



What Worked - Japan

Beta and Price Momentum continue to drive the market

10th Feb 2017

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What Worked

High-Beta & 3M Momentum working

High Beta and short-term (3-month) momentum names continued to do well this week. Over the last month, these two factors have driven the market. High Beta names that outperformed this week were Ibiden (4062) up 20%, Asahi Glass (5201) up 10% and Taiyo Yuden (6976) up 9%. Momentum names that did well this week were Disco (6146) up 19%, Yahoo Japan (4689) up 17% and Nippon Electric Glass (5214) up 12%. Low PBR names also did well this week.

Low PBR also doing well

Low PBR name have not done this well since the end of November last year. Other Value factors were pretty much insignificant this week. Low PBR names that outperformed were Kobe Steel (5406) up 9% and Sankyo (6417) up 7%. Growth continued to not work. Growth factors have consistently not done well since the middle of December last year. Yamaha (7951) is down 12% and Teijin Limited (3401) is down 8%. ROE / ROIC names also continue to not do well this year.

Who Moved

Volumes returning

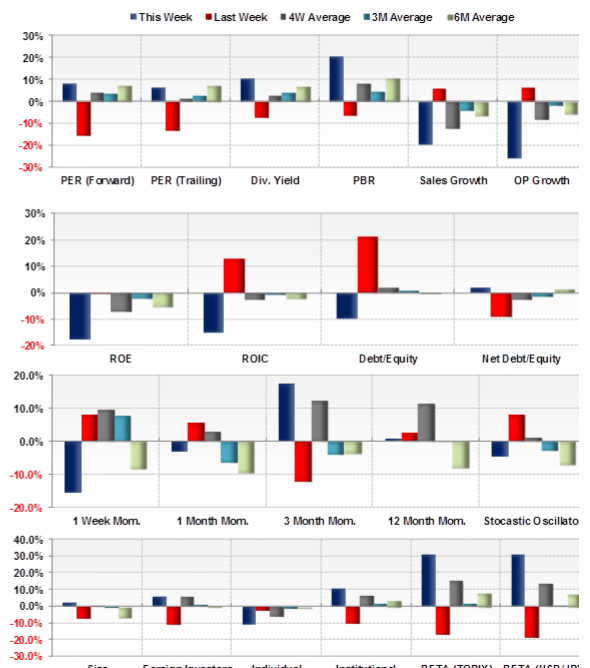
42 names moved on volume this week. On the positive side, Ibiden Co (4062) is up 20%, Disco (6146) is up 19% and Yahoo Japan (4689) is up 17%. On the other side, Yamaha (7951) is down 12%, Teijin Limited (3401) is down 8% and Kaneka Corp (4118) is down 7%..

Summary

TOPIX 500, Week Ending 10 Feb 2017

Signal	Index Return: 2.2%		-2.3%		0.1%		8.2%		16.6%	
	This Week	Last Week	4W Average	3M Average	6M Average	IC	Spread*	IC	Spread*	
Value & Growth										
PER (Forward)	8.3%	0.3%	-15.6%	-1.7%	4.0%	-0.9%	3.6%	2.7%	7.1%	18.5%
PER (Trailing)	6.4%	0.4%	-13.4%	-1.5%	1.3%	-0.7%	2.8%	4.0%	7.1%	18.2%
Div. Yield	0.7%	0.7%	-7.5%	-1.1%	2.8%	0.1%	4.2%	5.4%	6.8%	18.4%
PBR	20.5%	1.7%	-6.5%	-0.8%	8.0%	1.8%	4.5%	7.1%	10.2%	28.1%
Sales Growth	-19.6%	-1.6%	5.9%	0.9%	-12.5%	-2.6%	-4.0%	-5.9%	-6.5%	-19.4%
OP Growth	-25.8%	-1.6%	6.1%	0.4%	-8.2%	-2.0%	-1.7%	-3.9%	-5.7%	-12.8%
Quality										
ROE	-17.7%	-1.2%	-0.3%	0.4%	-7.3%	-1.2%	-2.4%	-4.4%	-5.2%	-15.1%
* ROIC	-15.3%	-1.2%	12.8%	1.3%	-2.5%	-0.8%	-0.9%	-4.0%	-2.4%	-12.4%
* Debt/Equity	-10.0%	-0.8%	21.4%	2.0%	1.9%	0.4%	0.8%	-3.0%	-0.5%	-8.5%
* Net Debt/Equity	1.9%	-0.3%	-9.0%	-0.4%	-2.5%	-1.6%	-1.4%	-1.6%	1.0%	-0.0%
Momentum & Technical										
1 Week Mom.	-15.4%	-1.4%	8.3%	1.1%	9.7%	2.9%	7.7%	7.7%	-8.2%	-6.1%
1 Month Mom.	-2.9%	-0.2%	5.7%	0.8%	3.0%	1.5%	-6.3%	-2.1%	-9.5%	-7.4%
3 Month Mom.	17.5%	1.2%	-12.1%	-1.9%	12.4%	2.6%	-3.8%	-2.5%	-3.8%	-5.4%
12 Month Mom.	0.9%	-0.4%	2.6%	0.5%	11.6%	3.0%	0.0%	-2.9%	-7.8%	-16.8%
Stochastic Oscillator	-4.4%	-0.0%	8.2%	0.7%	1.2%	1.1%	-2.7%	-0.1%	-7.0%	-2.1%
Other										
Size	2.3%	0.3%	-7.1%	0.1%	0.7%	0.8%	-1.0%	-1.3%	-6.2%	-6.0%
Foreign Investors	5.7%	0.8%	-10.7%	-1.0%	5.9%	1.2%	1.1%	-1.1%	0.3%	2.5%
Individual Investors	-10.8%	-1.4%	-2.7%	-0.8%	-6.1%	-2.8%	-1.6%	-1.5%	-0.4%	-4.2%
Institutional Investors	-10.7%	0.2%	-10.4%	-1.6%	6.3%	-0.0%	1.6%	0.2%	3.3%	5.6%
BETA (TOPIX)	30.8%	2.9%	-17.1%	-1.4%	15.4%	4.5%	1.5%	3.6%	7.5%	19.3%
BETA (USD/JPY)	31.2%	2.4%	-18.7%	-1.4%	13.6%	3.8%	0.5%	2.4%	7.1%	16.4%

* 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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