

Source: SMDAM and Cabinet Office

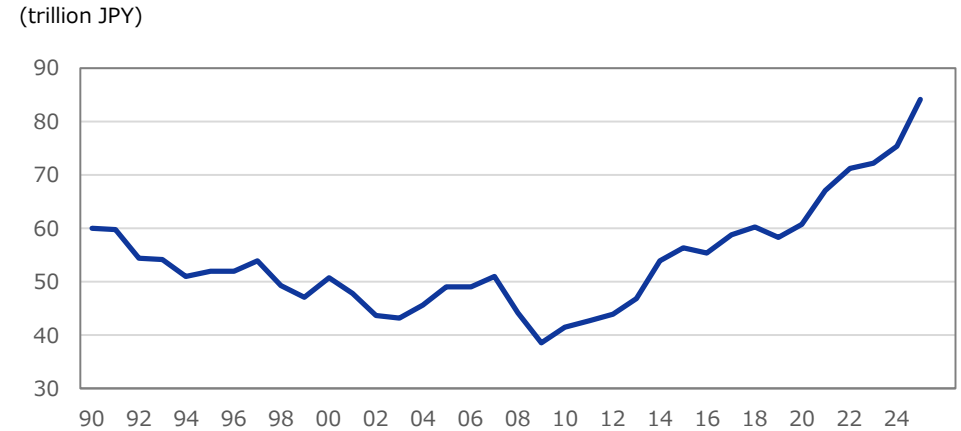
Breakdown of Tax Revenue



Note: Latest data are for FY2025

Source: SMDAM and MoF

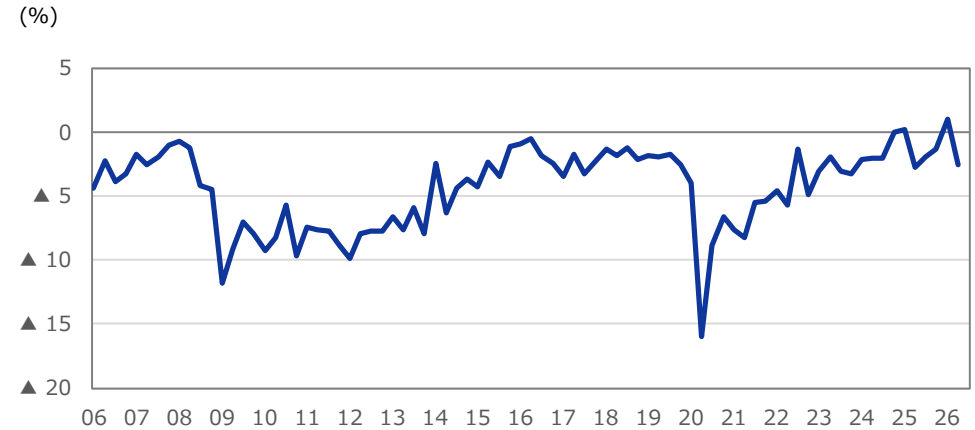
Japan's Tax Revenue



Note: Latest data are for FY2025

Source: SMDAM and MoF

Japan's Fiscal Balance (as a Percentage of GDP)

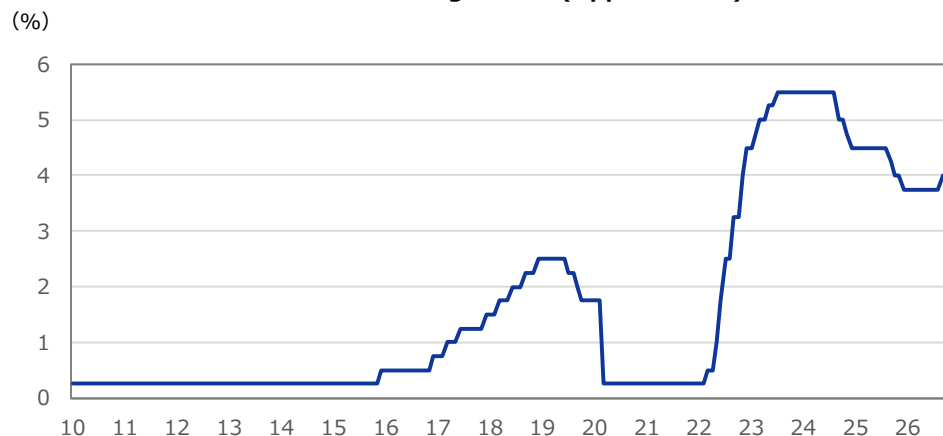


Note: Latest data are for 2Q 2026

Source: SMDAM and BoJ

Overseas Monetary Policy

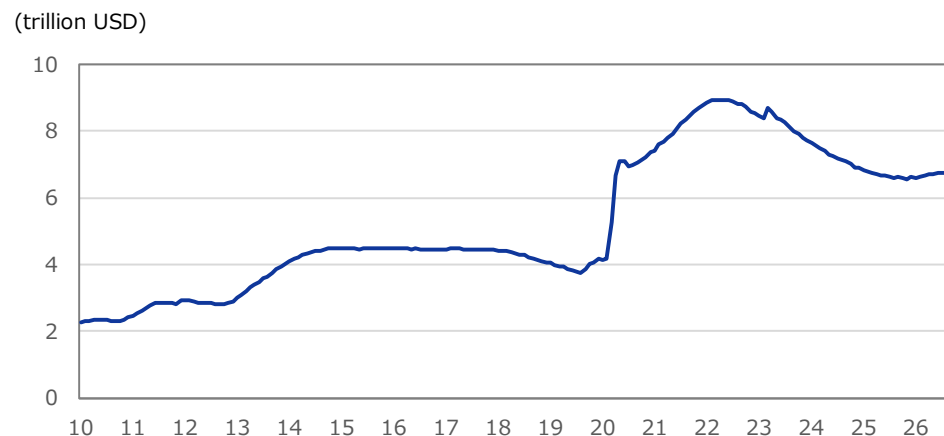
Federal Funds Target Rate (Upper Bound)



Note: Latest data are for Sep 2026

Source: SMDAM and FRB

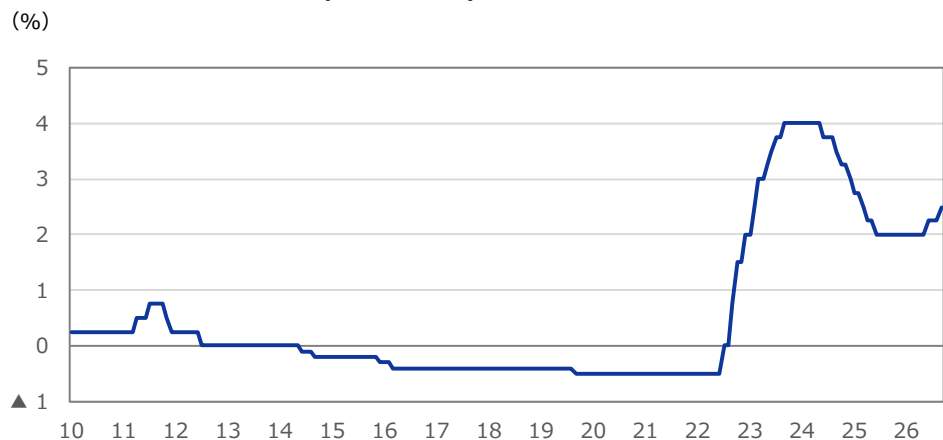
Federal Reserve Total Assets



Note: Latest data are for Sep 2026

Source: SMDAM and FRB

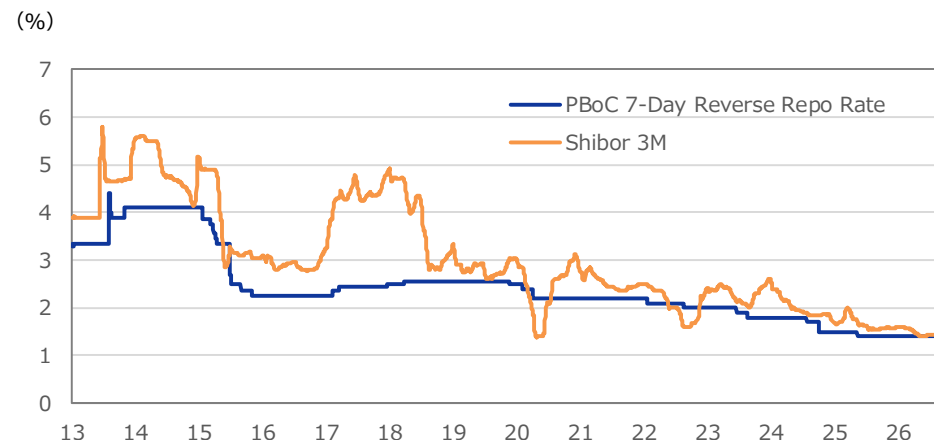
ECB Deposit Facility Announcement Rate



Note: Latest data are for Sep 2026

Source: SMDAM and ECB

China's Short-Term Interest Rates

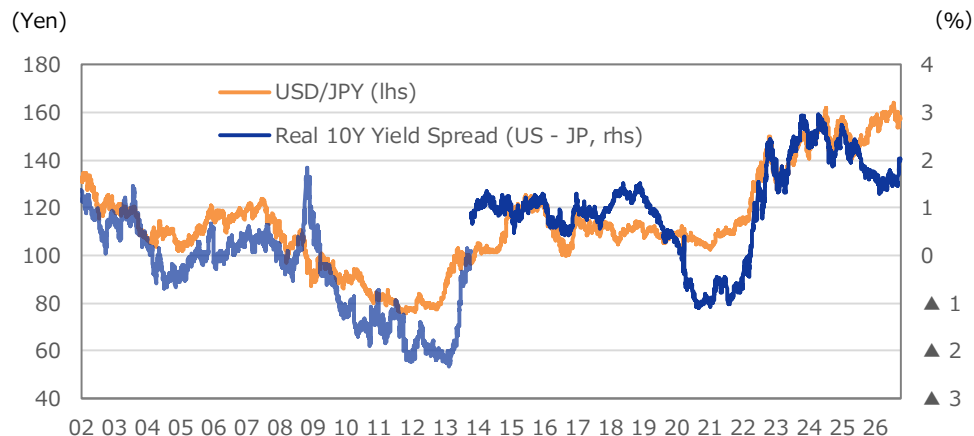


Note: Latest data are for 2 Oct 2026

Source: SMDAM, PBoC and Bloomberg

USD/JPY

USD/JPY and Real Interest Rate Differential



Note: Latest data are for 2 Oct 2026. Japan's real rate pre-Oct. 8, 2013, based on core CPI.

