
**Securities Industry
Performance and
Market Overview**

F A C T B O O K

1999

Japan Securities Dealers Association

Contents

Securities Industry Performance

Year Ended March 1999	2
Securities Industry Income Statement	4
Selected Industry Information	6
Securities Industry Revenue and Expense Structure	10
Trends in the Number of Securities Firms, Employees, and Offices	11

Secondary Stock Markets

1998 Overview	12
Selected Stock Market Information	13
Stock Market Activity	15
Major Stock Indices	18

Bond Markets

1998 Overview	20
Bond Market Activity	21

Capital Markets

1998 Overview	22
Equity & Debt Financing by Corporations	23
New Issuance of Public and Corporate Bonds	25
Outstanding Public and Corporate Bonds	27

Money Markets

Selected Money Market Information	28
-----------------------------------	----

Futures and Options

Futures and Options Activity	29
------------------------------	----

Investment Trusts

1998 Overview	30
Investment Trust Activity	31

Investor Trends

1998 Overview	32
Holdings of Equity Outstanding	33
Individual Shareholdings	34
Investor Participation in Equity Markets	36
Household Liquid Financial Assets	38
International Securities Transactions	39

Interest Rates and Economic Indicators

Major Interest Rates, Yields, and Economic Indicators	40
---	----

Year Ended March 1999—Recurring Profits Move into the Black

Looking at overall industry performance during the fiscal year in review, total recurring profits, at ¥145 billion, jumped back into the black despite a decline in commissions thanks to increased trading gains and reduced administrative expenses. Recovering from the minus ¥9.5 billion recorded in the previous year, it was the first time the industry had posted recurring profits since falling into the red two years ago. However, because some securities firms chalked up significant extraordinary losses in the form of expenditures to support associated subsidiaries, the industry registered a net loss of ¥573 billion, its eighth consecutive net loss since the year-ended March 1992. The number of firms reporting recurring profits amounted to 79 firms, or 28.9% of all firms, compared with 63 firms or 22.8% of all firms in the previous year.

Revenues—substantial declines in brokerage commissions

Among revenues, commissions slid 2.0%, to ¥1.6 trillion. This decline can be attributed to a 17.2% drop in equity brokerage commissions, to ¥662 billion—the lowest level in the past 10 years.

The stock market, as measured by the Nikkei 225 index, started off at 16,241 in April 1998 but plummeted in August because of the currency turmoil in many Asian economies and the Russian financial crisis. Stock prices continued to be weak for the rest of the year, with the index reaching a post-economic-bubble low of 12,879 points in early October. From the start of the new year to the end of the fiscal year, the market mounted a recovery against the backdrop of an interest rate cut by the Bank of Japan and another bull run on Wall Street, ending the fiscal year at 15,836 points, down 4.2% from the previous fiscal year. The overall daily average trading value on the 1st Section of the Tokyo Stock Exchange decreased 8.1%, to ¥400 billion. In addition to this decline in trading value, the April 1998 deregulation of commissions on the portion of trades in excess of ¥50 million is thought to have contributed to the substantial fall in brokerage commissions.

The underwriting fees category rebounded 38.1%, to ¥164 billion. This growth was supported by a large increase in straight corporate debt offerings, including asset-backed bond offerings, which exceeded last year's high to post a new record high of approximately ¥10.8 trillion in response to a fall in interest rates and the continuing credit crunch. In addition, the highly lucrative equity underwriting market, which includes common stock secondaries (already publicly traded issues) and IPOs, rebounded.

Selling commissions expanded 5.7%, to ¥237 billion, reflecting a 9.1% increase in sales of stock investment trusts.

Other commissions, comprised principally of investment trust asset-based fees, were again favorable, rising 17.7%, to ¥458 billion.

Financial revenue dropped 7.3%, to ¥441 billion because of lower repos (*Gensaki*) transaction income related to reduced repo trading volume in short-term bonds and because of a decline in margin interest related to the slump in equity markets.

Trading gain increased 28.5%, to ¥552 billion. This strong performance resulted from equity share trading gains remaining at last year's levels despite the stagnation in stock markets while bond trading gains rose substantially, benefiting from highly volatile price movements throughout the year.

Overall, operating net income rose 2.2%, to ¥2.6 trillion.

Expenses—operating & administration expenses sink 4.6%

On the other hand, looking at expenses, fixed expense reduction and enhanced cost control efforts were again rewarded with lower expenses in many categories. Moreover, with a change in accounting methods, taxes dropped 50.2%, to ¥77 billion.

Transaction expenses, which are variable costs, edged down 0.9%, to ¥325 billion. By category, floor costs fell 0.2%, to ¥125 billion; communications costs declined 3.0%, to ¥98 billion; and advertising costs rose 23.0%, to ¥27 billion. Other expenses, including travel, commuting, and entertainment expenses, contracted 6.6%, to ¥75 billion.

Having faced stagnant securities markets in Japan since 1990, securities firms have cut costs considerably by reducing the number of employees and shrinking their office networks by combining domestic branches and closing overseas offices. This trend continued during the year in review. Although data processing & stationary expenses grew ¥4 billion, to ¥209 billion, this expansion is thought to be mainly the result of increased data processing subcontracting expenses as securities firms continued to outsource more of these operations for greater cost efficiency.

Due to the factors mentioned above, operating and administrative expenses declined 4.6%, to ¥2.0 trillion. Financial expenses also decreased, falling 4.9%, to ¥455 billion, resulting in a 4.7% drop in total operating expenses, to ¥2.4 trillion.

Securities Industry Income Statement

	1990.3	1991.3	1992.3	1993.3
Commissions	4,778.1	2,877.5	1,888.9	1,454.3
Brokerage	3,289.4	2,023.0	1,207.5	888.5
(Equity)	2,993.4	1,879.3	1,119.0	787.8
Underwriting	532.0	172.1	163.0	107.2
Selling	550.3	314.3	176.9	133.3
Others	406.2	368.0	341.4	325.3
Financial Revenue	1,024.4	1,333.8	959.5	518.1
Margin Interest	641.0	784.3	448.9	142.8
Interest	222.1	357.7	292.3	188.4
Trading Gain	380.1	217.4	147.9	290.4
Total Operating Revenues	6,182.8	4,428.8	2,996.5	2,263.0
Other Revenues	46.4	60.9	47.8	46.7
TOTAL REVENUES	6,229.2	4,489.8	3,044.3	2,309.8
Operating & Administrative Expenses	3,444.0	3,036.1	2,807.2	2,521.3
Transaction Expenses	682.1	562.7	462.0	371.3
(Floor Costs)	281.6	200.1	159.8	119.5
(Communications)	192.3	173.3	151.4	128.7
(Advertising)	78.6	72.8	50.3	33.0
(Others)	129.5	116.3	100.4	89.9
Compensation	1,299.4	1,264.3	1,208.5	1,101.1
Occupancy & Equipment	307.9	372.9	414.4	422.9
Data Processing & Stationery	289.0	335.5	343.6	306.9
Depreciation Expenses	84.4	99.6	110.8	102.0
Taxes	643.9	271.2	126.0	98.7
Other Administrative Expenses	136.9	129.8	141.4	118.2
Financial Expenses	493.2	677.8	459.1	236.8
Margin Interest	128.3	184.4	113.5	54.1
Interest	341.3	467.0	328.9	141.3
Total Operating Expenses	3,937.2	3,714.0	3,266.3	2,758.2
Other Expenses	77.4	70.7	29.9	21.8
TOTAL EXPENSES	4,014.7	3,784.8	3,296.2	2,780.0
OPERATING NET INCOME	2,245.5	714.8	-269.8	-495.2
RECURRING PROFITS (LOSS)	2,214.5	704.9	-251.9	-470.2
EXTRAORDINARY GAIN (LOSS)	-60.3	0.0	-156.7	-14.7
PRE-TAX NET INCOME	2,154.1	704.9	-408.6	-484.9
NET INCOME	1,013.9	360.8	-407.3	-505.5
ASSETS	44,234.0	42,255.0	34,320.4	34,359.7
LIABILITIES	36,729.5	34,408.7	26,987.3	27,649.4
EQUITY	7,504.4	7,846.3	7,333.1	6,710.2

Notes: 1. All securities firms doing public business.

2. "Total revenues" is the sum of total operating revenues and other revenues.

3. "Total expenses" is the sum of total operating expenses and other expenses.

4. Because of the introduction of a market value accounting method for trading gain in the fiscal year ended March 1998, trading gain figures for fiscal 1998 and 1999 are not directly comparable with figures of previous years.

5. Because of a change in the accounting method for enterprise tax in the fiscal year ended March 1999, recurring profit (loss) for fiscal 1999 is not directly comparable with figures of previous years.

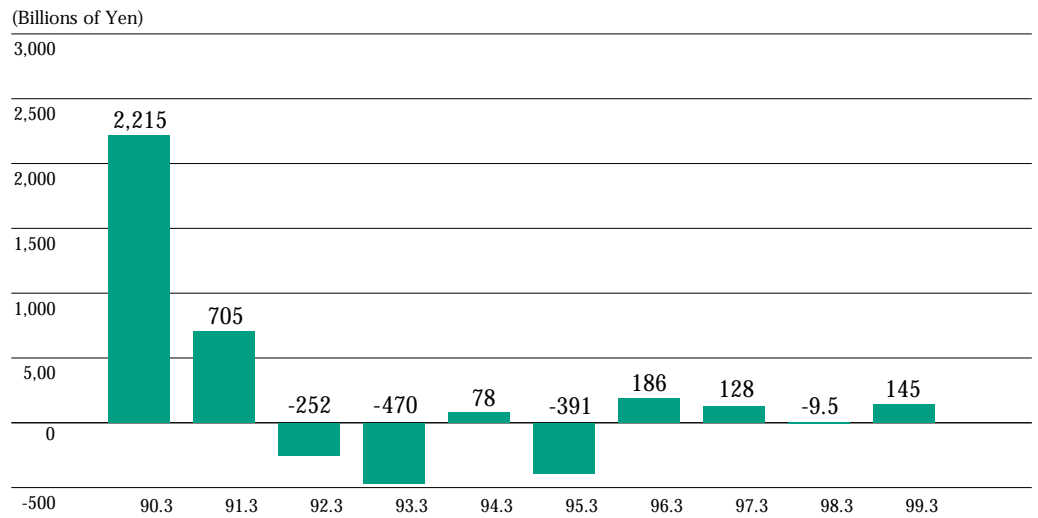
Source: Japan Securities Dealers Association (JSDA)

(Billions of Yen)

