



What Worked - Japan

Value bounced hard this week but was not supported by strong Volume^{15th April 2016}

Patrick Hansen

What Worked

Value working again

After approx. 5 weeks of underperformance, low PBR and FY1 PE names bounced hard this week. The last time Value names did this well was in October 2015. After the October bounce, Value outperformed for the next month or so. However, after the most recent Value Bounce, Value immediately went back to underperforming. So not sure if this is signal in change or just a 1-week anomaly. Low PBR names that moved the most were Kobe Steel up 16%, Mitsui OSK up 16% and NTN Corp up 15%.

Beta also working

As with Value, Beta dominated this week as well. This was the best week for Beta in the last 2 years. High Beta names that did well were Hitachi Metals up 15%, Nippon Steel & Sumitomo Metal up 15% and Fukuoka Financial up 15%. 12-Month momentum came in with an incredible negative 57% Information Coefficient. Names that were down over the last year that bounced up the most were Kobe Steel up 16%, Minebea up 16% and JFE Holdings up 14%. Growth suffered at the hands of Value. Growth names that were hurt this week were Tsuruha Holdings down 1% and Temp Holdings down 2%.

Who Moved

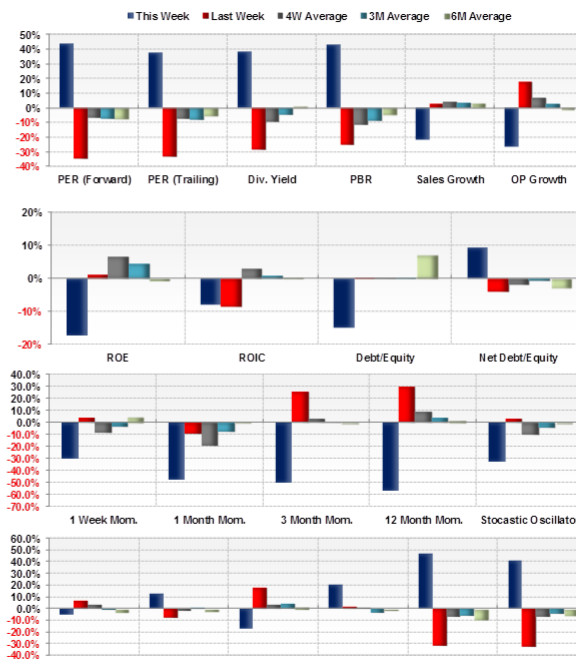
Not supported by volume

Unfortunately as with most of the recent bounces, this week's bounce was not based on volume. Only 16 names bounced on Volume this week. On the positive side, DMG Mori was up 16%, Komeri was up 14% and Kawasaki Heavy Industries was up 12%. On the other side, Izumi was down 5%, Shimachu was down 4% and ITO EN was down 3%.

Summary

TOPIX 500, Week Ending 15 Apr 2016

Signal	This Week		Last Week		4W Average		3M Average		6M Average	
	IC	Spread	IC	Spread	IC	Spread*	IC	Spread*	IC	Spread*
Value & Growth										
PER (Forward)	43.5%	4.7%	-34.5%	-2.8%	-6.9%	-1.1%	-7.4%	-9.4%	-7.2%	-17.9%
PER (Trailing)	37.8%	3.5%	-33.2%	-2.6%	-7.5%	-2.0%	-8.0%	-10.6%	-5.4%	-17.3%
Div. Yield	38.5%	3.8%	-28.4%	-2.6%	-9.5%	-2.4%	-4.4%	-2.5%	0.5%	-3.9%
PBR	43.2%	4.5%	-25.4%	-1.8%	-11.4%	-2.0%	-8.5%	-9.8%	-4.4%	-15.8%
Sales Growth	-21.9%	-2.7%	2.8%	0.5%	4.2%	0.6%	3.3%	5.9%	2.8%	13.5%
OP Growth	-26.4%	-2.9%	18.2%	1.4%	7.0%	1.0%	2.9%	0.2%	-1.3%	1.3%
Quality										
ROE	-17.2%	-2.2%	1.2%	-0.1%	6.6%	1.7%	4.4%	4.4%	-0.8%	6.4%
* ROIC	-8.0%	-1.1%	-8.5%	-0.7%	3.0%	0.8%	0.8%	0.1%	0.4%	2.4%
* Debt/Equity	-15.0%	-1.9%	0.3%	-0.5%	0.2%	-0.7%	0.3%	1.2%	6.8%	10.9%
* Net Debt/Equity	9.3%	-0.1%	-4.0%	0.2%	-1.8%	-0.6%	-0.7%	-1.2%	-2.9%	-2.5%
Momentum & Technical										
1 Week Mom.	-30.4%	-3.3%	4.0%	-0.1%	-8.2%	-4.4%	-3.2%	-6.7%	4.0%	-8.1%
1 Month Mom.	-47.7%	-5.6%	-9.1%	-1.3%	-18.9%	-8.1%	-7.8%	-11.2%	0.7%	-13.7%
3 Month Mom.	-50.5%	-5.4%	25.6%	2.1%	3.1%	-1.0%	1.1%	0.4%	-1.3%	-4.2%
12 Month Mom.	-56.8%	-6.0%	29.7%	2.4%	9.0%	1.1%	4.4%	-0.2%	1.7%	3.1%
Stochastic Oscillator	-33.0%	-4.5%	3.6%	0.2%	-9.7%	-5.3%	-4.5%	-6.8%	-0.3%	-10.3%
Other										
Size	-5.1%	-0.2%	6.8%	0.3%	3.6%	1.0%	-0.0%	-0.8%	-2.7%	-3.2%
Foreign Investors	12.7%	1.4%	-9.0%	-1.3%	-1.3%	-0.6%	0.2%	-2.0%	-1.7%	-4.0%
Individual Investors	-17.2%	-1.5%	18.3%	1.8%	3.2%	1.7%	4.4%	6.0%	1.8%	5.9%
Institutional Investors	20.3%	1.9%	1.4%	0.4%	0.0%	0.6%	-3.5%	-5.8%	-0.3%	-5.6%
BETA (TOPIX)	47.5%	5.0%	-31.8%	-2.8%	-6.5%	-0.9%	-5.7%	-5.5%	-8.7%	-13.1%
BETA (USD/JPY)	40.8%	4.3%	-32.7%	-3.5%	-6.9%	-1.8%	-3.8%	-4.5%	-5.5%	-10.8%



* ex Financials
 + Compound weekly spread return over the specified period
 Spread is defined as the Long/Short return of the quintiles (i.e. top 20% - bottom 20%, equal weighted)



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