Source: SMDAM and Bloomberg

JPY Real Effective Exchange Rate

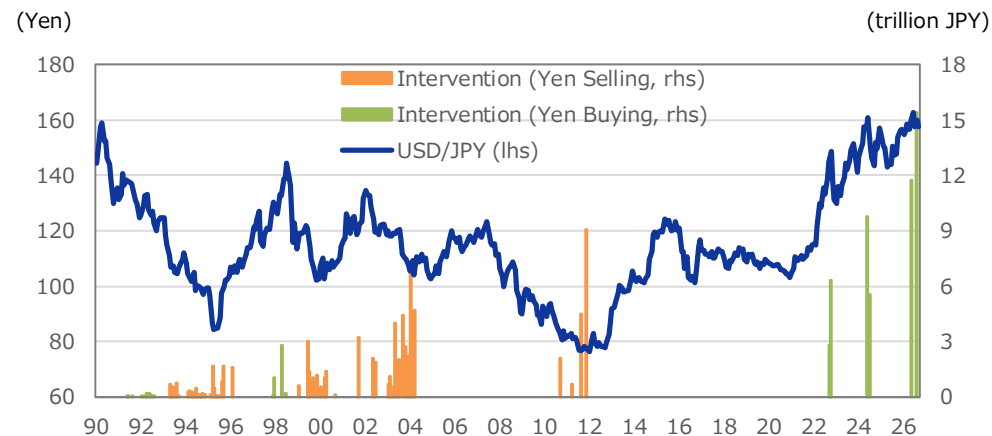
(2020=100)



Note: Latest data are for Aug 2026

Source: SMDAM and BoJ

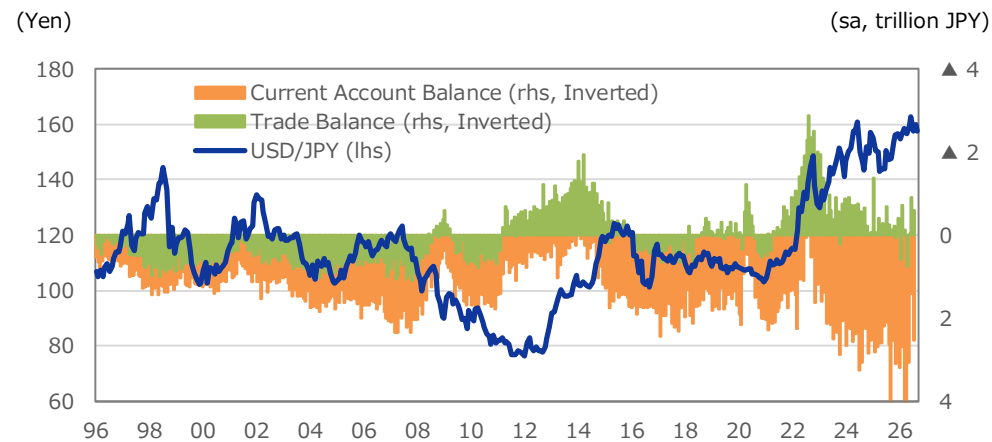
USD/JPY and Intervention



Note: Latest data are for Sep 2026

Source: SMDAM, MoF and Bloomberg

USD/JPY and External Balances



Note: Latest data are for Sep 2026

Source: SMDAM, MoF and Bloomberg

Earnings Forecast:

Bottom-Up Corporate Earnings Forecast for Japan

Forecasts as of 8 Sep 2026	FY24 billion JPY (A)	FY25 billion JPY (A)	FY26 billion JPY (E)	FY27 billion JPY (E)	FY25 YoY, % (A)	FY26 YoY, % (E)	FY27 YoY, % (E)
Revenue							
Total (Ex-Financials)	688,855	705,008	782,413	819,302	+ 2.3	+ 11.0	+ 4.7
Manufacturing	405,307	411,814	463,869	486,834	+ 1.6	+ 12.6	+ 5.0
Non-Manufacturing	283,549	293,194	318,544	332,468	+ 3.4	+ 8.6	+ 4.4
Total (Ex-Financials, Ex-SoftBank G)	681,611	697,209	773,722	809,860	+ 2.3	+ 11.0	+ 4.7
Operating Profit							
Total (Ex-Financials)	60,181	62,919	82,424	91,433	+ 4.6	+ 31.0	+ 10.9
Manufacturing	33,638	32,879	52,004	62,025	▲ 2.3	+ 58.2	+ 19.3
Non-Manufacturing	26,543	30,041	30,420	29,408	+ 13.2	+ 1.3	▲ 3.3
Total (Ex-Financials, Ex-SoftBank G)	55,750	55,638	78,144	90,693	▲ 0.2	+40.5	+16.1
Ordinary Profit							
Total (Ex-Financials)	62,528	66,543	87,469	94,644	+ 6.4	+ 31.4	+ 8.2
Manufacturing	35,920	35,209	54,566	63,468	▲ 2.0	+ 55.0	+ 16.3
Non-Manufacturing	26,608	31,334	32,904	31,176	+ 17.8	+ 5.0	▲ 5.3
Total (Ex-Financials, Ex-SoftBank G)	60,823	60,408	83,189	93,904	▲ 0.7	+37.7	+12.9
Profit After Taxes							
Total (Incl. Financials)	52,174	55,165	73,164	79,373	+ 5.7	+ 32.6	+ 8.5
Total (Ex-Financials)	42,731	44,116	62,135	65,435	+ 3.2	+ 40.8	+ 5.3
Manufacturing	24,119	22,120	38,628	44,620	▲ 8.3	+ 74.6	+ 15.5
Non-Manufacturing	18,612	21,997	23,507	20,815	+ 18.2	+ 6.9	▲ 11.5
Total (Ex-Financials, Ex-SoftBank G)	41,578	39,114	58,921	65,810	▲ 5.9	+ 50.6	+ 11.7

Note1: Forecasts by SMDAM.

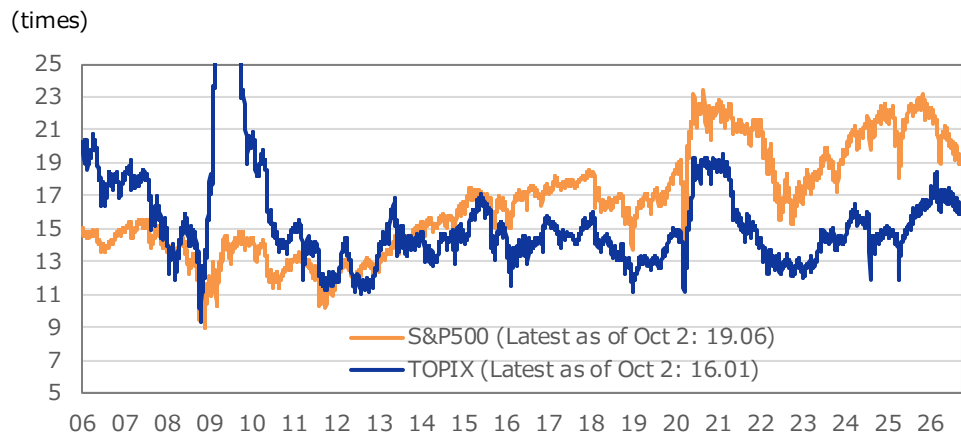
Note2: FX assumptions are USD/JPY at 162 and EUR/JPY at 186. A 1 JPY depreciation vs. USD increases ordinary profit by approximately 0.5%.

Note3: Coverage includes 402 Total (Incl. Financials), 376 Total (Ex-Financials), 226 Manufacturing, and 150 Non-Manufacturing stocks.

Note4: Aggregated earnings figures are based on in-house corporate forecasts and provided for reference only. Accuracy is not fully guaranteed.

Valuation (1)

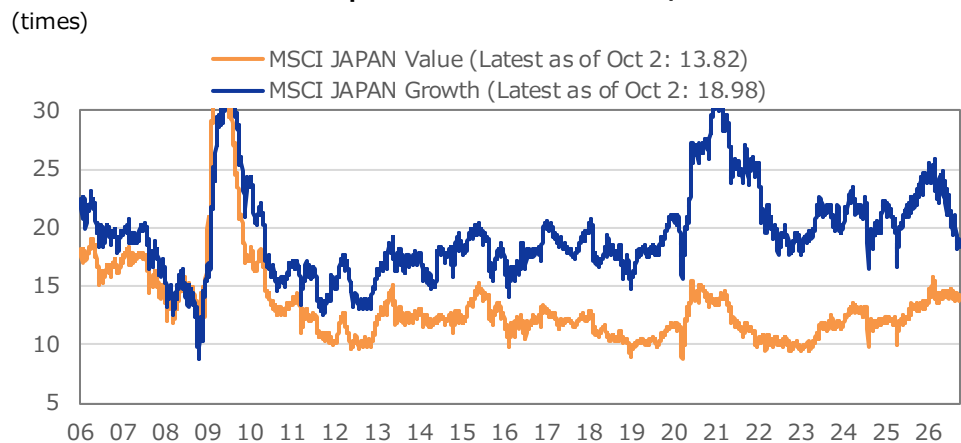
S&P 500 and TOPIX 12-Month Forward P/E Ratio



Note: Latest data are for 2 Oct 2026

Source: SMDAM and Bloomberg

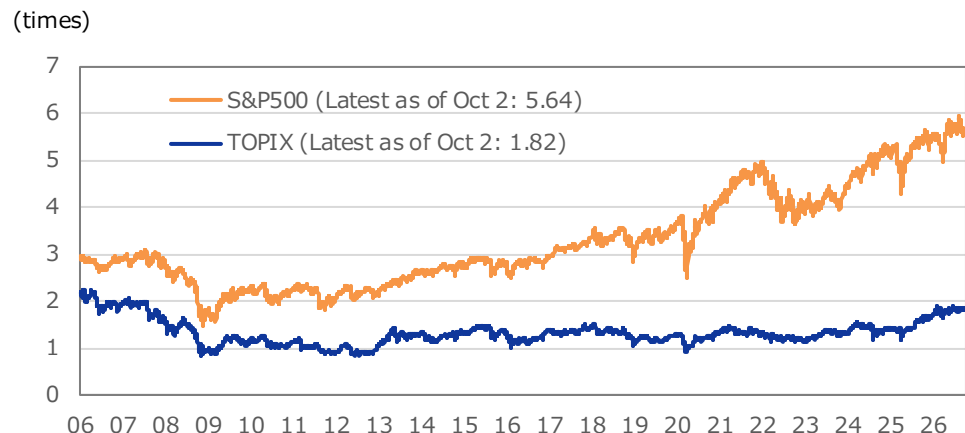
MSCI Japan 12-Month Forward P/E Ratio



Note: Latest data are for 2 Oct 2026

Source: SMDAM and Bloomberg

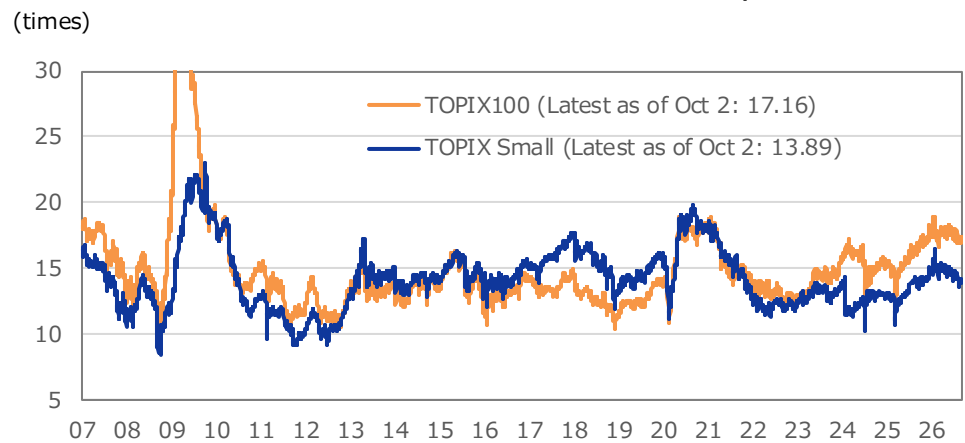
S&P 500 and TOPIX Historical P/B Ratio



Note: Latest data are for 2 Oct 2026

Source: SMDAM and Bloomberg

TOPIX 100 and TOPIX Small 12M Forward P/E Ratio

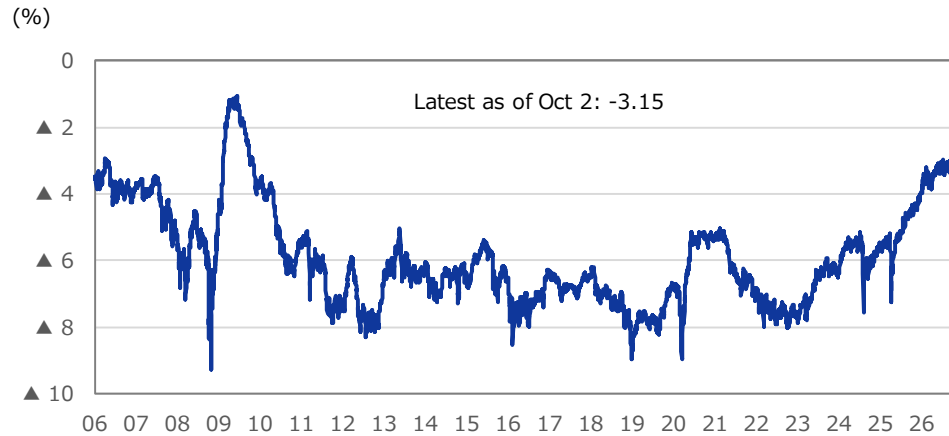


Note: Latest data are for 2 Oct 2026

Source: SMDAM and Bloomberg

Valuation (2)