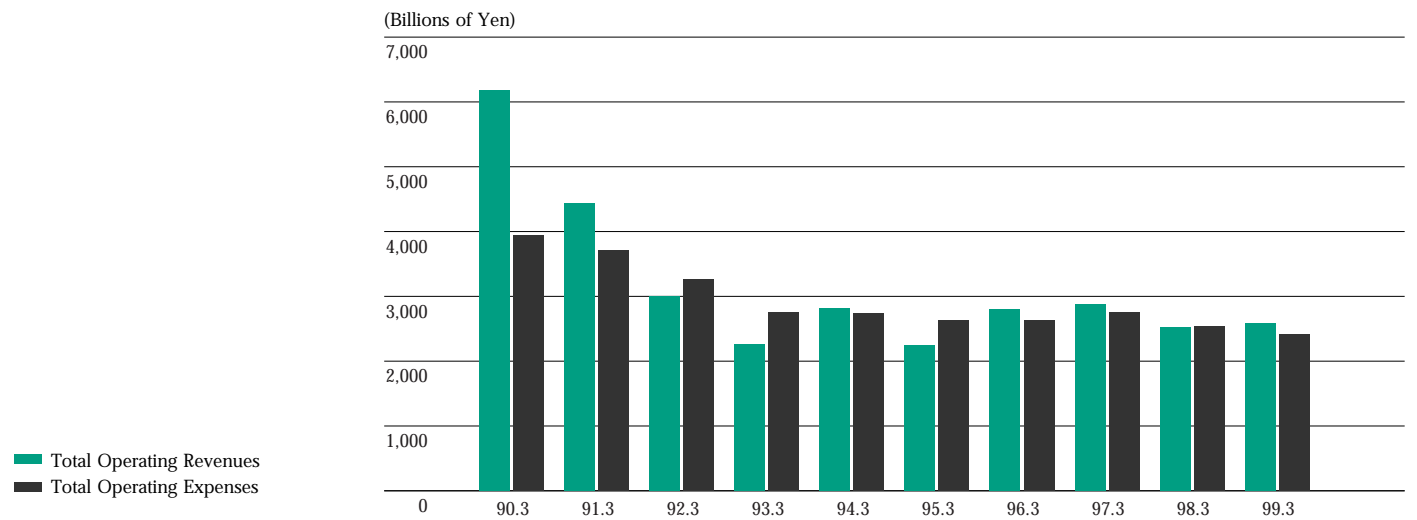
1994.3	1995.3	1996.3	1997.3	1998.3	1999.3
2,047.6	1,670.6	1,876.4	1,943.6	1,617.8	1,585.3
1,289.8	988.1	1,157.7	1,051.3	885.5	726.4
1,109.6	866.7	972.6	928.3	800.4	662.4
148.9	187.3	181.6	264.8	118.7	163.9
241.8	177.6	213.9	255.0	224.7	237.4
366.9	317.4	323.1	372.3	388.8	457.5
421.8	362.9	373.4	381.8	475.5	441.0
117.1	87.2	69.2	78.4	60.8	489
158.5	130.4	85.0	88.6	149.4	198.8
340.2	207.4	552.7	545.5	429.6	552.0
2,809.6	2,241.0	2,802.7	2,871.0	2,523.3	2,579.1
35.4	26.8	29.8	24.6	26.0	17.8
2,845.1	2,267.8	2,832.5	2,895.6	2,549.3	2,597.0
2,502.4	2,344.6	2,307.9	2,308.2	2,062.1	1,967.1
395.1	374.4	360.9	379.1	328.1	325.1
146.4	135.0	132.3	142.9	125.1	125.3
128.9	120.7	116.9	115.1	100.7	97.7
30.0	28.8	25.3	30.7	22.2	27.3
89.8	89.7	86.2	90.1	80.0	74.7
1,097.3	1,038.5	1,024.3	1,033.0	921.3	911.8
391.2	374.1	350.9	335.8	290.9	292.2
284.2	270.5	251.2	251.5	204.9	208.7
82.1	65.5	52.8	44.8	42.4	44.8
143.7	119.4	166.0	155.2	154.7	77.0
108.5	101.9	101.5	100.4	106.6	103.3
241.7	288.6	324.3	439.2	478.7	455.2
31.2	27.5	36.2	45.9	46.3	39.9
121.7	145.2	116.0	154.2	150.9	116.2
2,744.1	2,633.3	2,632.3	2,747.5	2,540.9	2,422.3
23.3	25.1	14.6	19.6	18.0	29.8
2,767.4	2,658.4	2,646.9	2,767.2	2,558.9	2,452.1
65.5	-392.3	170.4	123.4	-17.5	156.7
77.6	-390.6	185.6	128.4	-9.5	144.8
-53.5	-70.8	-92.2	-868.5	-165.6	-884.7
24.1	-397.7	93.3	-740.1	-175.2	-739.9
-80.1	-422.0	-3.2	-764.1	-215.3	-572.6
39,369.3	42,152.1	53,991.7	70,885.9	113,436.2	107,477.1
32,545.0	35,421.1	47,075.1	64,662.5	107,930.3	102,204.6
6,824.3	6,731.0	6,916.6	6,223.3	5,505.8	5,272.4

Selected Industry Information

Securities Industry Recurring Profits (Loss)



Revenues vs Expenses



Total Operating Revenues	6,183	4,429	2,997	2,263	2,810	2,241	2,803	2,871	2,523	2,579
Total Operating Expenses	3,937	3,714	3,266	2,758	2,744	2,633	2,632	2,748	2,541	2,422

Securities Industry Profitability

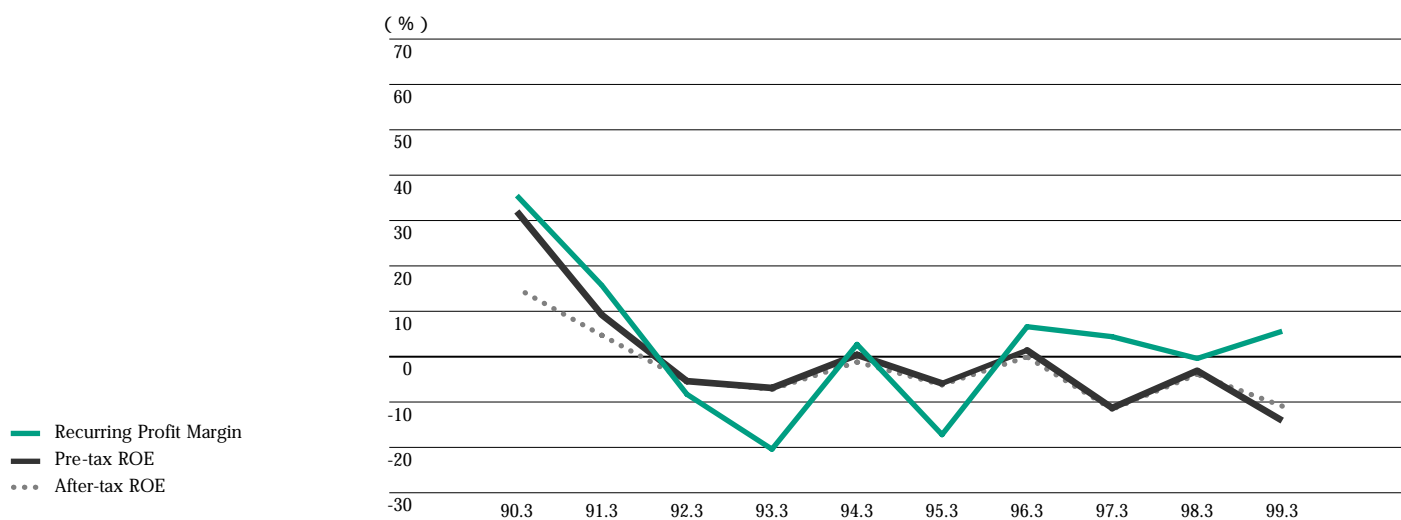
(In Percent)

	1990.3	1991.3	1992.3	1993.3	1994.3	1995.3	1996.3	1997.3	1998.3	1999.3
Recurring Profit Margin	35.6	15.7	-8.3	-20.4	2.7	-17.2	6.6	4.4	-0.4	5.6
Pre-tax ROE	32.0	9.2	-5.4	-6.9	0.4	-5.9	1.4	-11.3	-3.1	-14.1
After-tax ROE	15.1	4.7	-5.4	-7.2	-1.2	-6.2	-0.05	-11.6	-3.9	-10.9

Notes: 1. Recurring profits divided by total revenues.
 2. Pre-tax profits divided by average shareholders equity.
 3. After-tax profits divided by average shareholders equity.

Source: JSDA

Securities Industry Profitability



Market Overview by Fiscal Year

	Share Volume TSE 1st Section (Millions of Shares)	Daily Average (Millions of Shares)	Trading Value TSE 1st Section (¥ Billions)	Daily Average (¥ Billions)	Nikkei 225 Average (¥)	Change (%)	OTC Bond Trading Value (¥ Trillions)	Monthly Average (¥ Trillions)
1990.3	175,082	708	282,531	1,143	29,980	-8.7	3,506	292
1991.3	120,695	492	161,338	658	26,292	-12.3	3,285	273
1992.3	73,750	298	84,239	341	19,345	-26.4	2,572	214
1993.3	70,416	282	60,774	244	18,591	-3.9	3,244	270
1994.3	90,540	368	93,640	380	19,111	2.8	3,235	269
1995.3	76,870	311	74,588	302	16,139	-15.6	3,645	303
1996.3	96,948	392	87,402	353	21,406	32.6	3,935	327
1997.3	91,219	370	94,066	382	18,003	-15.9	3,146	262
1998.3	114,843	464	107,678	435	16,527	-8.2	3,206	267
1999.3	122,573	496	99,320	402	15,836	-4.2	2,727	227

Corporate New Issuance and Investment Trust Activity

	Public Offerings (¥ Billions)	Change (%)	Corporate Bond Issuance (¥ Billions)	Change (%)	Equity Fund Gross Sales (¥ Billions)	Monthly Average (¥ Billions)	Bond & Income Fund Assets (¥ Billions)	Change (%)
1990.3	6,991	238.4 (69.2)	9,283	229.8 (64.9)	25,888	2,157	11,386	-17.1
1991.3	312	-95.5	3,372	-63.7	13,107	1,092	11,086	-2.6
1992.3	33	-89.4	4,087	21.2	8,136	678	13,593	22.6
1993.3	8	-75.8	4,395	7.5	6,308	525	23,180	70.5
1994.3	493	6,062.5	5,007	13.9	12,000	1,000	26,770	15.5
1995.3	984	99.5	5,817	16.2	8,362	696	23,962	-10.5
1996.3	693	-29.6	6,729	15.7	8,254	687	29,568	23.4
1997.3	1,049	51.4	8,368	24.4	9,519	793	32,012	8.3
1998.3	384	-63.3	9,027	7.9	7,549	629	28,100	-12.2
1999.3	1,651	329.1	11,045	22.4	8,235	686	30,680	9.2

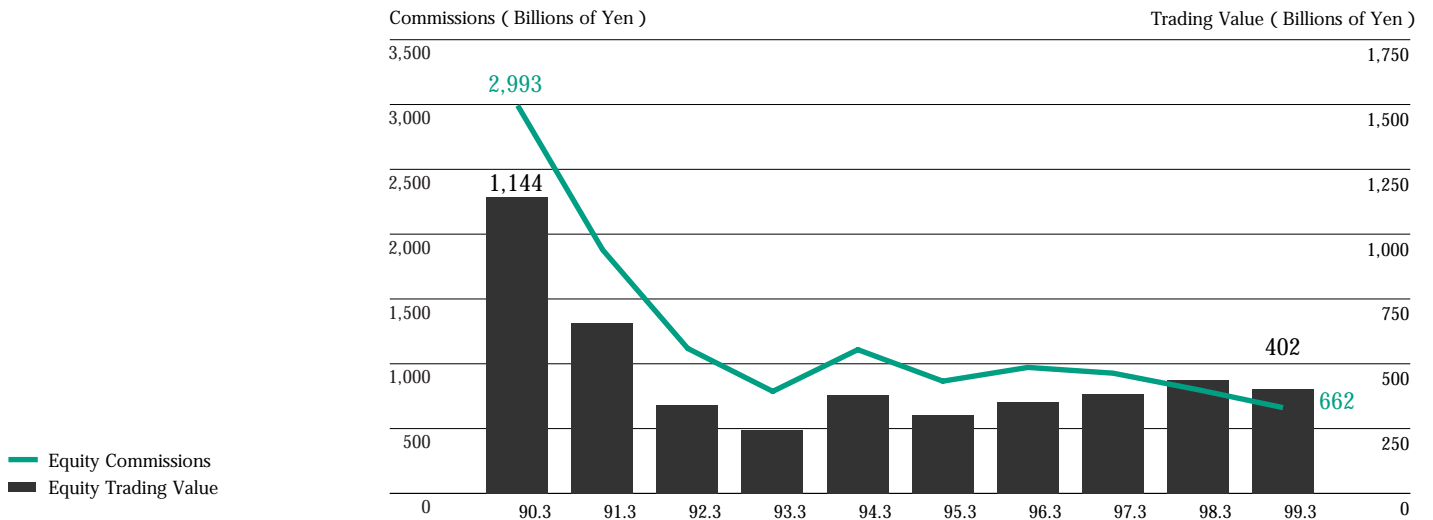
Notes: 1. Nikkei average in yen at closing prices.