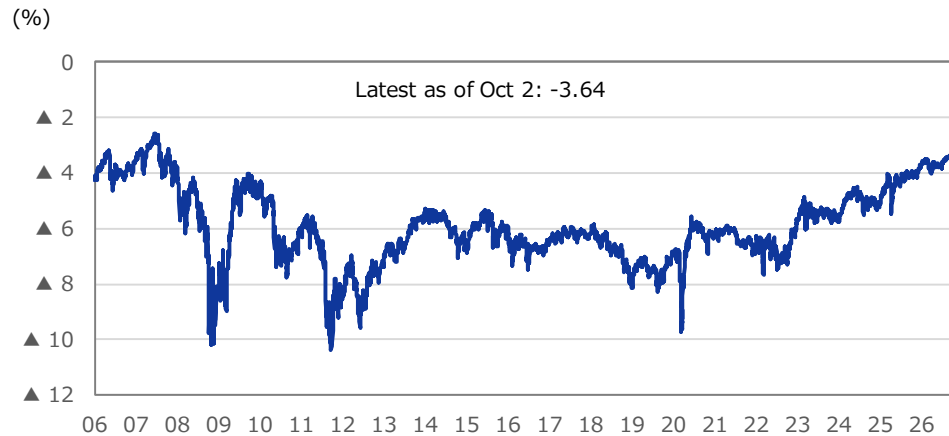
TOPIX Yield Spread (10Y JGB - Earnings Yield)



Note: Latest data are for 2 Oct 2026

Source: SMDAM and Bloomberg

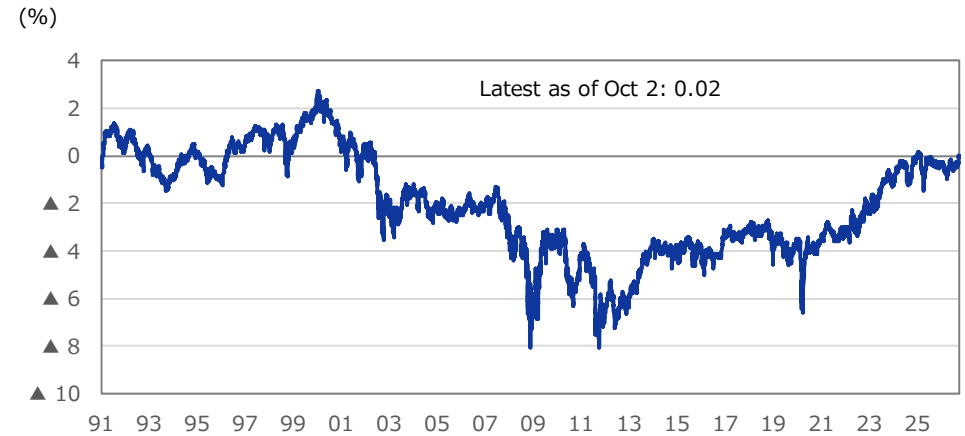
STOXX Europe 600 Yield Spread (10Y Bund - Earnings Yield)



Note: Latest data are for 2 Oct 2026

Source: SMDAM and Bloomberg

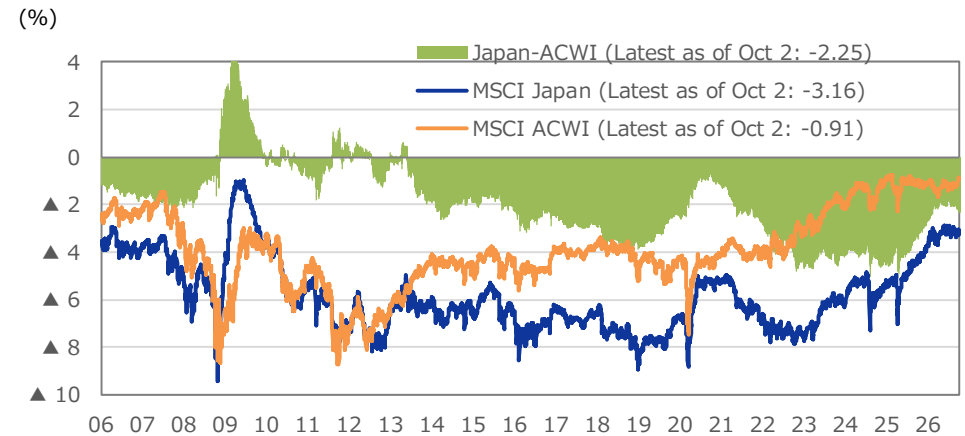
S&P 500 Yield Spread (10Y UST - Earnings Yield)



Note: Latest data are for 2 Oct 2026

Source: SMDAM and Bloomberg

MSCI Japan and ACWI Yield Spread (10Y Bond Yield - Earnings Yield)



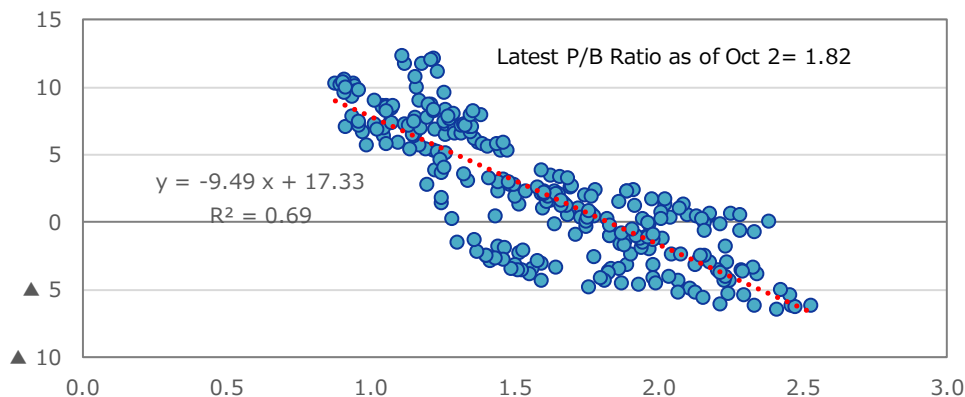
Note: Latest data are for 2 Oct 2026. For 10Y bond yield, Japan uses JGB, ACWI uses UST.

Source: SMDAM and Bloomberg

Valuation and Return

TOPIX Historical P/B Ratio and 10Y Annualized Return (From Oct. 1993)

10Y Annualized Return (%)



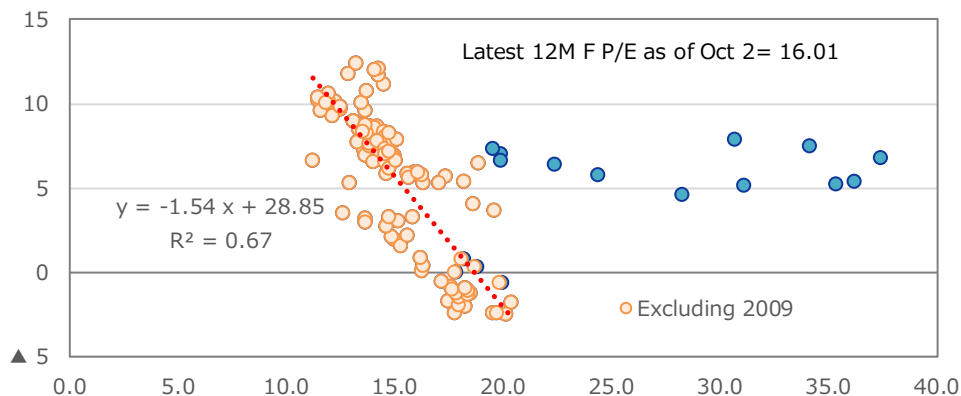
Note: Latest data are for Sep 2026

Source: SMDAM and Bloomberg

TOPIX Historical P/B Ratio (times)

TOPIX 12M Forward P/E and 10Y Annualized Return (From Jul. 2005)

10Y Annualized Return (%)



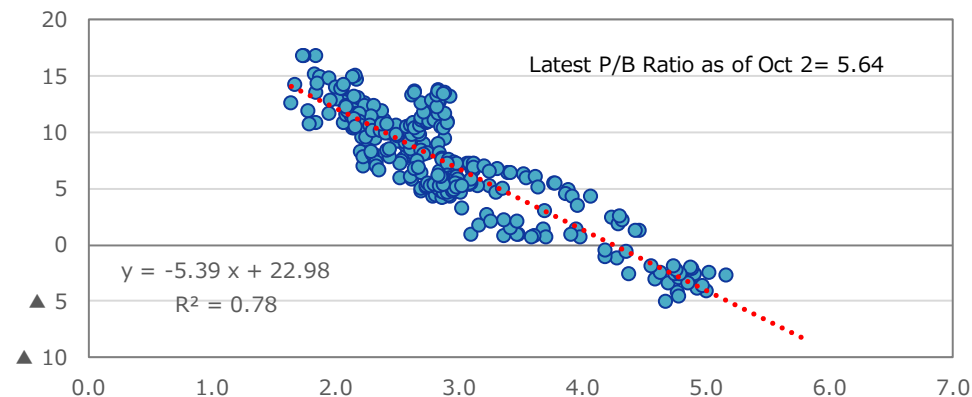
Note: Latest data are for Sep 2026. The blue dots show 2009 data.