2. Public offerings data is not consistent because initial public offerings have been included in this figure only since the year ended March 1994.

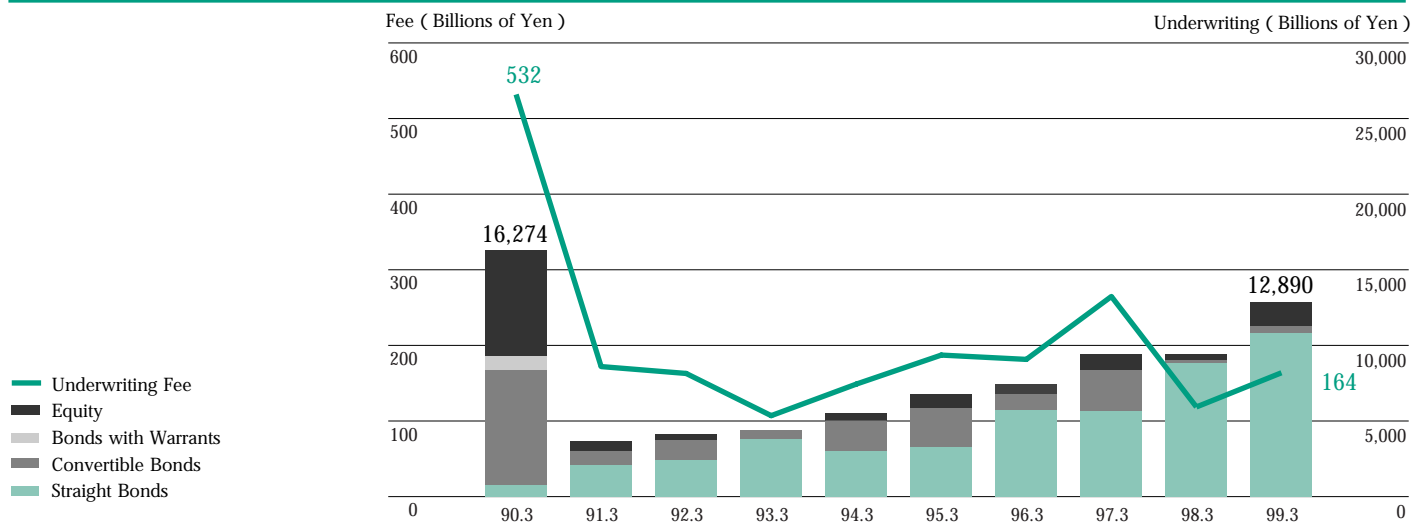
3. Figures in parentheses are annualized percentage change.

Sources: Tokyo Stock Exchange, The Nihon Keizai Shimbun Inc., The Investment Trusts Association, JSDA

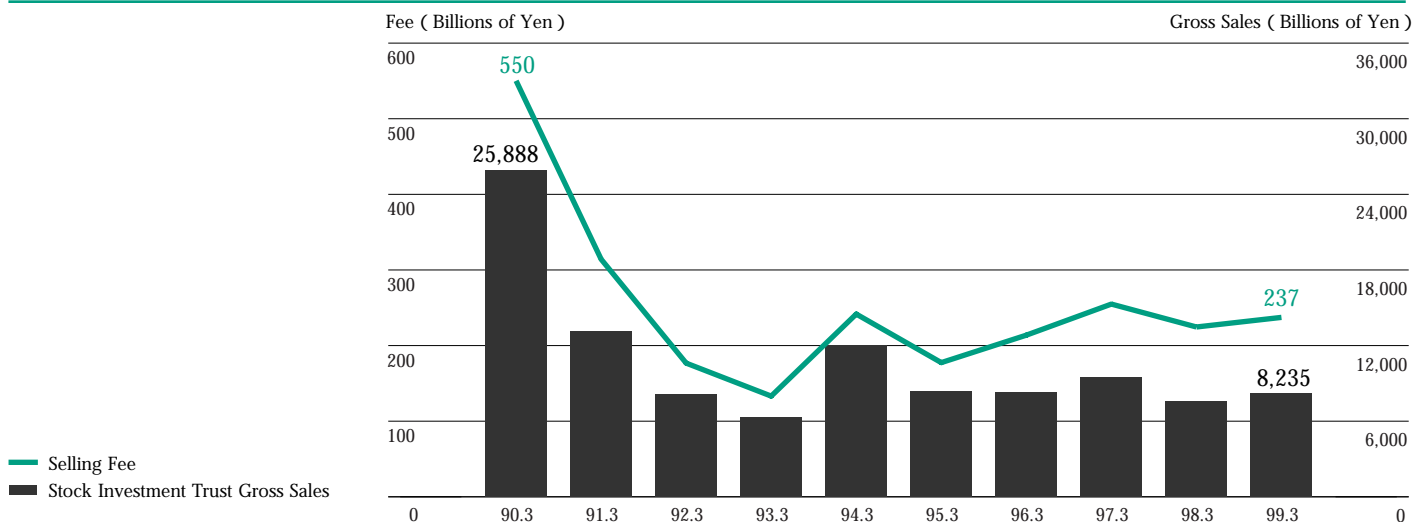
Equity Brokerage Commissions vs Average Daily Value (TSE 1st Section)



Underwriting Fee vs Corporate Underwriting



Selling Fee vs Stock Investment Trust Gross Sales



Securities Industry Revenue and Expense Structure—Brokerage Commissions Fall Dramatically

Brokerage commissions continued to account for the largest portion of total revenues during the fiscal year, but have been in a downward trend for several years, falling another 6.7 points to 28%. In addition to the stock market slump, the deregulation of brokerage commissions on portions of trades over ¥50 million is thought to have played a significant role in the decline in revenues proportion. The next largest contributor to revenues was trading gain, accounting for 21.3%, up 4.4 points, followed by other commissions, up 2.3 points, to 17.6%. The growth in the contribution of the former can be attributed to larger bond trading gains while growth in the latter resulted from business diversification.

Compensation remained the industry's largest cost item. Moreover, compensation as a percentage of overall expenses rose 1.2 points to 37.2% during the fiscal year, increasing for the first time in five years. The proportions of occupancy and data processing expenses both gained 0.5 points. This increase is thought to be related to growth in investment in information technology and greater outsourcing of administrative functions. The proportion of taxes dropped 2.9 points to 3.1% because of a change in accounting methods.

Revenue and Expense Structure

(In Percent)

	1990.3	1991.3	1992.3	1993.3	1994.3	1995.3	1996.3	1997.3	1998.3	1999.3
Revenue Structure Total=100%										
Brokerage	52.8	45.1	39.7	38.5	45.3	43.6	40.9	36.3	34.7	28.0
Underwriting	8.5	3.8	5.4	4.6	5.2	8.3	6.4	9.1	4.7	6.3
Selling	8.8	7.0	5.8	5.8	8.5	7.8	7.6	8.8	8.8	9.1
Other Commissions	6.5	8.2	11.2	14.1	12.9	14.0	11.4	12.9	15.3	17.6
Financial Revenues	16.4	29.7	31.5	22.4	14.8	16.0	13.2	13.2	18.7	17.0
Trading Gain	6.1	4.8	4.9	12.6	12.0	9.1	19.5	18.8	16.9	21.3
Other Revenue	0.7	1.4	1.6	2.0	1.3	1.2	1.0	0.9	1.0	0.7
Expense Structure Total=100%										
Floor Costs	7.0	5.3	4.8	4.3	5.3	5.1	5.0	5.2	4.9	5.1
Communications	4.8	4.6	4.6	4.6	4.7	4.5	4.4	4.2	3.9	4.0
Advertising	2.0	1.9	1.5	1.2	1.1	1.1	1.0	1.1	0.9	1.1
Other Transactions	3.2	3.1	3.0	3.2	3.2	3.4	3.3	3.3	3.1	3.1
Compensation	32.4	33.4	36.7	39.6	39.7	39.1	38.7	37.4	36.0	37.2
Occupancy	7.7	9.9	12.6	15.2	14.1	14.1	13.3	12.2	11.4	11.9
Data Processing	7.2	8.9	10.4	11.0	10.3	10.2	9.5	9.1	8.0	8.5
Depreciation	2.1	2.6	3.4	3.7	3.0	2.5	2.0	1.6	1.7	1.8
Taxes	16.0	7.2	3.8	3.6	5.2	4.5	6.3	5.6	6.0	3.1
Other Administrative	3.4	3.4	4.3	4.3	3.9	3.8	3.8	3.7	4.7	4.4
Financial Expenses	12.3	17.9	13.9	8.5	8.7	10.9	12.2	15.9	18.7	18.6
Other Expenses	1.9	1.9	0.9	0.8	0.8	0.9	0.5	0.7	0.7	1.2

Source: JSDA

Trends in the Number of Securities Firms, Employees, and Offices

Number of Securities Firms, Employees, and Offices—Employees and Offices Continue to Fall

Although companies from other industries and foreign securities firms entered the market during the year, these additions were offset by mergers and business closures among domestic firms and foreign firms pulling out of the market. Consequently, the number of securities firms decreased by 3 to 288 firms by the end of 1998. As of March 31, 1999, this number had risen to 289 firms.

The total number of employees has declined since hitting a peak of 167,000 at the end of June 1991. By the end of 1998, this figure had dropped to approximately 95,000, contracting by 72,000 or 43.0% over seven-and-a-half years. By the end of March 1999, the figure had fallen further, to 92,000.

The number of offices, which has been declining since 1992, fell substantially in 1998, decreasing by 290 offices, to 2,335 at the end of the year. This represents a reduction of 963 offices or 29.2% over the seven years since the peak of 3,298 offices reached at the end of January 1992. As of March 31, 1999, this figure had dropped by a further 39 offices, to 2,296 offices.

Number of Securities Firms, Employees, and Offices

	Total Firms	TSE Member Firms	Employees	Registered Representatives	Offices	Overseas Subsidiaries	Overseas Representative Offices
1989	271	114	149.2	94.6	3,000	161	91
1990	272	124	158.6	101.3	3,198	189	84
1991	267	124	156.5	100.7	3,297	190	90
1992	265	124	145.3	95.6	3,072	184	71
1993	268	124	132.6	87.4	2,919	180	57
1994	277	124	127.5	83.7	2,879	168	57
1995	282	124	118.8	79.1	2,761	170	52
1996	289	124	113.0	75.8	2,740	160	50
1997	291	124	108.0	72.5	2,625	157	40
1998	288	122	95.1	62.6	2,335	120	22

Note: Employees and Registered Representatives in thousands, Overseas Subsidiaries include the branches of local subsidiaries and the Seoul and Taipei offices of the parent firms.

Source: JSDA

Number of Employees and Offices



1998 Overview—Market Hits Post-Bubble Low in October

Although the stock market rallied at the beginning of 1998 based on optimism over the government's economic stimulus programs, it entered an adjustment phase as concern over worsening corporate performances and the financial system came to the fore, hitting a post-bubble low in early October.

The Nikkei 225 stock average started the year at 14,956, and began to rise rapidly in reaction to enthusiasm over successive announcements of measures to stabilize the financial system, reaching a high for the year of 17,264 on March 2. However, a flurry of downward revisions of performance forecasts by corporations and a sell off of stocks by institutional investors concerned over Asia's ailing economies triggered an adjustment up to mid-June. In the second half of the year, the stock average fell substantially under the impact of the sudden drop in Asian currencies in August and the worldwide decline in stock prices due to the financial crisis in Russia. In September, a reheating of the financial system issue and growing concern over deteriorating corporate performances drove stock prices down, with the market hitting its low for the year of 12,879 on October 9. Following that, the market moved upward for the rest of the year, supported by the enactment of laws related to stabilizing the financial system and expectations that the government would introduce substantial taxes breaks, rebounding at one point to the 15,000 level. Because institutional investors stuck to their wait-and-see policy, the momentum could not be maintained, and the Nikkei 225 ended the year at 13,842, down 9.3% from 1997 (p.18).

Average daily volume on the Tokyo Stock Exchange increased 13.6%, to 498.8 million shares a day. On the other hand, the average daily trading value decreased 11.0%, to ¥394.3 billion, reflecting the stagnation in prices. On a full year basis, total trading volume rose 14.5%, to 123.2 billion shares while aggregate trading value declined 10.2%, to ¥97.4 trillion. Turnover increased 4.5 percentage points to 35.2% on a share basis while advancing 0.5 percentage points on a value basis, to 35.0%. The total market value of the exchange at the end of 1998 edged down 2.0%, to ¥275.2 trillion (p.14,15,17).

On the JASDAQ market, the number of new listings dropped to 62 companies, falling below the 100 company level for the first time in five years. Moreover, market activity was generally slow, as aggregate trading value sunk 41.6%, to ¥1.6 trillion. The JASDAQ INDEX started the year in a downward trend, falling to 23.00 points by October. There was some buying back of shares in growing recognition of their discounted value during the rest of the year, and the index ended 1998 at 28.24 points, up 2.0% from 1997. The total number of listed companies rose by 22, to 856, and total market value at year end was ¥7.7 trillion, down 16.1% (p.14,17).

Futures and options markets reflected the slump in their underlying markets. Although Nikkei 225 futures and option contracts maintained trading value levels thanks to strong hedging needs, the trading value of other types of transactions declined substantially (p.29).

Selected Stock Market Information

Listed Companies

	Tokyo Stock Exchange		Osaka Securities Exchange	Nagoya Stock Exchange	All Stock Exchanges	JASDAQ	
	1st & 2nd	1st				All	Reg.
1989	1,597	1,161	1,117	535	2,019	279	263
1990	1,627	1,191	1,138	544	2,071	357	342
1991	1,641	1,223	1,158	552	2,107	446	430
1992	1,651	1,229	1,163	552	2,118	451	436
1993	1,667	1,234	1,178	559	2,155	491	477
1994	1,689	1,235	1,199	560	2,205	581	568
1995	1,714	1,253	1,222	572	2,263	698	678
1996	1,766	1,293	1,256	577	2,334	779	762
1997	1,805	1,327	1,274	584	2,387	847	834
1998	1,838	1,340	1,271	580	2,416	868	856

Listed Issues

	Tokyo Stock Exchange		Osaka Securities Exchange	Nagoya Stock Exchange	All Stock Exchanges	JASDAQ	
	1st & 2nd	1st				All	Reg.
1989	1,602	1,165	1,119	537	2,028	279	263
1990	1,634	1,197	1,144	547	2,080	357	342
1991	1,650	1,229	1,163	554	2,121	446	430
1992	1,652	1,230	1,163	553	2,119	451	436
1993	1,667	1,234	1,178	559	2,155	491	477
1994	1,691	1,236	1,201	560	2,207	581	568
1995	1,716	1,255	1,223	572	2,265	698	678
1996	1,770	1,297	1,257	577	2,339	779	762
1997	1,806	1,327	1,275	584	2,389	847	834
1998	1,839	1,341	1,272	581	2,417	868	856

- Notes:
1. "All stock exchanges" excludes duplication of dual listings.
 2. "JASDAQ" includes securities issued by the Bank of Japan.
 3. "All JASDAQ" consists of registered and supervised issues.
 4. Supervised issues are mainly exchange delisted issues.
 5. "Reg." indicates registered.

Sources: Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya Stock Exchange, JSDA

Market Capitalization

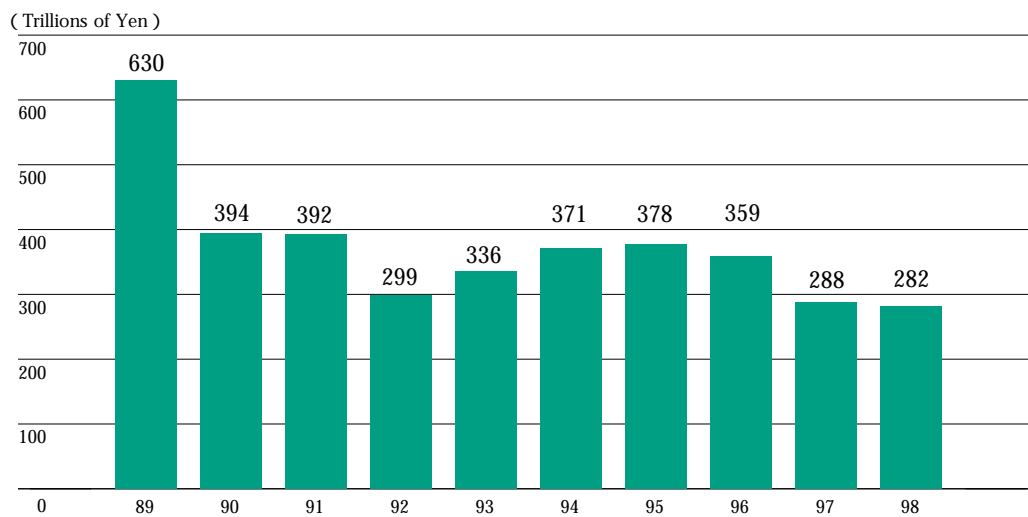
(Billions of Yen)

	Tokyo Stock Exchange		Osaka Securities Exchange	Nagoya Stock Exchange	All Stock Exchanges	JASDAQ	
	1st & 2nd	1st				All	Reg.
1989	611,151	590,908	516,580	312,823	630,121	12,508	12,231
1990	379,231	365,154	321,082	188,469	393,594	11,972	11,824
1991	377,924	365,938	315,357	180,110	391,985	13,001	12,880
1992	289,483	281,005	244,061	143,177	299,275	8,008	7,943
1993	324,357	313,563	270,888	158,922	335,522	11,318	11,228
1994	358,392	342,140	299,552	180,259	371,024	14,628	14,558
1995	365,716	350,237	304,725	185,057	378,299	14,604	14,535
1996	347,578	336,385	287,302	182,709	358,538	14,952	14,904
1997	280,930	273,907	226,457	155,738	288,226	9,246	9,227
1998	275,181	267,783	211,081	146,695	281,521	7,754	7,742

Notes: 1. "All stock exchanges" excludes duplication of dual listings.
 2. "Reg." indicates registered.
 3. "JASDAQ" does not include securities issued by the Bank of Japan.

Sources: Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya Stock Exchange, JSDA

Market Capitalization



Note: All Stock Exchanges

Stock Market Activity

Tokyo Stock Exchange Activity (1st & 2nd Sections)

(Millions of Shares, Billions of Yen)

	Trading Volume	Trading Value	Average Daily Volume	Average Daily Value
1989	222,599	332,616	893.9	1,335.8
1990	123,098	186,666	500.4	758.8
1991	93,605	110,897	380.5	450.8
1992	66,407	60,110	268.8	243.3
1993	86,934	86,889	353.3	353.2
1994	84,514	87,355	342.1	353.6
1995	92,033	83,563	369.6	335.5
1996	100,170	101,892	405.5	412.5
1997	107,566	108,500	439.0	442.8
1998	123,198	97,391	498.7	394.2

Tokyo Stock Exchange Activity (1st Section)

(Millions of Shares, Billions of Yen)

	Trading Volume	Trading Value	Average Daily Volume	Average Daily Value
1989	218,352	325,827	876.9	1,308.5
1990	119,033	176,310	483.8	716.7
1991	91,722	107,108	372.8	435.4
1992	65,438	58,881	264.9	238.3
1993	84,619	83,685	343.9	340.1
1994	81,132	82,517	328.4	334.0
1995	88,900	78,617	357.0	315.7
1996	96,170	97,097	389.3	393.1
1997	105,533	106,427	430.7	434.3
1998	121,595	96,001	492.2	388.6

Source: Tokyo Stock Exchange

Osaka Securities Exchange Activity (1st & 2nd Sections)

(Millions of Shares, Billions of Yen)

	Trading Volume	Trading Value	Average Daily Volume	Average Daily Value
1989	25,096	41,679	100.7	167.3
1990	17,186	35,812	69.8	145.5
1991	10,998	18,722	44.7	76.1
1992	12,069	15,574	48.8	63.0
1993	10,439	14,634	42.4	59.4
1994	14,903	19,349	60.3	78.3
1995	21,093	24,719	85.0	99.6
1996	20,783	27,280	84.1	110.4
1997	15,407	27,024	62.8	110.3
1998	12,836	20,532	51.9	83.1

Nagoya Stock Exchange Activity (1st & 2nd Sections)

(Millions of Shares, Billions of Yen)

	Trading Volume	Trading Value	Average Daily Volume	Average Daily Value
1989	7,263	10,395	29.1	41.7
1990	4,323	7,301	17.5	29.6
1991	2,478	3,586	10.0	14.5
1992	3,300	3,876	13.3	15.6
1993	2,779	3,459	11.3	14.0
1994	4,719	5,779	19.1	23.4
1995	5,059	5,462	20.3	21.9
1996	4,104	5,391	16.6	21.8
1997	6,098	12,758	24.8	52.0
1998	3,367	5,985	13.6	24.2

All Stock Exchanges Activity

(Millions of Shares, Billions of Yen)

	Trading Volume	Trading Value	Average Daily Volume	Average Daily Value
1989	256,296	386,395	1,029.3	1,551.7
1990	145,837	231,837	592.8	942.4
1991	107,844	134,159	438.3	545.3
1992	82,563	80,455	334.2	325.7
1993	101,172	106,122	411.2	431.3
1994	105,936	114,622	428.8	464.0
1995	120,148	115,839	482.5	465.2
1996	126,496	136,169	512.1	551.2
1997	130,657	151,445	533.2	618.1
1998	139,757	124,101	565.8	502.4

Sources: Osaka Securities Exchange, Nagoya Stock Exchange, Tokyo Stock Exchange

JASDAQ Activity

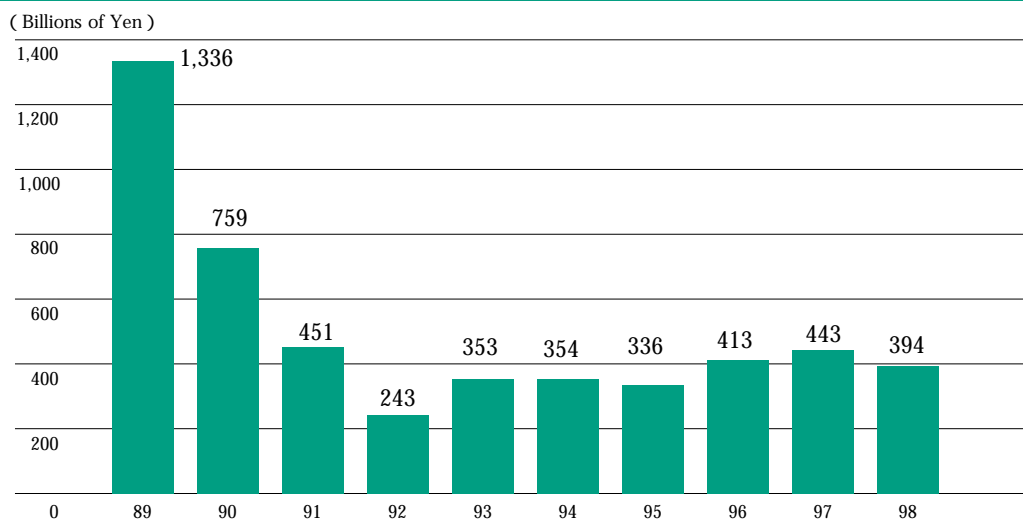
(Millions of Shares, Billions of Yen)

	Trading Volume	Trading Value	Average Daily Volume	Average Daily Value
1989	664	2,085	2.6	8.3
1990	1,263	6,111	5.1	24.8
1991	1,135	5,043	4.6	20.5
1992	507	1,091	2.0	4.4
1993	1,215	2,880	4.9	11.7
1994	2,357	5,384	9.5	21.7
1995	2,596	5,889	10.4	23.6
1996	2,546	5,910	10.3	23.9
1997	1,460	2,661	5.9	10.8
1998	1,303	1,554	5.2	6.2

Note: Includes registered issues and supervised issues.