Source: SMDAM and Bloomberg

TOPIX 12M Forward P/E (times)

S&P500 Historical P/B Ratio and 10Y Annualized Return (From May 1990)

10Y Annualized Return (%)



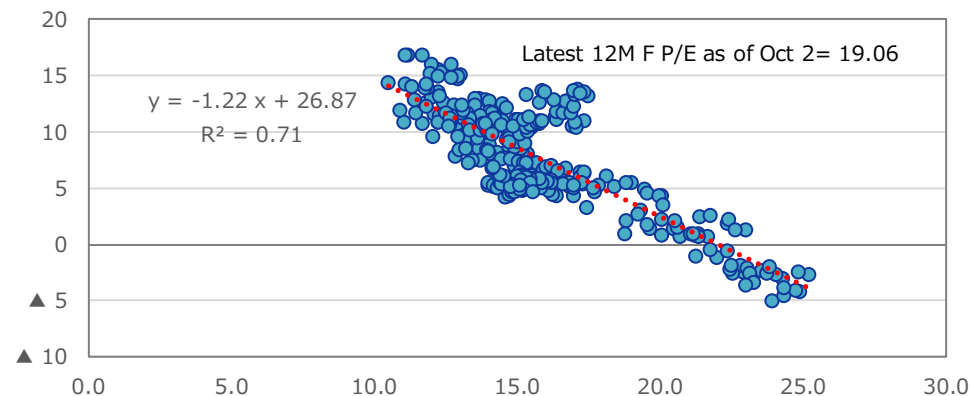
Note: Latest data are for Sep 2026

Source: SMDAM and Bloomberg

S&P500 Historical P/B Ratio (times)

S&P500 12M Forward P/E and 10Y Annualized Return (From Jan. 1990)

10Y Annualized Return (%)



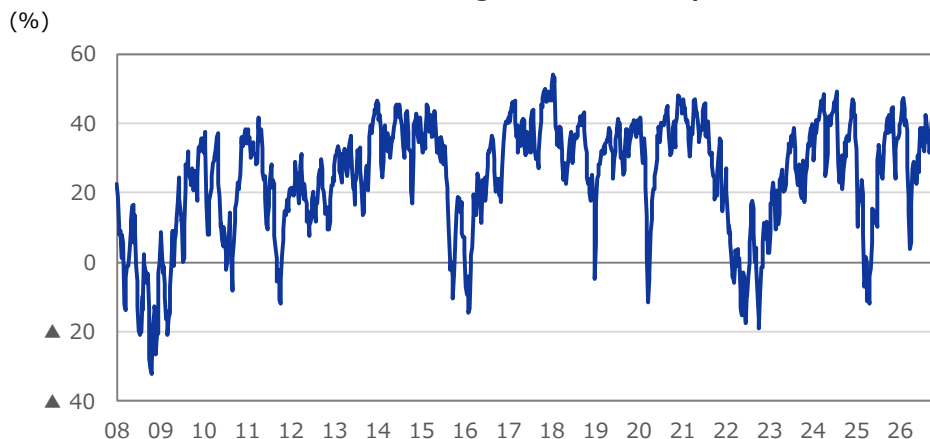
Note: Latest data are for Sep 2026

Source: SMDAM and Bloomberg

S&P500 12M Forward P/E (times)

Stock Market Sentiment and Supply-Demand

Investors Intelligence Bull-Bear Spread

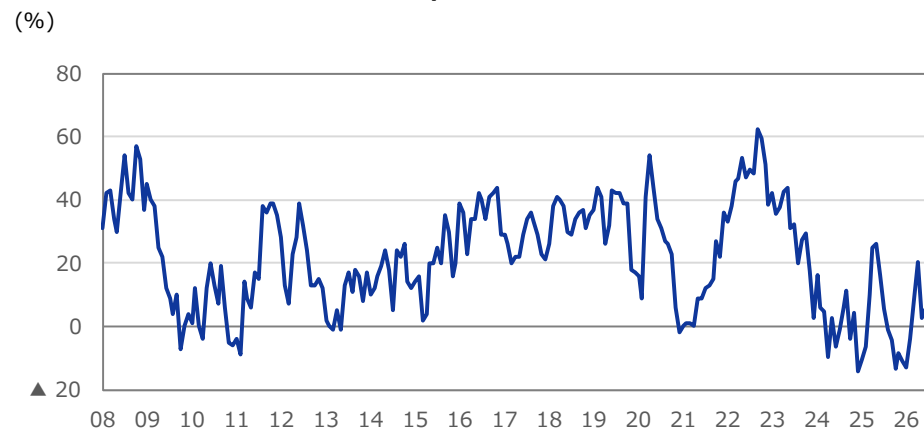


Note: Latest data are for 25 Sep 2026

Source: SMDAM and LSEG

(Y)

FM Survey: Cash Net Balance

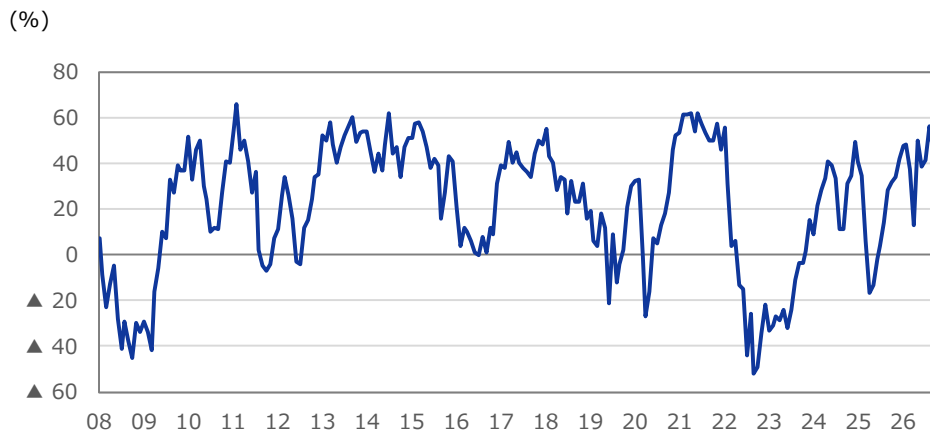


Note: Latest data are for Sep 2026

Source: SMDAM and BofA

(Y)

FM Survey: Equities Net Balance

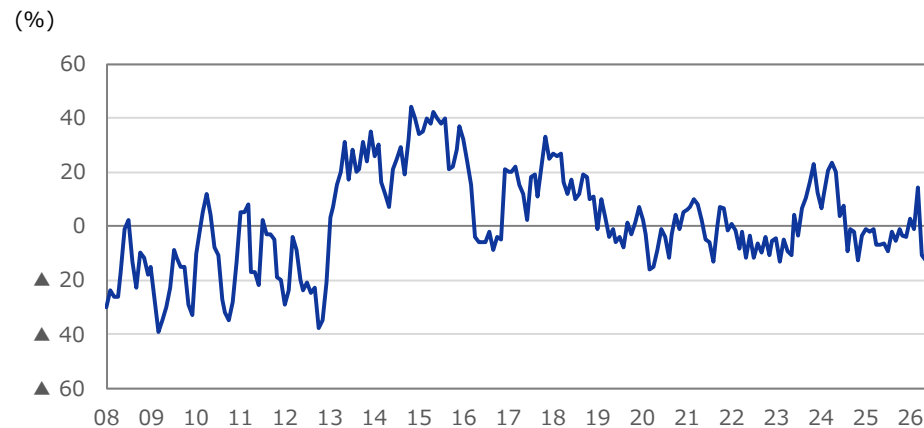


Note: Latest data are for Sep 2026

Source: SMDAM and BofA

(Y)

FM Survey: Japanese Equities Net Balance



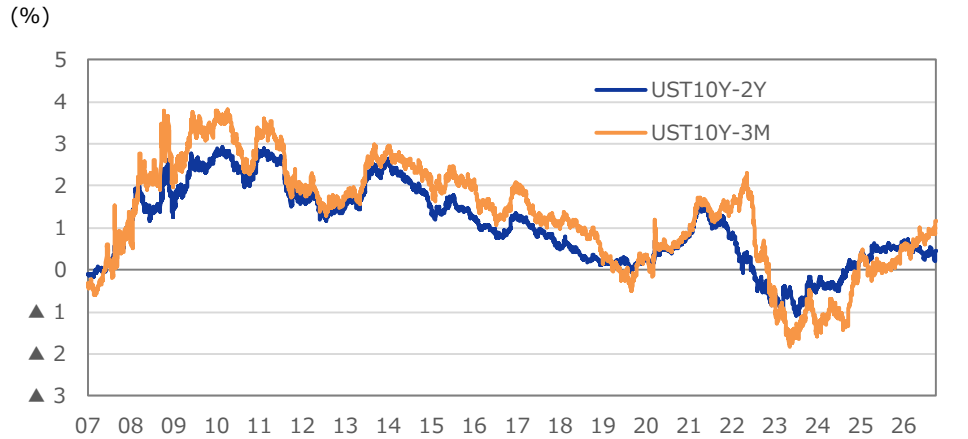
Note: Latest data are for Sep 2026

Source: SMDAM and BofA

(Y)

Risk Indicators

US Yield Curve Spread

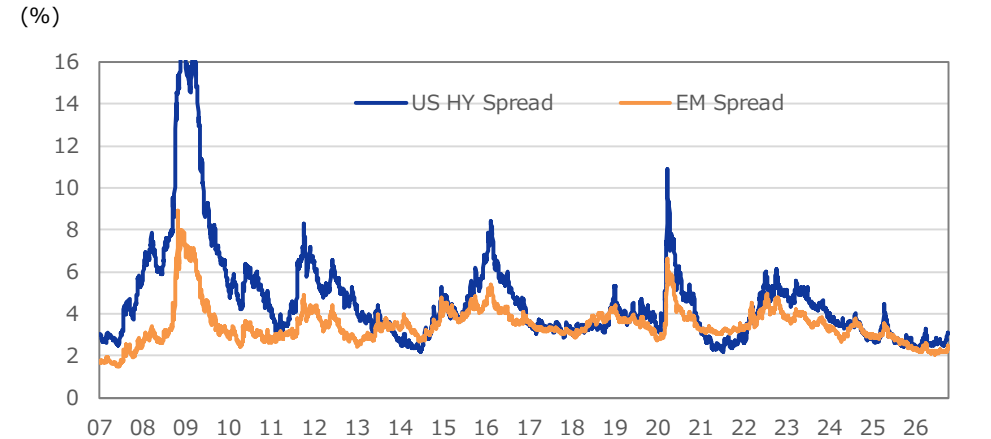


Note: Latest data are for 2 Oct 2026

Source: SMDAM and Bloomberg

(Y)

US HY Spread and EM Spread



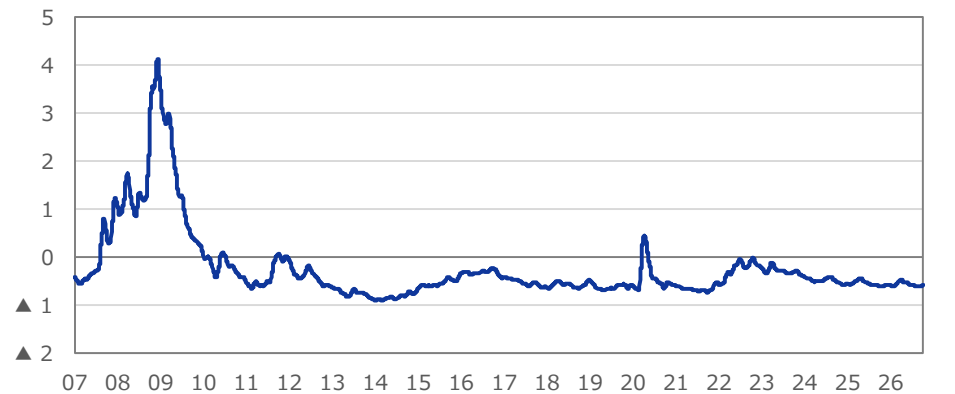
Note: Latest data are for 2 Oct 2026

Source: SMDAM and Bloomberg

(Y)

Chicago Fed Adjusted National Financial Conditions Index (ANFCI)

(↑ Tighter)



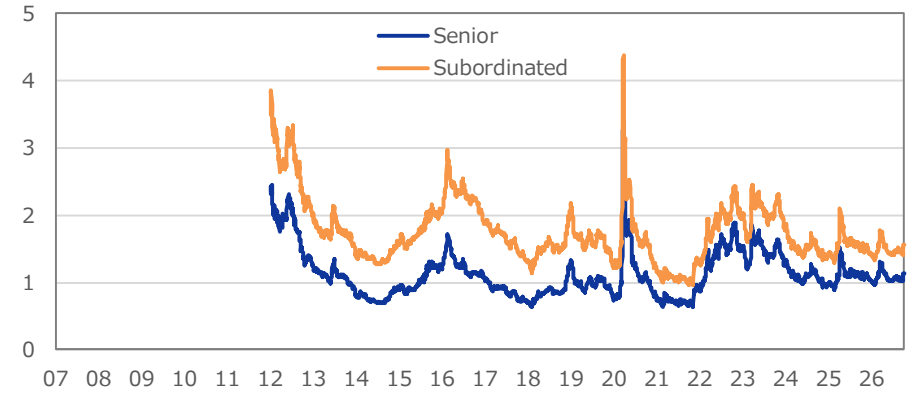
Note: Latest data are for 2 Oct 2026

Source: SMDAM, Chicago Fed and Bloomberg

(Y)

USD IG Financials OAS

(%)



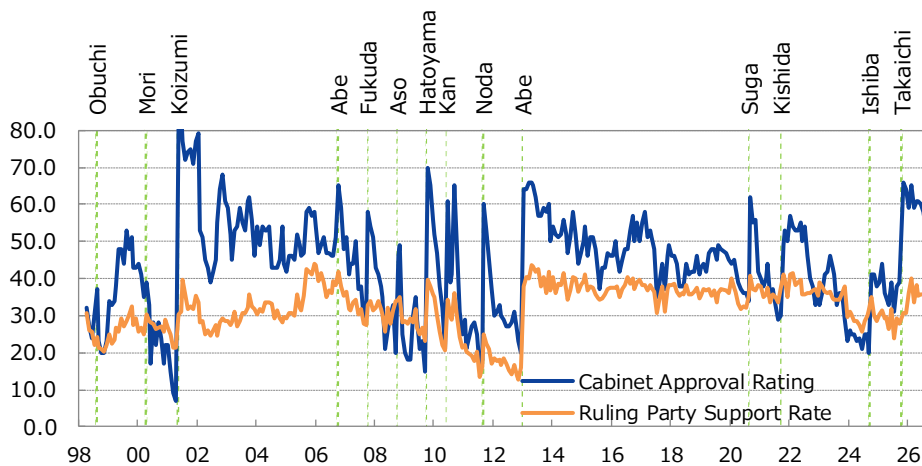
Note: Latest data are for 2 Oct 2026. OAS = Option-Adjusted Spread

Source: SMDAM and Bloomberg

(Y)

Japanese Politics:

Cabinet Approval Rating and Ruling Party Support Rate (%)



Source: SMDAM and NHK

Note: Latest data are for Sep 2026

Seats in Lower and Upper Houses

Note: As of 30 Sep 2026

	Lower House seats	Upper House seats
Liberal Democratic Party	315	101
Nippon Ishin / Japan Innovation Party	36	19
Ruling parties	351	120
Centrist Reform Alliance / Constitutional Democratic Party	47	39
Komeito	21	21
Democratic Party For the People	28	25
Party of Life	0	5
Japanese Communist Party	4	7
Sanseito	15	15
Team Mirai	11	2
Others + Vacancies	9	14
Majority	233	125
Total	465	248

Source: SMDAM, the House of Representatives and the House of Councillors

Political Calendar and Key Events

Feb 18	2nd Takaichi Cabinet launched
Feb 25	Potential successors to BOJ's Noguchi (late Mar) and Nakagawa (late Jun) are both reflationists.
Mar 19	Japan-U.S. summit
March?	Growth Strategy Council drafts investment roadmap
Jun 5	Supplementary budget (¥3tn+) passed
Jun 16	BOJ meeting: rate hiked to 1%
Jul 21	Cabinet approved Basic Policy and Growth Strategy
Jul 21	Corporate Governance Code revised
early Aug	Cabinet decision on cutting the VAT on food
Late Aug	FY2027 budget requests due
Sep 18	BOJ meeting: rate hiked to 1.25%
Oct 5	Extraordinary Diet
Dec	FY2027 budget draft and tax reform outline
By year-end	Three National Security Documents revised

Source: SMDAM and various media reports

Outlook for the Takaichi Administration

Stronger political leverage	LDP holds 2/3 in Lower House; can override Upper House rejection
Political stability	No national elections until summer 2028 (Upper House)
Fiscal expansion risk	Pushing proactive fiscal policy will likely lead to a larger budget

Sanaenomics: Key Policy Outlook

Policy	Expected direction	Watchpoints
Responsible proactive fiscal policy	Fiscal targets loosen; drop single-year PB surplus; focus on debt/GDP Shift to main budget; FY27 initial budget to expand sharply	FY2027 budget draft FY2027 budget draft
Growth & resilience investment	Support AI/ship/space/energy/defense; up to ¥10tn potentially allocated	FY2027 budget draft
Revise security documents	Broaden defense exports; defense/GDP target could rise 2%→3% (+¥6tn)	FY2027 budget draft
Two-year cut in food VAT	Zero tax: ¥5T cut. 1% likely. Starts Apr 2027. Key: funding	Autumn extraordinary Diet

Note: As of 30 Sep 2026

Governance (1): Revised CG Code highlights the importance of growth investments

Overview of the Revisions to the Corporate Governance Code

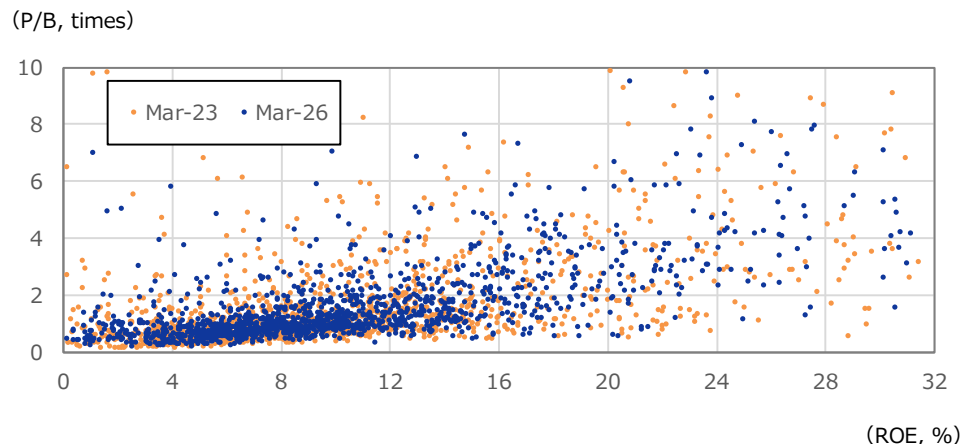
Note: Data as of 30 Sep 2026

Theme	Direction of the Revisions
Overall	To encourage companies to focus on essential initiatives for mid-to-long-term value creation (e.g., appropriate resource allocation for growth), the revisions limit "comply or explain" principles to abstract/conceptual ones. New "Interpretative Guidelines" were established with specific details and backgrounds to support effective implementation. Aiming for the "substantiation of the Code" by returning to its original principle-based spirit , listed companies are expected to implement practices aligned with each principle's intent based on their specific circumstances.
Promotion of Growth Investments	The revisions specify the importance of growth investment initiatives as the board's role/responsibility. Specific examples include: 1. Building a growth trajectory toward company goals. 2. Explaining specific actions for resource allocation (e.g., capex, R&D, human/intellectual capital investments, and business portfolio reviews) to achieve growth. 3. Continuously verifying if resource allocation aligns with disclosed management strategies/plans for growth. The revisions cite verifying whether financial assets (like cash/deposits) and physical assets are effectively utilized for growth investments. Holding such assets is not entirely denied; maintaining appropriate cash levels can be part of resource allocation if the company can explain its necessity and rationality.
Enhancement of Board Functions	Considering the increasing proportion of independent outside directors and the improving environment for their supervisory functions, the revisions emphasize the importance of their roles/responsibilities, securing quality/quantity, and ensuring independence to enhance their effectiveness. It also adds that the functions of the secretariat (e.g., corporate secretary), which plays a key role in supporting directors including the chair and outside directors, should be strengthened.
Pre-AGM Disclosure of Securities Report	The revised principles cite submitting the Annual Securities Report before the general shareholder meeting (AGM) as a key example of securing an appropriate environment for exercising voting rights. The Interpretative Guidelines supplement that submitting the report at least 3 weeks before the AGM is most desirable, and pushing back the AGM date can be considered as an option.

Source: SMDAM and FSA

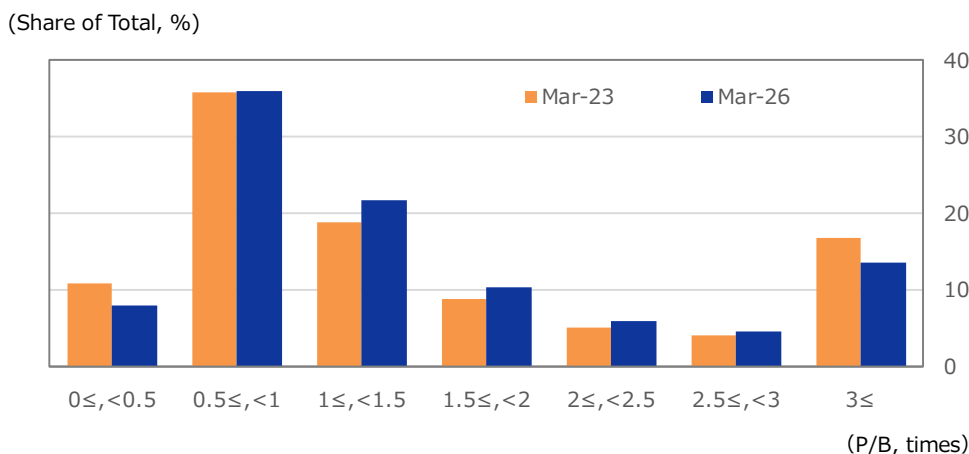
Governance (2): Corporate Response to TSE's Cost of Capital Conscious Management Request

Shifts in P/B and ROE Distribution of TSE Prime Companies Before and After the Call for Capital Cost and Stock Price-Conscious Management



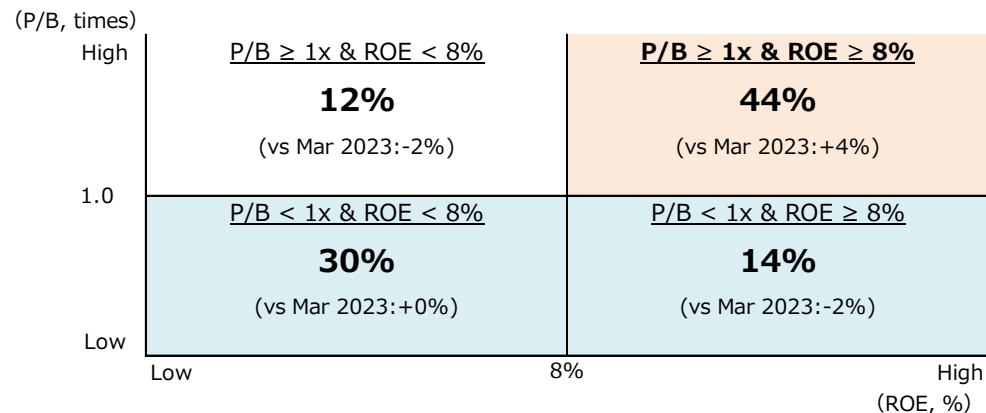
Source: SMDAM and Bloomberg

Shifts in P/B Distribution of TSE Prime Companies Before and After the Call for Capital Cost and Stock Price-Conscious Management