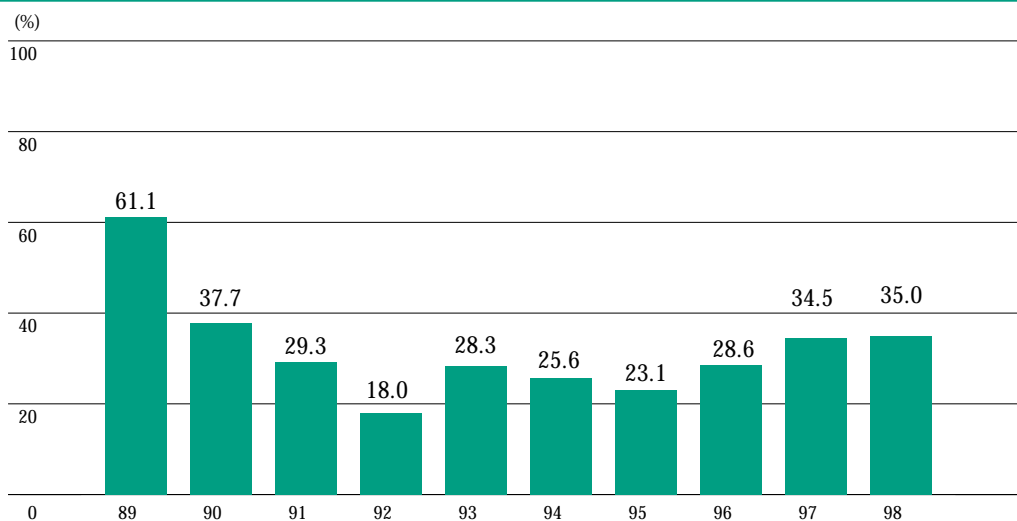
Source: JSDA

Stock Market—Average Daily Value



Note: Tokyo Stock Exchange
—1st and 2nd Sections

Annual Turnover Rate (Value Basis)



Note: Tokyo Stock Exchange
—1st and 2nd Sections

Major Stock Indices

Nikkei 225 Average

	Close	% Change	High	Date	Low	Date
1989	38,915.87	29.0	38,915.87	Dec.29	30,183.79	Jan.5
1990	23,848.71	-38.7	38,712.88	Jan.4	20,221.86	Oct.1
1991	22,983.77	-3.6	27,146.91	Mar.18	21,456.76	Aug.19
1992	16,924.95	-26.4	23,801.18	Jan.6	14,309.41	Aug.18
1993	17,417.24	2.9	21,148.11	Sep.13	16,078.71	Nov.29
1994	19,723.06	13.2	21,552.81	Jun.13	17,369.74	Jan.4
1995	19,868.15	0.7	20,011.76	Dec.27	14,485.41	Jul.3
1996	19,361.35	-2.6	22,666.80	Jun.26	19,161.71	Dec.24
1997	15,258.74	-21.2	20,681.07	Jun.16	14,775.22	Dec.29
1998	13,842.17	-9.3	17,264.34	Mar.2	12,879.97	Oct.9

TOPIX

	Close	% Change	High	Date	Low	Date
1989	2,881.37	22.2	2,884.80	Dec.18	2,364.33	Mar.27
1990	1,733.83	-39.8	2,867.70	Jan.4	1,523.43	Oct.1
1991	1,714.68	-1.1	2,028.85	Mar.18	1,638.06	Dec.24
1992	1,307.66	-23.7	1,763.43	Jan.6	1,102.50	Aug.18
1993	1,439.31	10.0	1,698.67	Sep.3	1,250.06	Jan.25
1994	1,559.09	8.3	1,712.73	Jun.13	1,445.97	Jan.4
1995	1,577.70	1.2	1,585.87	Dec.27	1,193.16	Jun.13
1996	1,470.94	-6.8	1,722.13	Jun.26	1,448.45	Dec.24
1997	1,175.03	-20.1	1,560.28	Jun.26	1,130.00	Dec.22
1998	1,086.99	-7.5	1,300.30	Feb.10	980.11	Oct.15

Sources: The Nihon Keizai Shimbun, Inc., Tokyo Stock Exchange

Nikkei OTC Average

	Close	% Change	High	Date	Low	Date
1989	2,597.52	97.8	2,597.52	Dec.29	1,315.40	Jan.4
1990	2,175.48	-16.2	4,149.20	Jul.9	2,154.20	Dec.26
1991	1,946.14	-10.5	3,333.78	Jun.14	1,918.06	Dec.24
1992	1,227.93	-36.9	2,022.41	Feb.7	1,099.32	Nov.17
1993	1,447.60	17.9	1,728.13	Oct.8	1,200.84	Mar.8
1994	1,776.05	22.7	2,002.73	Jul.15	1,445.47	Jan.4
1995	1,488.40	-16.2	1,852.13	Jan.11	1,194.77	Jun.15
1996	1,330.55	-10.6	1,747.17	Jul.2	1,316.25	Dec.26
1997	721.53	-45.8	1,333.11	Jan.6	708.23	Dec.24
1998	724.99	0.5	842.05	Jan.29	610.99	Oct.13

Source: The Nihon Keizai Shimbun, Inc.

JASDAQ INDEX

	Close	% Change	High	Date	Low	Date
1989	-	-	-	-	-	-
1990	-	-	-	-	-	-
1991	-	-	-	-	-	-
1992	44.07	-	44.22	Dec.28	44.02	Dec.29
1993	53.32	21.0	64.06	Oct.8	43.18	Mar.5
1994	60.87	14.2	70.63	Jul.5	53.33	Jan.4
1995	54.14	-11.1	62.70	Jan.11	41.20	Jun.15
1996	47.08	-13.0	63.10	Jul.2	46.49	Dec.26
1997	27.68	-41.2	47.22	Jan.6	26.71	Dec.24
1998	28.24	2.0	32.16	Feb.12	23.00	Oct.13

Notes: 1. The JASDAQ INDEX was introduced on December 28, 1992.

2. The JASDAQ INDEX is a composite index of all stocks registered on JASDAQ. The base for the index is the aggregate market value of its component stocks as of the close of business on October 28, 1991 (the index value on that date was adjusted to 100).

Source: JSDA

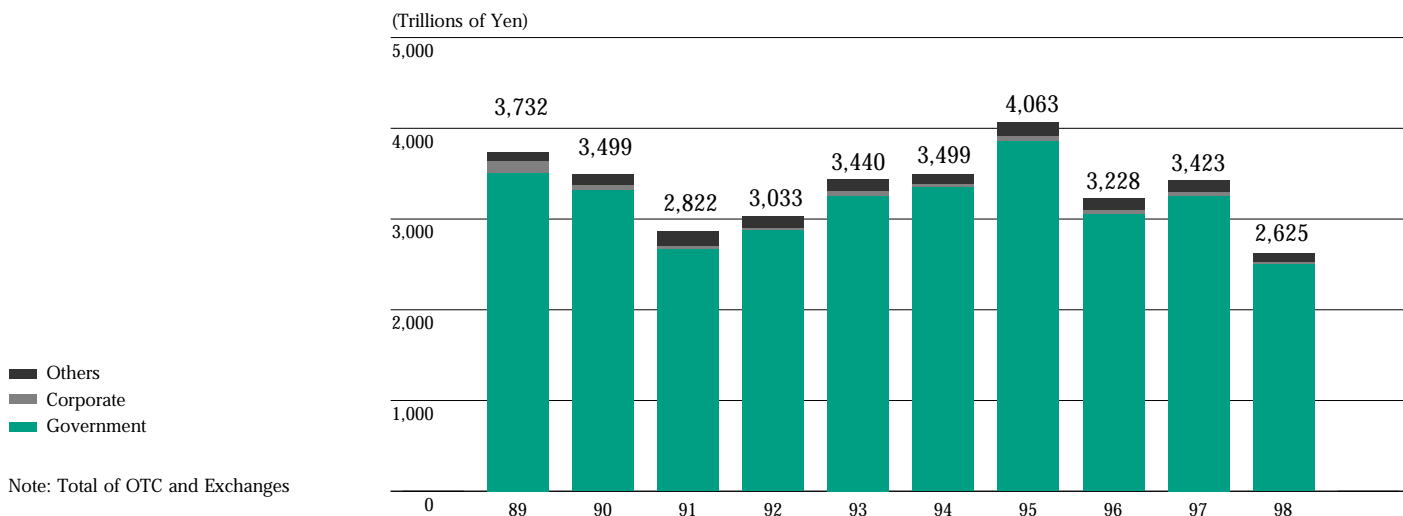
1998 OVERVIEW—Fear of Oversupply Pushes Yield Up Sharply at Year End

During 1998, the bond market was generally firm, supported by inflows of capital from other markets due to the perceived deterioration in the economy. But around year end, oversupply emerged as the main topic as the market anticipated a rapid increase in government bond issuance, driving bond prices down sharply. The yield on the benchmark 10-year government bond began the year at 1.610%, but began to decline under pressure from growing concern over the direction of the economy, dropping to 1.130% on June 2. The yield strengthened momentarily in mid-year, but fell again after an interest rate cut by the Bank of Japan, dropping to a historic low of 0.670% on September 18. At the end of the year, however, the view that the government would finance its economic stimulus measures by issuing a large volume of government bonds strengthened. When the Ministry of Finance announced that, as of January 1999, the Trust Fund Bureau would cease buying government bonds, the fear of oversupply intensified, pushing the yield up sharply. The yield on the benchmark bond ended the year at 2.013%.

The total transaction volume (OTC and exchanges, including Repos) dropped 23.3%, to ¥2,625 trillion, falling below the ¥3,000 trillion level for the first time in 7 years. Looking at bond trading by type of bond, the volume of long-term (10 and 6 year) government bonds sunk below the ¥1,000 trillion level due to the weak market at the end of the year. The volume of financing bills decreased substantially by ¥637.1 trillion or 99.6%, to ¥2.4 trillion because of the large drop in Repos (Gensaki) volume related to the Bank of Japan stopping its use of financial bills in open market operations. Among corporate bonds, the volume of industrial straight bond trading expanded 14.2%, to ¥13.7 trillion, reflecting higher issuance. Convertible bonds declined 47.7%, to ¥310.0 billion, affected by the stagnation in equity markets (p.21).