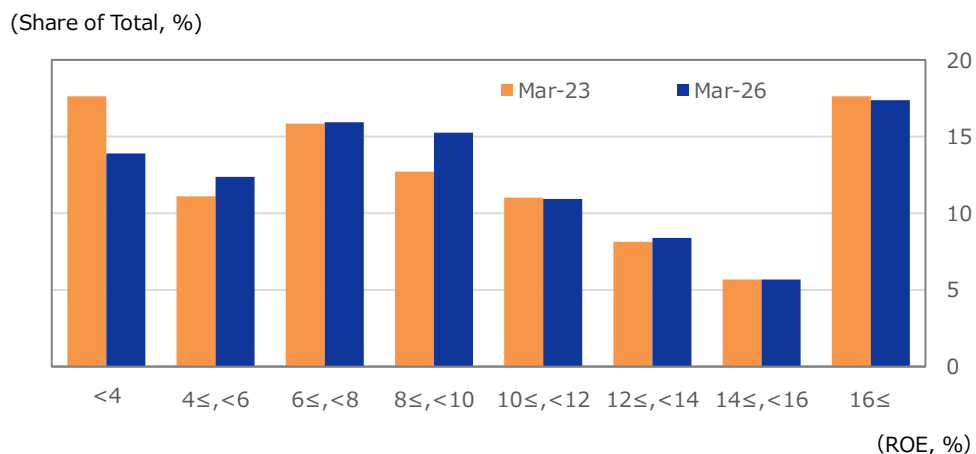
Source: SMDAM and Bloomberg

P/B & ROE Distribution in TSE Prime Companies Pre-/Post-Call for Capital Cost and Stock Price-Conscious Management (Mar 2026, Share of Total)



Source: SMDAM and Bloomberg

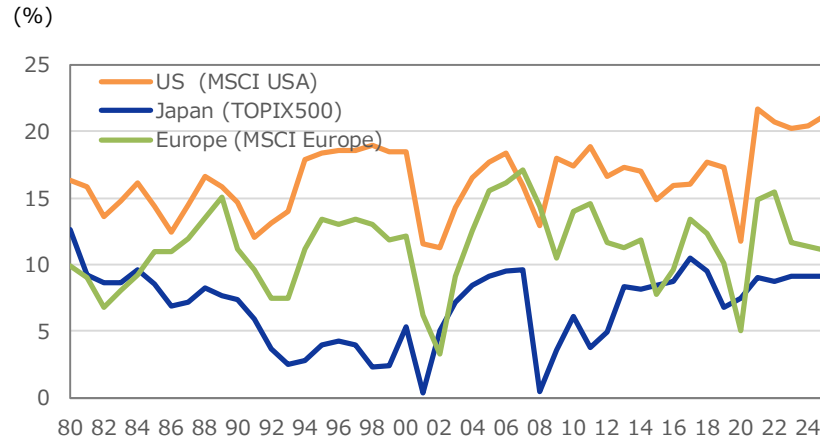
Shifts in ROE Distribution of TSE Prime Companies Before and After the Call for Capital Cost and Stock Price-Conscious Management



Source: SMDAM and Bloomberg

Governance (3): ROE

Long-term Trends of ROE in Japan, the US, and Europe

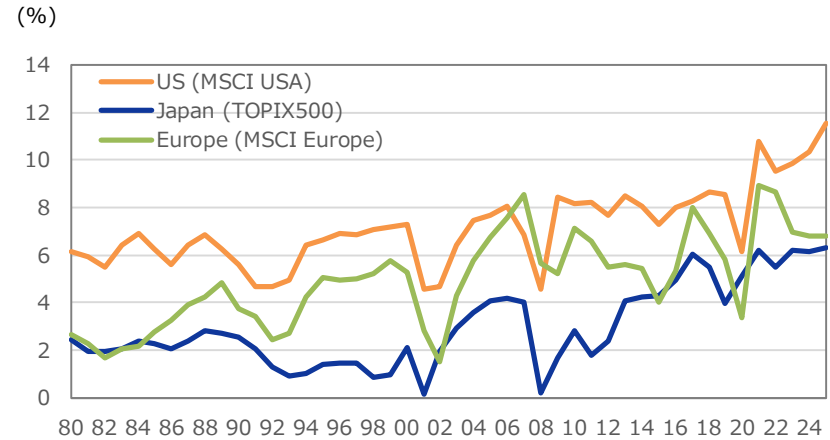


Note: Latest data are 2025. Excl. Financials (Japan: also Trading Cos)

Source: SMDAM and Daiwa Securities

(Y)

Long-term Trends of Net Profit Margins in Japan, US, and Europe

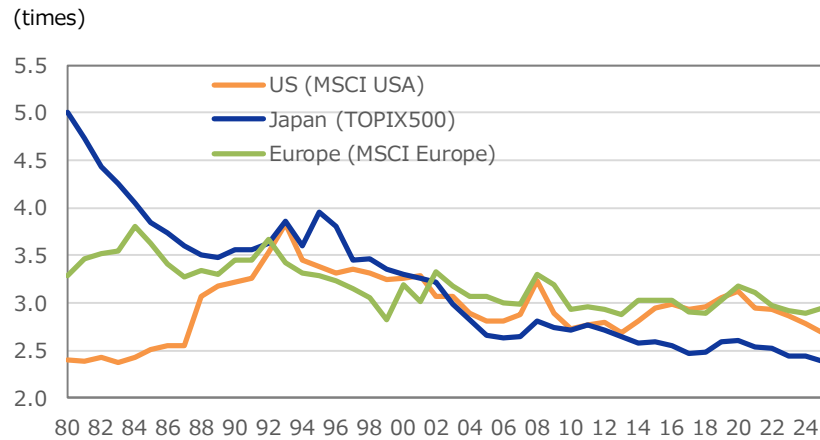


Note: Latest data are 2025. Excl. Financials (Japan: also Trading Cos)

Source: SMDAM and Daiwa Securities

(Y)

Long-term Trends of Financial Leverage in Japan, US, and Europe

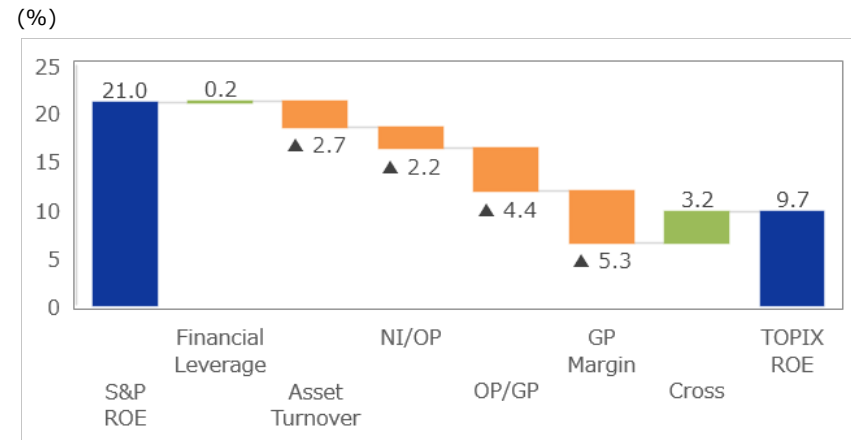


Note: Latest data are 2025. Excl. Financials (Japan: also Trading Cos)

Source: SMDAM and Daiwa Securities

(Y)

ROE Comparison: Japan vs US (TOPIX 500 vs S&P 500, Ex-Financials)



Note: Latest Data as of 30 Sep 2026

Source: SMDAM and Bloomberg

Governance (4): Effective Cash Utilization

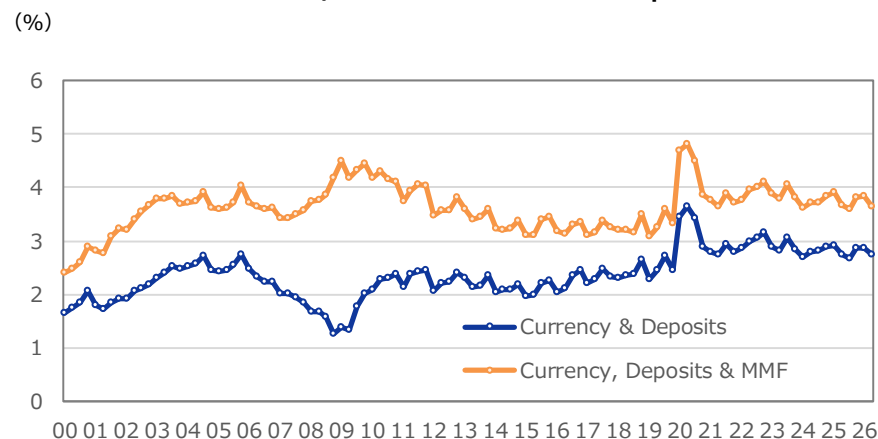
Cash Ratio in B/S of Japanese Non-Financial Corporations



Note: Latest data are for 2Q 2026

Source: SMDAM and BoJ

Cash Ratio in B/S of US Non-Financial Corporations

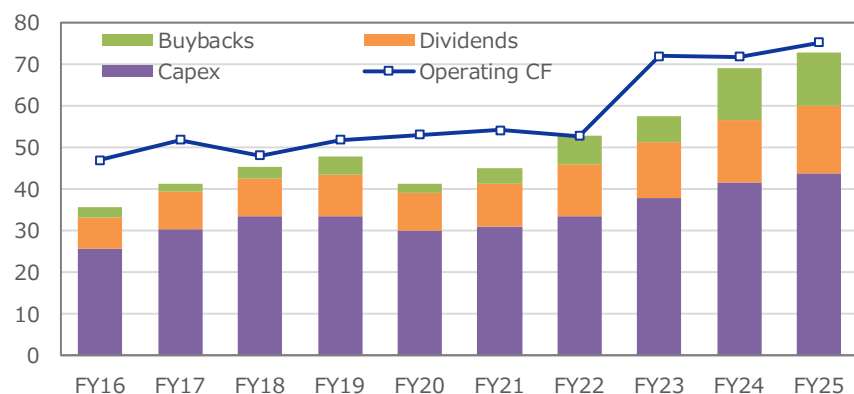


Note: Latest data are for 2Q 2026

Source: SMDAM and FRB

OCF, Investment, and Shareholder Returns for TOPIX 500 Companies

(trillion JPY)

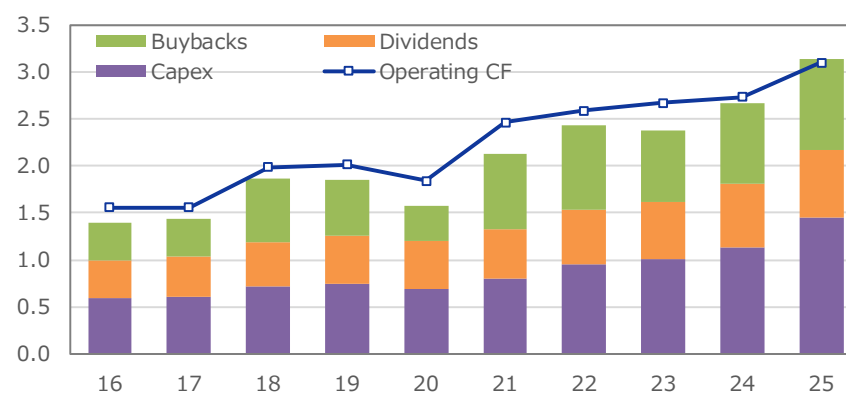


Note: Excludes Financials. Latest data are for FY2025.

Source: SMDAM and Bloomberg

OCF, Investment, and Shareholder Returns for S&P 500 Companies

(trillion USD)



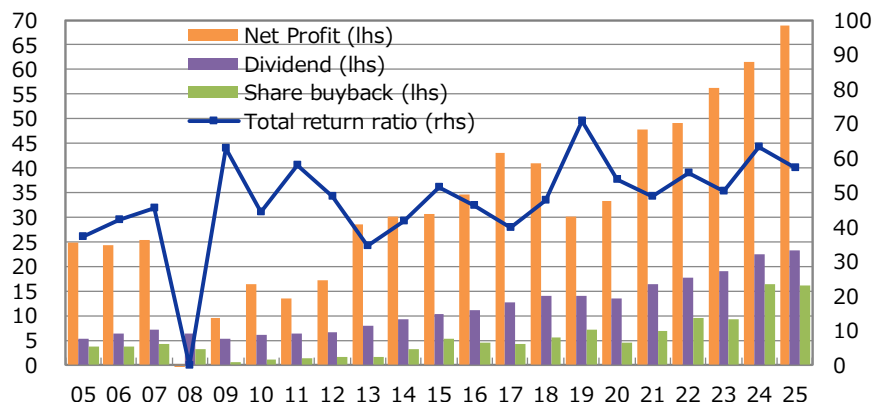
Note: Latest data are for 2025

Source: SMDAM and Bloomberg

Governance (5): Shareholder Returns

Total Shareholder Return Ratio (TOPIX)

(trillion JPY)

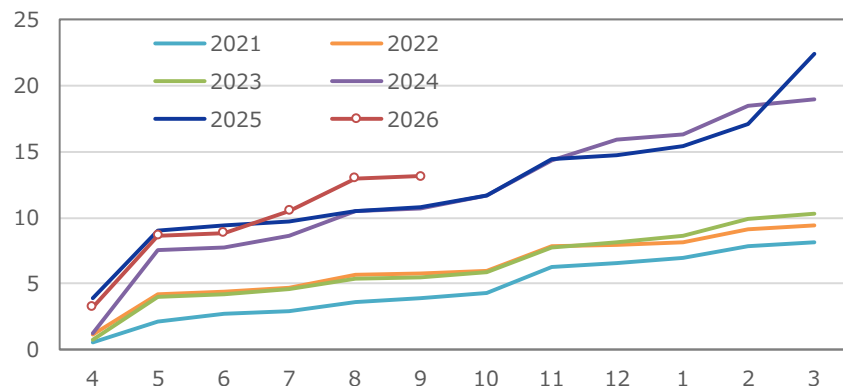


Note: Latest data are for FY2025

Source: SMDAM, Tokai Tokyo Securities, and Bloomberg

Share Buyback Programs by Japanese Companies (FY Cumulative)

(trillion JPY)

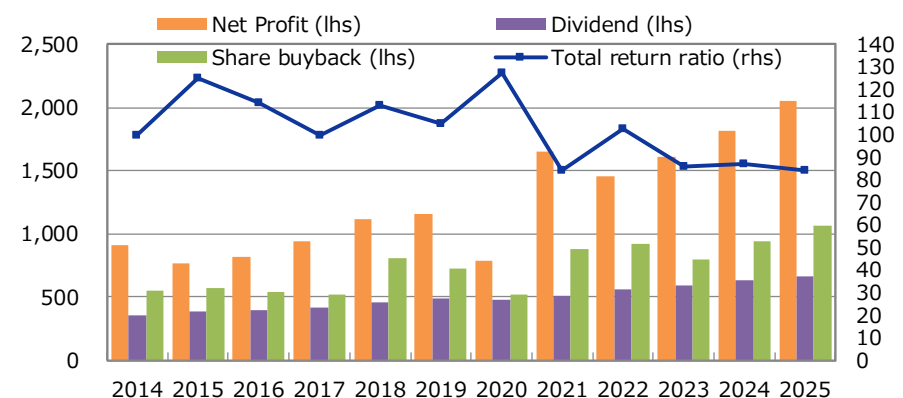


Note: Latest data are for Sep 2026

Source: SMDAM and INDB

Total Shareholder Return Ratio (S&P500)

(billion USD)

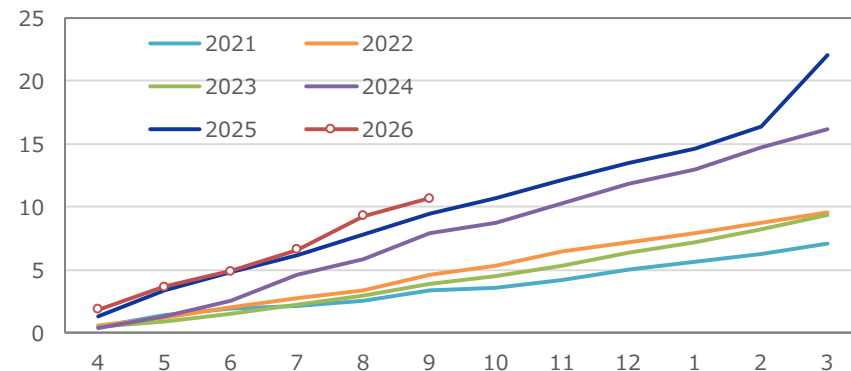


Note: Latest data are for FY2025

Source: SMDAM, Tokai Tokyo Securities, and Bloomberg

Share Buyback Activity by Japanese Companies (FY Cumulative)

(trillion JPY)



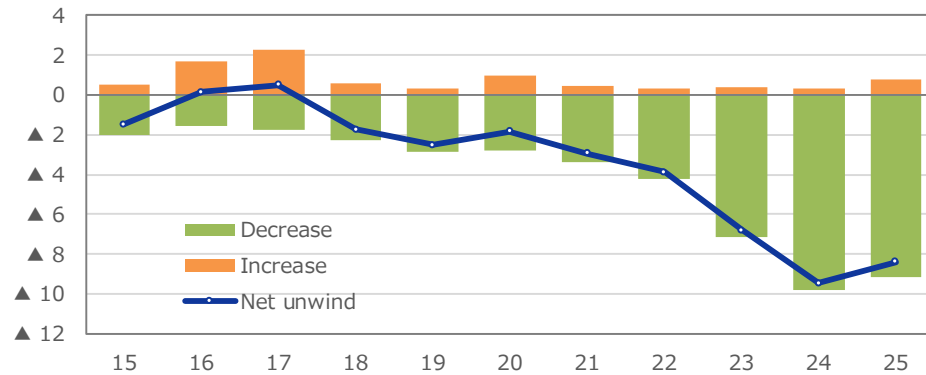
Note: Latest data are for Sep 2026

Source: SMDAM and INDB

Governance (6): Ownership Structure & Shareholder Meetings

Cross shareholding unwinding

(trillion JPY)



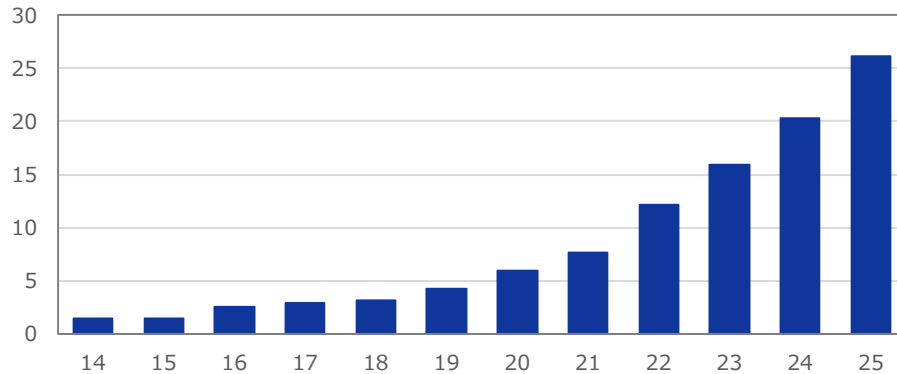
Note: Latest data are for FY2025

Source: SMDAM and JP Morgan Securities

(FY)

Percentage of Companies with a Majority of Independent Outside Directors

(%)



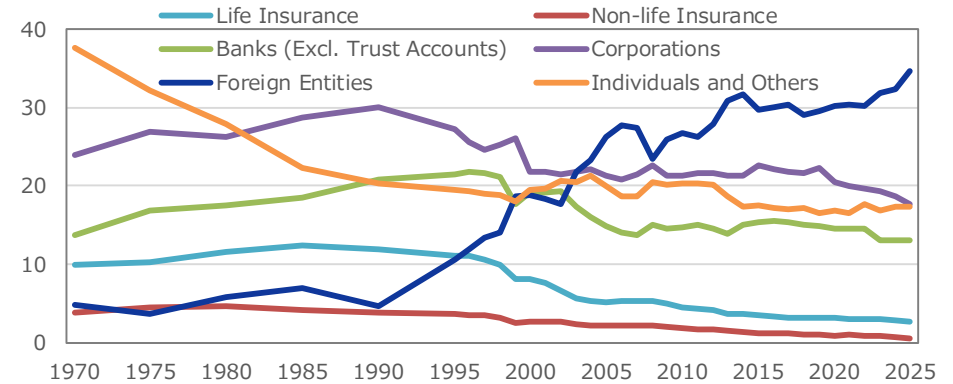
Note: Latest data are for FY2025

Source: SMDAM and JPX

(FY)

Distribution of Equity Ownership by Shareholder Type

(%)



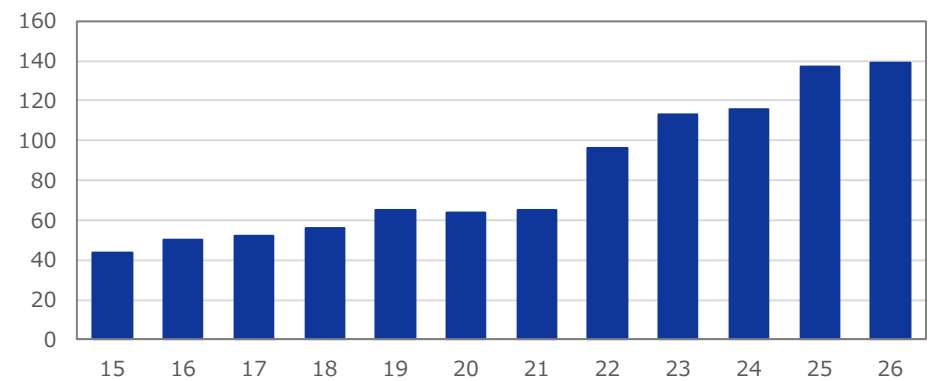
Note: Latest data are for FY2025

Source: SMDAM and JPX

(FY)

Number of Shareholder Proposals

(Number of Companies)

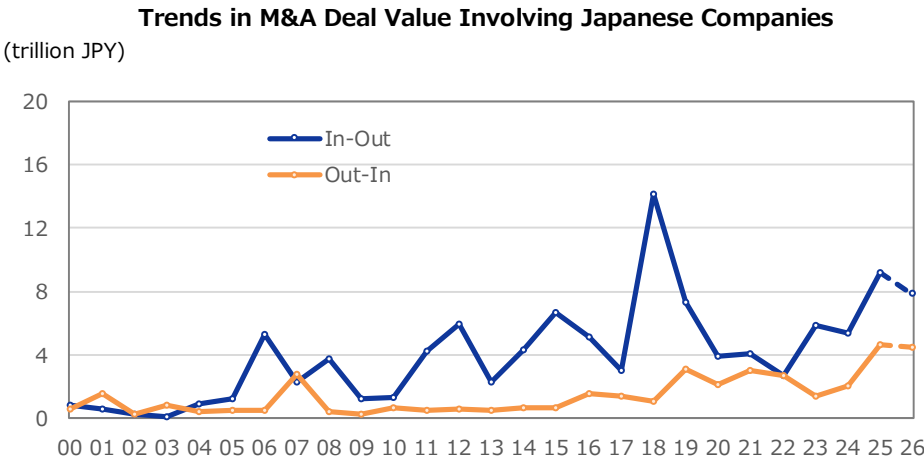


Note: Latest data are for FY2026

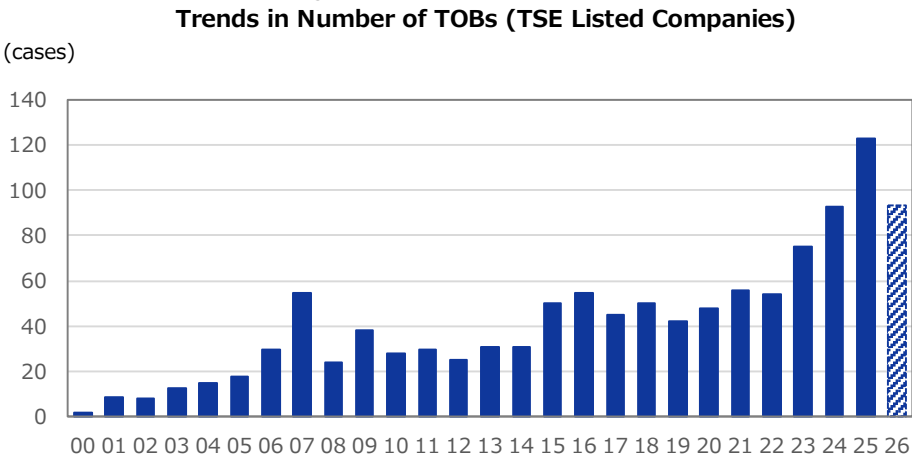
Source: SMDAM and Japan Institute of Business Law