Breaking down net purchase (excluding Repos and Treasury and Financing bills) by investor type, agricultural and forestry-related financial institutions and trust banks remained net buyers in 1998. On the other hand, facing a contraction in the gap between long- and short term interest rates due to the problems in the financial system, city banks expanded their net sales from ¥0.7 trillion in 1997 to ¥4.4 trillion in 1998, rushing to lock in profits on long-term bonds.

Trading Value of Public and Corporate Bonds



Bond Market Activity

Trading Value of Public and Corporate Bonds on the Tokyo OTC Market

(Trillions of Yen)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Total	3,548.9	3,360.4	2,747.9	2,994.8	3,390.9	3,460.5	4,012.6	3,182.8	3,385.7	2,606.7
Repos	1,049.4	1,105.5	1,070.1	1,392.0	1,451.6	1,910.0	2,201.1	1,694.5	1,759.1	1,081.0
Monthly Average	295.7	280.0	228.9	249.5	282.5	288.3	334.3	265.2	282.1	217.2
Total Government Bonds	3,440.7	3,231.6	2,621.9	2,857.6	3,242.2	3,341.1	3,846.2	3,037.3	3,242.1	2,497.2
Long-term (over 10 years)	40.1	15.4	20.3	22.1	50.5	49.7	55.0	43.5	69.3	77.6
Long-term (10 and 6 year)	2,431.3	2,094.8	1,342.5	967.6	1,127.3	901.4	1,109.8	972.9	1,091.7	959.4
Med-term (2-to-4 years)	8.7	10.9	8.0	5.5	7.4	30.7	47.7	47.6	41.8	37.6
Med-term (zero-coupon 5-year)	4.6	5.2	3.8	3.2	2.6	1.2	1.4	0.7	3.6	1.0
Treasury Bills	562.5	632.1	764.4	1,319.2	1,441.5	1,535.5	1,849.9	1,339.2	1,396.0	1,419.0
Financing Bills	393.1	473.0	482.6	539.8	612.7	822.3	782.1	633.1	639.5	2.4
Municipal Bonds	4.5	4.3	5.1	7.0	7.3	5.6	8.5	8.3	7.6	7.0
Gov. Sponsored Bonds	23.8	15.2	21.8	27.6	30.7	23.6	29.6	24.2	26.2	20.4
Total Corporate Bonds	7.2	8.9	8.7	9.0	13.5	10.6	17.3	18.6	19.8	21.9
Electric Power Bonds	5.0	5.7	5.9	4.6	7.5	4.9	7.9	6.4	6.7	7.4
NTT Bonds	0.6	0.5	0.7	1.1	1.2	0.8	0.8	0.8	0.4	0.4
Other Straight Bonds	0.8	2.2	1.9	3.0	4.2	4.1	6.9	10.0	11.9	13.6
Convertible Bonds	0.6	0.4	0.0	0.1	0.4	0.7	1.6	1.4	0.5	0.3
Bonds with Warrants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bank Debentures	59.3	90.2	77.2	75.0	71.2	53.2	68.0	55.1	54.9	32.9
Samurai Bonds	2.2	2.7	3.5	3.0	4.6	3.6	4.5	6.1	5.6	3.0
Others	10.5	7.1	9.0	15.2	21.0	22.2	38.1	32.8	29.2	23.9

Notes: 1. Total of purchases and sales.

2. From April 1994, 6-year bonds were included in long-term government bonds.

3. From April 1994, the Treasury Bill and Financial Bill transactions of money market dealers are included in those totals.

Source: JSDA

Trading Value of Public and Corporate Bonds on Exchanges

(Trillions of Yen)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Total	183.4	138.1	74.3	37.8	49.2	38.6	50.4	44.9	37.1	18.4
Government Bonds	65.6	84.5	42.9	14.6	10.5	7.7	10.0	11.9	9.7	3.7
Convertible Bonds	117.7	53.5	31.3	23.1	38.5	30.7	40.0	32.6	27.1	14.6
Bonds with Warrants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-

Note: Total of purchases and sales.

Source: Stock exchanges

1998 OVERVIEW—Substantial Growth, Straight Bonds Gain Popularity

Equity financing (excluding exercise of warrants) by publicly listed companies in 1998 soared 80%, to ¥1,543.0 billion. In particular, capital raised through private placements doubled from ¥607.5 billion in 1997 to ¥1,209.2 billion. One of the main factors behind the strong recovery in equity financing was the high volume of preferred stock and private placement issues by banks to expand their capital bases (p.23).

A total of 85 companies, excluding closed-end funds, went public—62 registered on JASDAQ and 23 listed on stock exchanges. Of these companies, 84 companies, 61 on JASDAQ and 23 on stock exchanges, raised ¥1,416.6 billion through initial public offerings, a huge jump from ¥377.5 billion in the previous year. This increase could mostly be attributed to NTT Mobile Communications Network Inc.'s initial public offering in conjunction with its listing on the 1st Section of the Tokyo Stock Exchange on October 22, which raised ¥1,275.3 billion.

Domestic corporate straight bond issuance reached another high of ¥12.8 trillion, growing 95.9% over the record level posted in the previous year. On the other hand, convertible bonds issues fell ¥23.9 billion, to ¥246.6 billion, remaining at a low level. There were no warrant bond issues for the seventh consecutive year. Overall, domestic corporate debt financing totaled ¥13.0 trillion, up 91.7%.

Overseas debt offerings sunk 49.4%, to ¥1.0 trillion because of the substantial decrease in convertible bond issues and the lack of warrant bonds issues. Overall, total debt financing by corporations grew 59.5% from the previous year, to ¥14.0 trillion (p.23,26).

In the public bond market, government bond issues for public subscription reached ¥61.4 trillion in 1998, a 11.9% increase over last year's record high against a backdrop of falling tax revenues due to the slow economic recovery and increased public spending to stimulate the economy. Municipal and government sponsored bond issues, however, declined from the previous year to ¥1.7 trillion and ¥2.3 trillion, respectively. Looking at government bonds for public subscription by category, long-term (over 10 year) bonds jumped 37.7% from the previous year, to ¥2.2 trillion, long-term (10 and 6 year) bonds rose 15.6%, to ¥17.3 trillion, and treasury bills increased 8.1%, to ¥36.1 trillion. Issues of medium-term bonds also remained high, at ¥5.5 trillion (p.25,27).

There was notable progress in the adjustment of issuing conditions to suit the market among municipal bonds and government sponsored bonds in 1998. In addition, in recognition of the low interest rates on savings accounts, there was a remarkable increase in straight bond issues that targeted individual investors using such measures as reducing the par value of bonds to attract smaller investors.

Equity & Debt Financing by Corporations

Equity Financing by Corporations (excludes exercises of warrants)

(Billions of Yen)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Listed Companies										
Public Offerings	5,830	1,975	125	4	7	236	33	305	128	284
Rights Offerings	726	824	218	110	47	9	95	337	72	0
Private Placements	102	314	103	102	150	238	210	757	593	1,167
Total Listed Companies	6,658	3,114	447	216	205	485	338	1,400	794	1,451
JASDAQ Companies										
Public Offerings	116	78	–	–	–	59	128	257	45	49
Rights Offerings	0	30	3	0	1	–	–	0	1	–
Private Placements	10	101	62	10	6	11	2	67	14	41
Total JASDAQ Companies	128	209	66	11	8	70	131	325	60	91
Total Corporate New Equity Issues										
Public Offerings	5,946	2,053	125	4	7	296	161	563	173	333
Rights Offerings	727	855	221	111	49	9	95	337	74	0
Private Placements	112	416	166	112	156	250	212	825	607	1,209
Total	6,786	3,324	513	227	213	555	470	1,726	854	1,543
Initial Public Offerings					416	616	382	526	324	1,416

Notes: 1. IPOs do not include public offerings made by foreign companies listing on Japanese stock exchanges.

2. "–" indicates nil, empty space indicates not calculated.

Sources: Tokyo Stock Exchange, JSDA

Debt Financing by Corporations

(Billions of Yen)

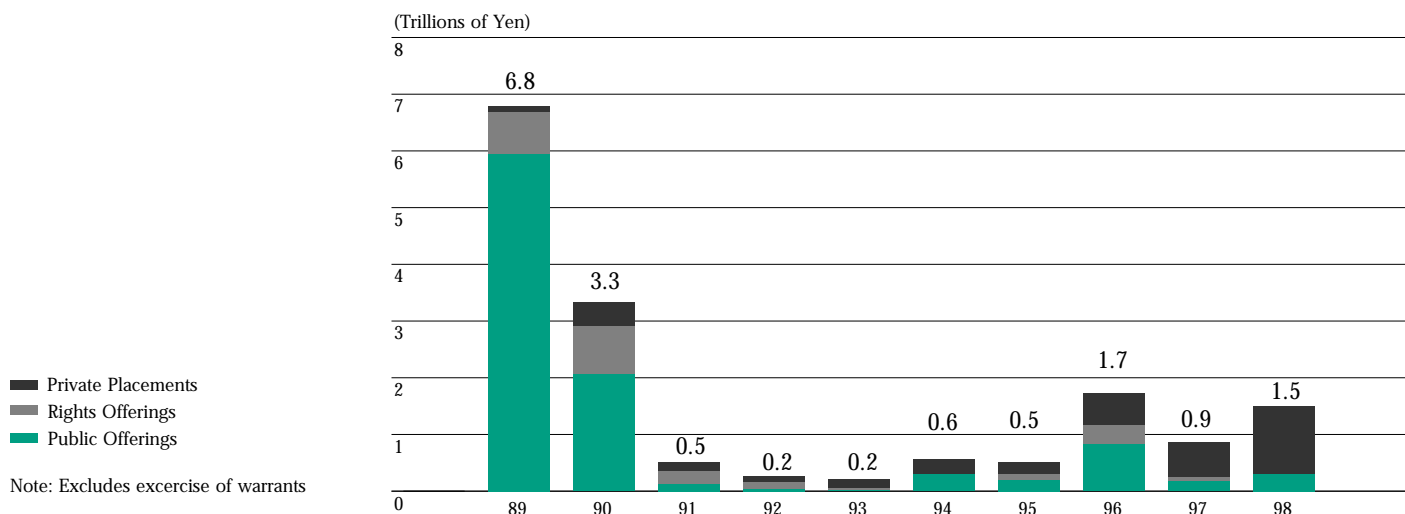
	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Straight Bonds										
Domestic	584	1,834	2,381	3,010	3,710	2,970	5,046	6,146	6,526	12,784
Overseas	872	1,677	4,026	4,057	2,951	824	549	1,160	1,403	901
Convertible Bonds										
Domestic	6,866	2,727	1,091	566	1,689	2,860	737	3,289	270	246
Overseas	1,677	901	379	414	532	411	418	575	547	118
Bonds with Warrants										
Domestic	385	925	381	–	–	–	–	–	–	–
Overseas	9,281	2,906	3,882	1,662	1,820	887	492	646	62	–
Total										
Domestic	7,835	5,486	3,854	3,576	5,399	5,830	5,783	9,435	6,796	13,031
Overseas	11,831	5,485	8,289	6,134	5,304	2,123	1,461	2,382	2,013	1,019

Notes: 1. "Overseas" includes new issues of privately placed bonds.

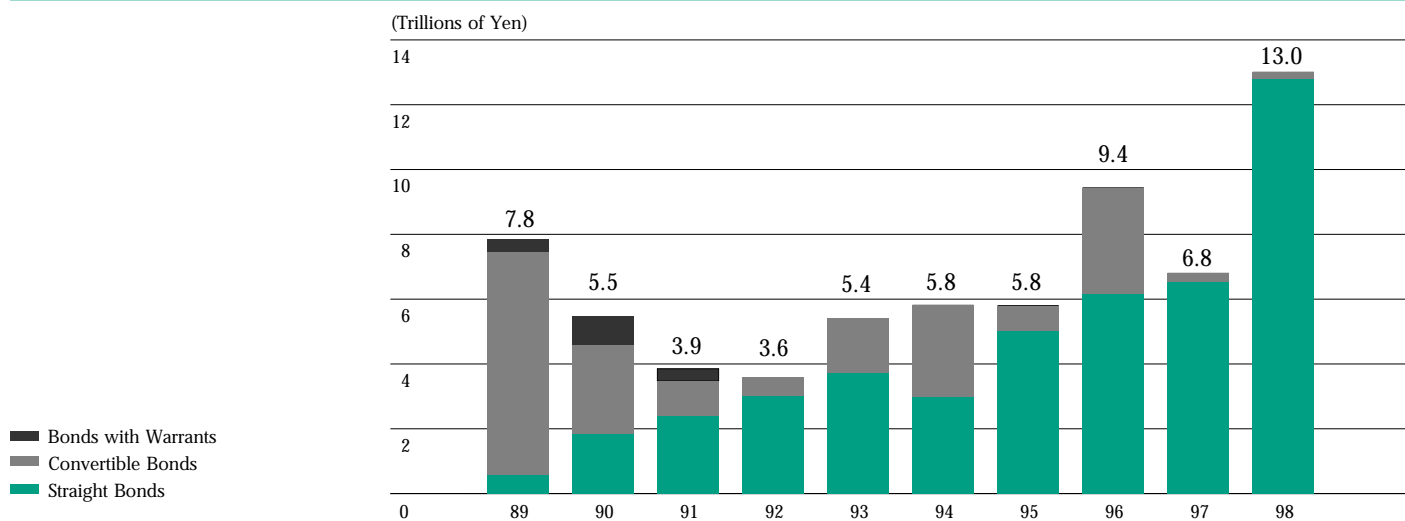
2. "–" indicates nil.

Source: JSDA

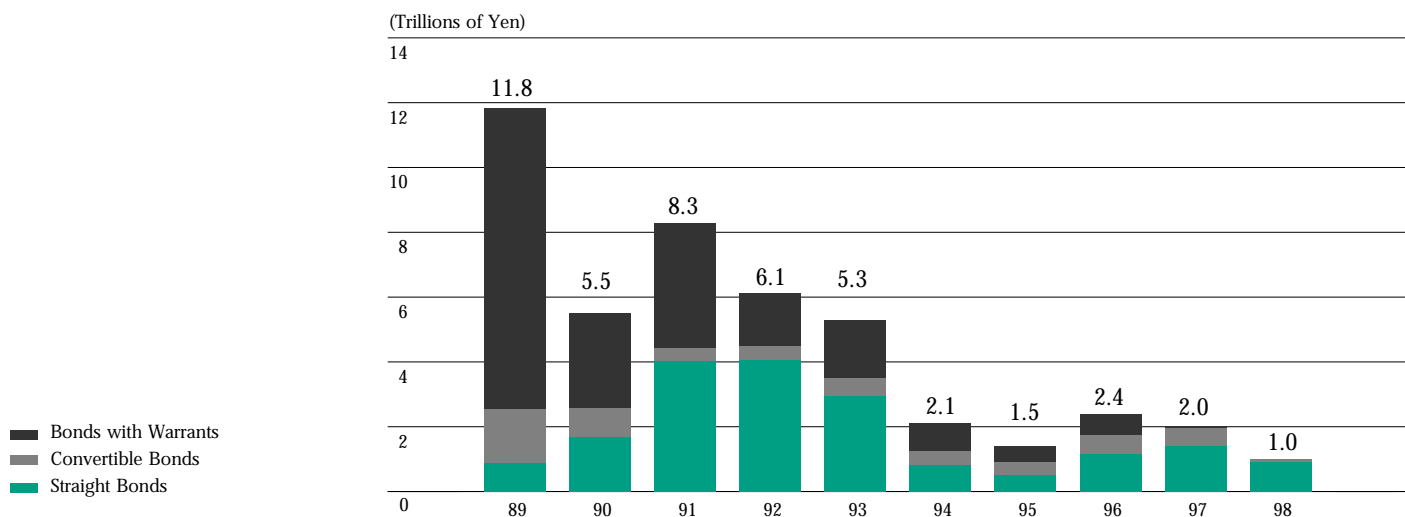
Equity Financing by Corporations



Domestic Debt Financing by Corporations



Overseas Debt Financing by Corporations



New Issuance of Public and Corporate Bonds

Public Bonds

(Billions of Yen)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Total Government Bonds	25,177	36,314	38,567	43,888	51,314	55,855	65,677	72,219	67,824	84,804
Public Subscriptions	19,761	32,215	32,364	35,695	39,083	47,487	54,663	54,825	54,864	61,395
Long-term (over 10 years)	1,321	637	1,343	1,000	1,345	1,534	2,008	1,533	1,594	2,195
Long-term (10 and 6 year)	7,804	9,079	9,920	10,292	10,504	14,711	16,551	15,578	14,985	17,316
Med-term (2-to-4 years)	1,620	1,845	1,870	1,529	2,706	5,673	5,479	5,576	4,618	5,521
Med-term (zero-coupon 5-year)	462	334	309	282	266	264	257	257	250	239
Treasury Bills	8,553	20,320	18,921	22,591	24,260	25,304	30,366	31,879	33,415	36,122
Municipal Bonds	790	996	903	1,027	1,396	1,552	1,967	1,893	1,852	1,722
Gov. Sponsored Bonds	2,033	1,774	1,951	1,852	2,123	2,747	2,952	3,106	2,939	2,271
Total Public Bonds	28,000	39,084	41,422	46,768	54,833	60,154	70,597	77,218	72,615	88,797

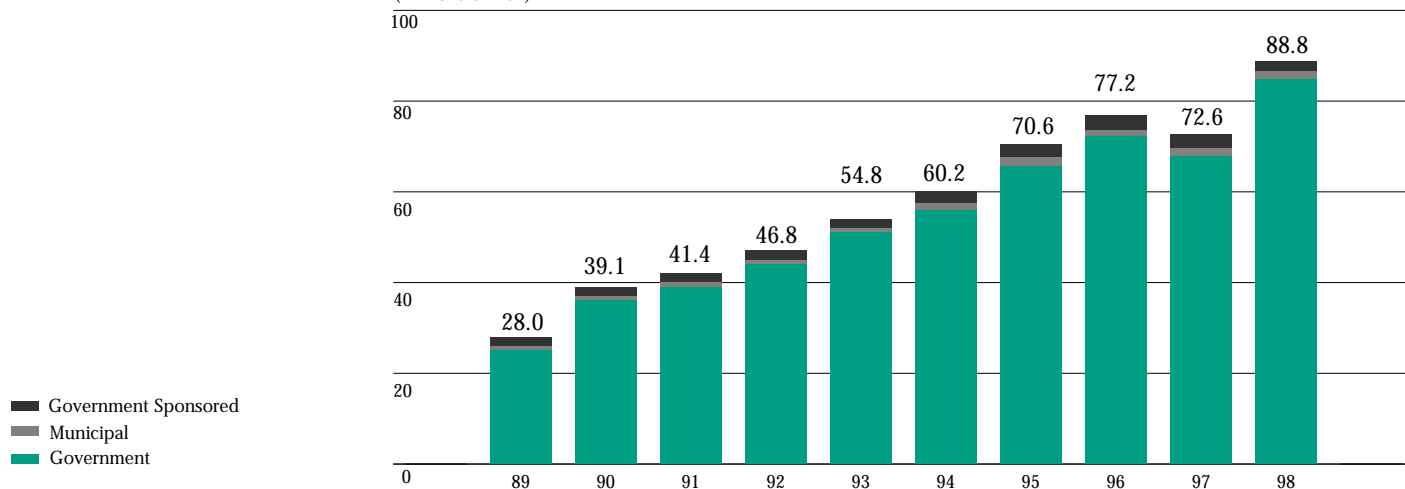
Notes: 1. From 1994, 6-year bonds were included in long-term government bonds.

2. Municipal bonds and government sponsored bonds do not include private placements.

Source: JSDA

New Issuance of Public Bonds

(Trillions of Yen)



Corporate Bonds (excludes private placements)

(Billions of Yen)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Total Corporate Bonds	7,835	5,486	3,854	3,576	5,399	5,830	5,783	9,435	6,788	12,857
Electric Power Bonds	520	1,678	1,765	1,785	1,810	1,345	1,625	1,515	1,555	2,465
NTT, JR Bonds	60	150	200	180	160	290	150	285	220	420
Other Straight Bonds	4	6	416	1,045	1,740	1,335	3,271	4,346	4,751	9,899
Convertible Bonds	6,866	2,727	1,091	566	1,689	2,860	737	3,289	270	246
Bonds with Warrants	385	925	381	-	-	-	-	-	-	-
Bank Debentures	35,425	45,524	44,151	47,911	45,100	36,040	42,594	43,966	30,780	23,305
Samurai Bonds	1,100	1,203	681	1,149	1,685	1,212	1,616	3,923	2,145	329
Nonresident Euroyen Bonds	3,557	4,980	3,290	3,328	5,102	10,194	10,955	12,676	17,872	11,302

Private Placements

(Billions of Yen)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Municipal Bonds	1,573	1,064	1,471	2,316	4,372	6,091	6,376	6,172	4,407	4,767
Gov. Agency Bonds	4,745	6,099	5,458	6,753	7,145	6,717	5,335	4,762	4,968	6,334
Corporate Bonds	338	452	1,763	1,040	530	407	244	368	501	765
Total	6,656	7,616	8,693	10,111	12,048	13,216	11,956	11,304	9,878	11,866

Note: "-" indicates nil.

Source: JSDA

Outstanding Public and Corporate Bonds

Public Bonds										(Trillions of Yen)
	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Total Government Bonds	157.9	164.0	170.1	176.4	184.8	201.4	218.7	239.2	254.1	280.1
Public Subscriptions	98.0	101.9	107.1	111.0	117.2	132.7	148.5	161.3	170.7	182.7
Long-term (over 10 years)	11.0	11.6	13.0	14.0	15.3	16.9	18.9	20.4	22.0	22.9
Long-term (10 and 6 year)	74.2	74.8	78.7	82.0	85.8	93.4	103.8	111.0	117.9	126.7
Med-term (2-to-4 years)	5.4	5.0	3.9	3.3	4.2	8.3	12.2	16.2	16.9	17.2
Med-term (zero-coupon 5-year)	3.2	2.8	2.3	2.0	1.6	1.4	1.3	1.3	1.2	1.2
Treasury Bills	4.0	7.6	9.0	9.4	10.0	10.5	12.0	12.2	12.4	14.5
Municipal Bonds	6.9	7.2	7.3	7.6	8.2	9.0	10.1	11.2	12.2	13.1
Gov. Sponsored Bonds	19.7	19.6	19.8	19.6	19.6	20.3	21.6	22.9	23.9	20.6
Total Public Bonds	184.6	190.9	197.3	203.7	212.8	230.9	250.5	273.3	290.4	313.9

Corporate Bonds (excludes private placements)										(Trillions of Yen)
	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Total Corporate Bonds	25.5	27.6	29.7	31.7	35.3	38.1	41.6	47.5	49.8	57.5
Electric Power Bonds	6.7	7.5	8.4	9.5	10.5	11.2	12.2	12.8	13.6	15.2
NTT, JR Bonds	1.3	1.3	1.5	1.6	1.6	1.8	1.9	2.0	2.0	2.1
Other Straight Bonds	1.2	1.0	1.1	2.0	3.6	4.8	7.8	11.6	15.7	24.6
Convertible Bonds	15.6	16.2	16.7	16.6	17.9	19.5	19.2	20.7	18.1	15.3
Bonds with Warrants	0.5	1.4	1.8	1.7	1.4	0.4	0.3	0.3	0.2	0.1
Bank Debentures	58.6	67.5	73.6	78.4	78.3	78.2	76.6	76.0	67.2	56.9
Samurai Bonds	5.0	5.7	6.1	6.4	7.4	8.0	9.2	12.2	12.0	9.9

Private Placements										(Trillions of Yen)
	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Municipal Bonds	12.6	12.0	12.0	12.7	15.3	19.8	24.7	26.5	29.2	32.2
Gov. Agency Bonds	29.8	33.1	35.8	39.9	44.6	48.9	52.0	53.9	55.7	48.4
Corporate Bonds	1.0	1.5	3.2	4.2	4.5	4.5	4.3	3.9	3.4	3.0
Total	43.6	46.7	51.1	56.9	64.5	73.3	81.1	84.4	88.4	83.8

Note: Municipal bond and government sponsored bond data in the Public Bonds table does not include private placements.