(FY)

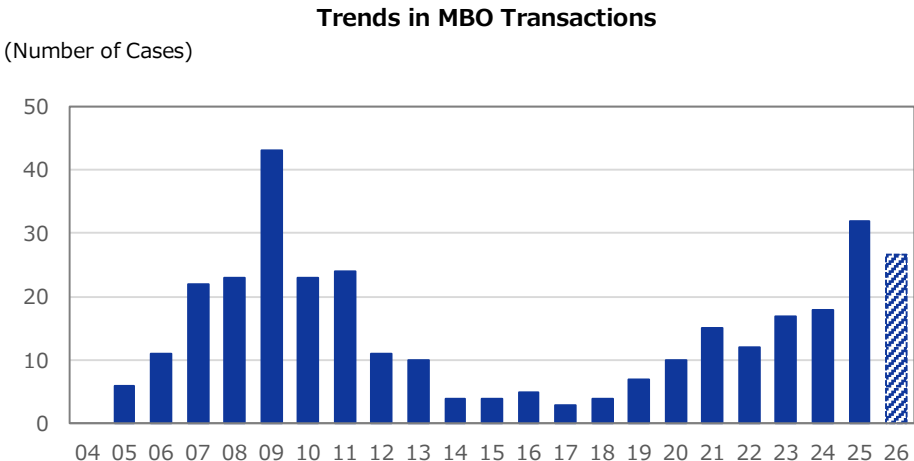
Governance (7): Rising Takeover Risk



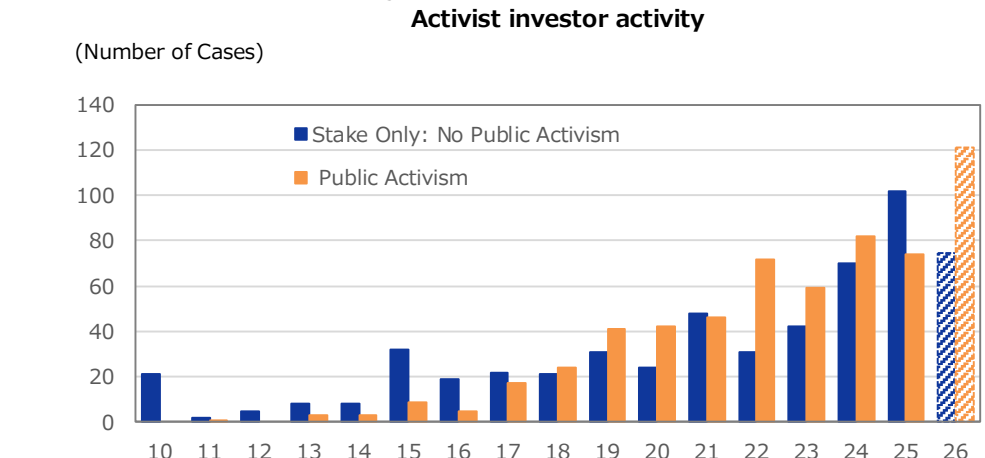
Note: Latest data are for 2026. 2026 is annualized through Sep
Source: SMDAM and Bloomberg



Note: Latest data are for 2026. 2026 is annualized through Sep
Source: SMDAM and Bloomberg



(Y) Note: Latest data are for 2026. 2026 is annualized through Sep
Source: SMDAM and Bloomberg



(Y) Note: Latest data are for 2026. 2026 is annualized through Sep
Source: SMDAM and Bloomberg

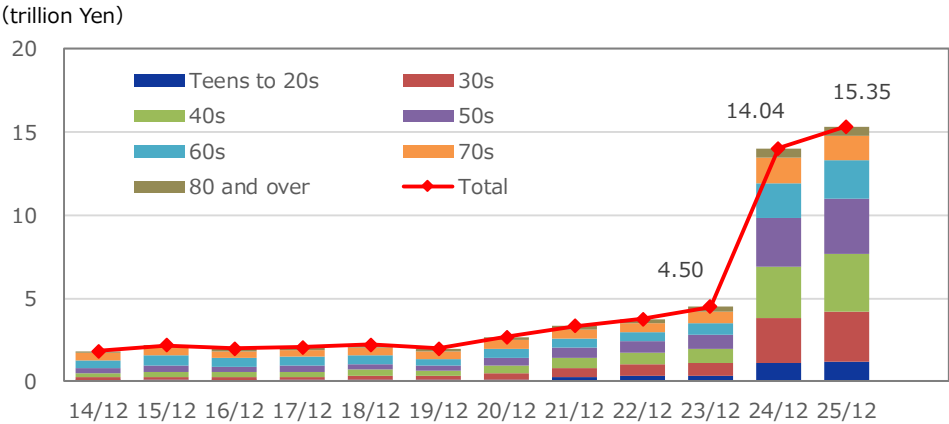
Comparison of old and new NISA (Tax free investing program like UK ISA)

	Old NISA		NEW NISA		
	Tsumitate NISA	General NISA	Tsumitate Quota	Growth Quota	Kodomo NISA
Lifetime Limit	JPY 8 mn	JPY 6 mn	JPY 18 mn (JPY 12 mn for Growth Quota)		JPY 6 mn
Annual Limit	JPY 0.4 mn	JPY 1.2 mn	JPY 1.2 mn	JPY 2.4 mn	JPY 0.6 mn
Tax Exemption Period	20 years	5 years	No Limit		No Limit
Availability for Combined Use	No		Yes		
Investment Option	FSA selected Investment trusts and ETFs	Listed stocks, ETFs, REITs and Investment trusts	FSA selected Investment trusts and ETFs	Listed stocks, ETFs, REITs and Investment trusts	FSA selected Investment trusts and ETFs
Target Age	18 and older		18 and older		0-17 years old

Source: SMDAM and FSA

Note: As of 30 Sep 2026

Annual Purchase Amount in NISA Accounts by Age Group

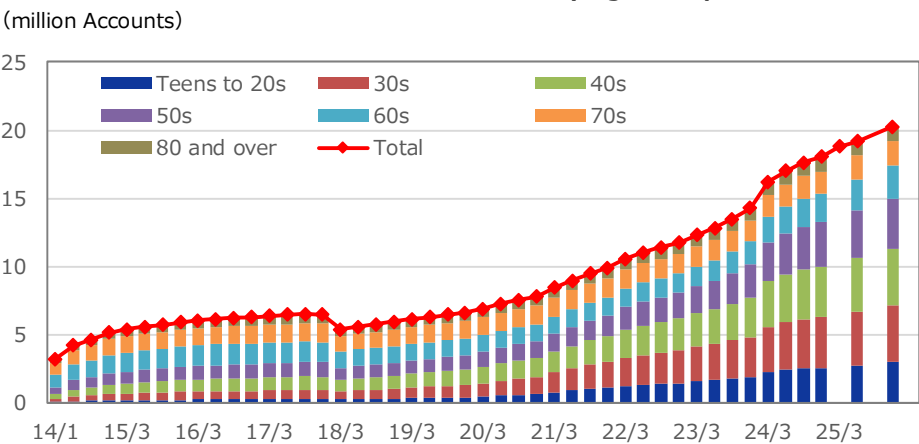


Note: Latest data are for end-Dec 2025.

Source: SMDAM and Japan Securities Dealers Association

(Y/M)

Number of NISA Accounts by Age Group

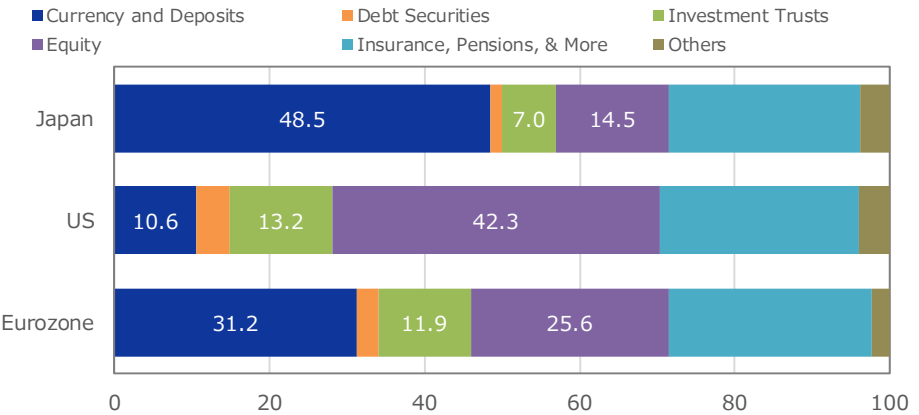


Note: Latest data are for end-Dec 2025; some age breakdowns unpublished.

Source: SMDAM and Japan Securities Dealers Association

(Y/M)

Financial Assets held by Households (As of March 2026)



Source: SMDAM, BoJ, FRB and ECB

(%)

Event Schedule: Focus— FY2027 budget proposal and tax reform

	Date	Japan	Date	U.S.	Date	Other Regions
October to December 2026	Oct 5 Dec? By year-end?	Extraordinary Diet session opens Cabinet Approval of the FY27 Budget Proposal and Tax Reform Outline Revision of the three key national security documents	Oct? Nov 3 Dec?	US Treasury Semi-annual Currency Report U.S. midterm elections Final reports of five Fed task forces	Oct 12– Oct Oct 26– Nov 18– Dec 14– Dec?	IMF–World Bank Annual Meetings IMF World Economic Outlook Chinese Communist Party Fifth Plenum APEC Summit: potential U.S.–China / Japan –China talks G20 Summit China Central Economic Work Conference
January to March 2027	Jan Mid-Mar	Opening of the Ordinary Diet Session Key Response Day for Spring Wage Negotiations	Jan	The Opening of the U.S. Senate and House of Representatives	Jan Mar	IMF World Economic Outlook National People's Congress of China
April to June	Apr Q2? Jun? End-Jun	Unified local elections BOJ nominations to succeed Takata & Tamura (terms end Jul 23) Cabinet's approval of the Basic Policy Closing of the Ordinary Diet Session	Jun?	US Treasury Semi-annual Currency Report	Apr Apr TBD	IMF and World Bank Spring Meetings IMF World Economic Outlook G7 Summit
July to September	Jul 23 Sep	Terms of BOJ Board Members Takata & Tamura expire LDP presidential election	Aug	Jackson Hole Economic Symposium	Jul	IMF World Economic Outlook
October to December	Dec?	Cabinet Approval of the FY28 Budget Proposal and Tax Reform Outline	Oct?	US Treasury Semi-annual Currency Report	Oct TBD Dec?	IMF–World Bank Annual Meetings & World Economic Outlook Chinese Communist Party 21st Congress: leadership reshuffle China Central Economic Work Conference

Source: Compiled by SMDAM

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