Source: JSDA

Selected Money Market Information

Amounts Outstanding

(Billions of Yen)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Domestic CDs	21,086	18,859	17,298	16,602	19,044	18,483	24,309	32,016	38,553	39,145
Domestic CP	13,065	15,762	12,400	12,203	11,050	9,876	10,479	10,844	12,030	17,998
Financing Bills	22,832	25,505	20,987	22,408	23,772	24,845	25,290	26,538	29,618	33,090
Repos	6,304	6,611	6,045	8,848	8,333	11,673	11,079	11,945	9,979	11,516
Call Money	24,485	23,986	35,316	44,463	44,720	42,753	38,565	39,852	39,309	33,609
Commercial Bills	20,761	17,060	16,509	15,606	9,459	8,260	9,890	11,060	10,289	25,724

Transaction Volume of CDs and CP

(Trillions of Yen)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Domestic CDs	1,390	993	1,144	1,158	1,144	1,186	1,316	1,494	1,438	1,117
Domestic CP	2,192	2,320	1,871	2,049	2,210	2,152	2,118	1,899	1,856	N.A.

New Issuance of CP and Financing Bills

(Billions of Yen)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Domestic CP	48,307	73,854	75,081	87,090	81,596	69,683	76,071	65,548	73,515	N.A.
Financing Bills	156,663	172,924	156,392	154,352	167,737	174,652	177,283	190,177	200,343	226,440

Notes: 1. For outstanding, trading value, and total issuance of treasury bills, refer to pages 27, 21, 25, respectively.

2. For the trading value of financing bills, refer to page 21.

3. The transaction volume of CDs and CP is the sum of purchases and sales.

Sources: Bank of Japan, JSDA

Futures and Options Activity

Stock Index Futures

(Billions of Yen, Thousands of Contracts)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Trading Value										
NIKKEI 225	188,560	394,871	536,729	219,871	162,367	124,219	125,364	148,306	136,973	124,949
TOPIX	97,105	71,774	31,555	18,572	33,016	42,089	38,103	45,808	42,173	32,073
NIKKEI 300	-	-	-	-	-	12,400	5,964	5,589	4,125	3,567
Number of Contracts										
NIKKEI 225	5,442	13,588	21,643	11,927	8,461	6,208	7,220	7,043	7,484	8,191
TOPIX	3,727	3,091	1,676	1,358	2,156	2,623	2,745	2,857	3,035	2,726
NIKKEI 300	-	-	-	-	-	4,184	2,318	1,872	1,526	1,531

Stock Index Options

(Total Puts and Calls, Billions of Yen, Thousands of Contracts)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Trading Value										
NIKKEI 225	1,840	3,561	5,512	4,096	2,000	1,175	1,432	928	1,270	1,166
TOPIX	733	222	117	8	8	3	8	3	2	0.1
NIKKEI 300	-	-	-	-	-	41	27	23	6	2
Number of Contracts										
NIKKEI 225	6,610	9,187	11,835	9,256	6,090	4,273	5,174	3,924	4,910	5,230
TOPIX	4,805	462	120	48	37	20	16	13	9	0.6
NIKKEI 300	-	-	-	-	-	269	122	44	7	2

Japanese Government Bond Futures

(Trillions of Yen)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
10-year	1,894	1,628	1,278	1,181	1,508	1,294	1,391	1,237	1,179	1,066
20-year	2.8	1.2	0.6	0.3	0.3	0.3	0.2	0.2	0.2	0
5-year	-	-	-	-	-	-	-	26	11	19

Notes: 1. NIKKEI 225 and TOPIX futures began trading on September 3, 1988. NIKKEI 300 futures began trading in February 1994.

2. NIKKEI 225 Options began trading on June 12, 1989 while TOPIX and options began trading on October 20, 1989. NIKKEI 300 Options began trading in February 1994.

3. 10- and 20-year JGB Futures began trading on October 19, 1985 and July 8, 1988, respectively. 5-year JGB Futures began trading in February 1996.

Sources: Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya Stock Exchange

1998 OVERVIEW—First Growth in Stock Investment Trusts in Nine Years

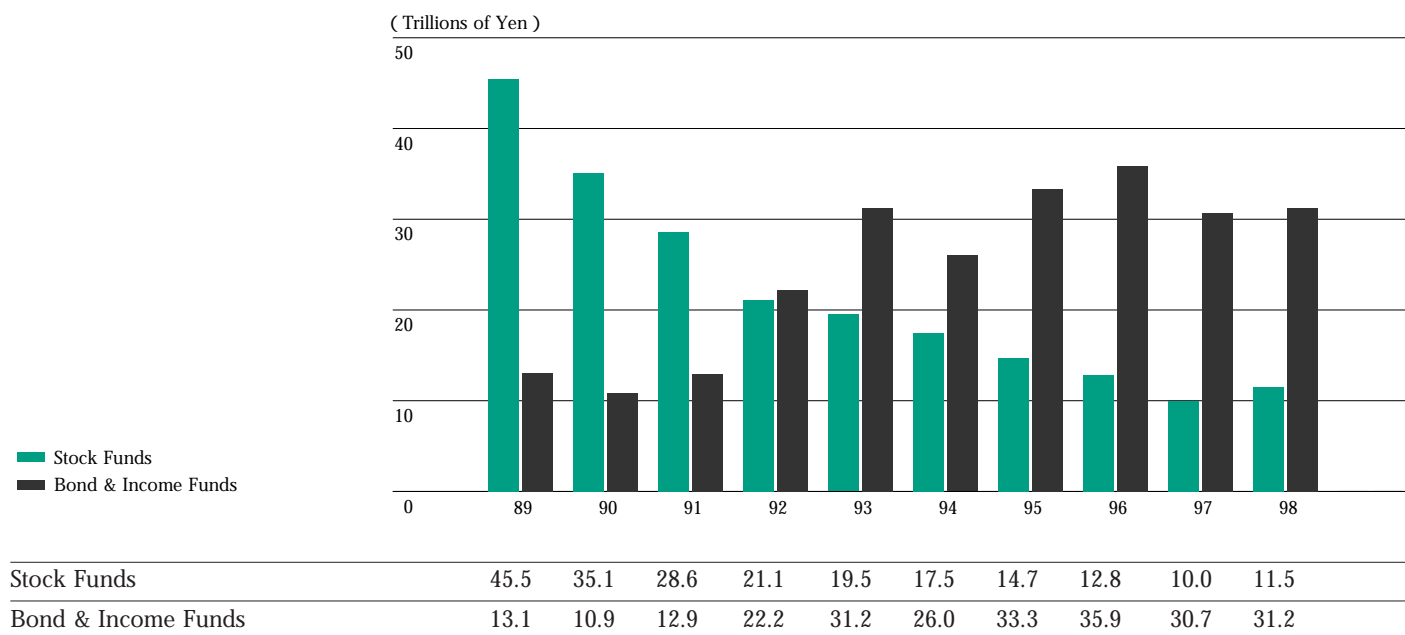
Investment trusts faced an extremely tough investment environment because of the weak stock market and the continued ultra-low interest rate environment. Thanks to a substantial decline in repurchases, however, stock investment trusts recorded a net sales position for the first time since 1989, supporting a ¥2.0 trillion increase in total investment trust assets, comprising total assets of bond and income trusts and stock investment trusts, to ¥42.7 trillion.

Total assets in bond and income investment trusts advanced 1.9%, to ¥31.2 trillion, boosted by the continued strength of money management funds (MMFs), money reserve funds (MRFs), and other short-term bond & income funds that offer advantageous interest rates in the low interest rate environment.

Total assets in stock investment trusts climbed 15.1%, to ¥11.5 trillion, rising for the first time in nine years. Recently, there has been a shift away from unit-type trusts to open-ended trusts, which was reflected in a substantial decline in new sales of unit-type trusts during the year. This reduced total assets held in unit-type trusts by 39.4%, to ¥740.7 billion, about one fiftieth of their peak in 1989. Meanwhile, gross sales of open-ended trusts were approximately the same as in the previous year, but repurchases fell to ¥4.8 trillion or about half those of 1997. Total assets held in open-ended trusts increased 22.7%, to ¥10.8 trillion (p.31).

Furthermore, based on the Financial System Reform Act enacted on December 1, 1998, investment trust-related regulations are undergoing the most significant reform since they were implemented in 1951. Such measures as the expansion of sales channels to include banks and other institutions and the introduction of private placement investment trusts and investment companies are raising expectations that investment trusts will play a greater role in meeting the diversifying investment needs of individual investors.

Investment Trust Assets



Investment Trust Activity

Investment Trust Gross Sales

(Billions of Yen, In Percent)

	Stock	%	Bond & Income	%	Total
1989	24,472	64.7	13,353	35.3	37,826
1990	15,789	62.1	9,632	37.9	25,421
1991	8,640	48.3	9,258	51.7	17,899
1992	7,356	25.5	21,446	74.5	28,802
1993	10,520	20.6	40,624	79.4	51,145
1994	10,346	22.1	36,575	77.9	46,922
1995	6,629	13.9	41,209	86.1	47,839
1996	10,510	20.1	41,774	79.9	52,284
1997	7,850	15.0	44,504	85.0	52,354
1998	7,982	15.2	44,407	84.8	52,389

Investment Trust Assets

(Billions of Yen, In Percent)

	Stock	%	Bond & Income	%	Total
1989	45,549	77.7	13,099	22.3	58,649
1990	35,072	76.3	10,921	23.7	45,993
1991	28,562	68.9	12,911	31.1	41,473
1992	21,103	48.7	22,197	51.3	43,300
1993	19,547	38.5	31,190	61.5	50,737
1994	17,451	40.2	25,956	59.8	43,408
1995	14,681	30.6	33,275	69.4	47,957
1996	12,779	26.3	35,888	73.7	48,668
1997	9,986	24.6	30,662	75.4	40,649
1998	11,496	26.9	31,243	73.1	42,739

Source: The Investment Trusts Association

1998 OVERVIEW—Individual and Foreign Shareholders Continue to Rise

According to a survey by the National Conference of Stock Exchanges, the number of individual shareholders as of the end of March 1999 rose by 440,000 to 28.3 million individuals, rising for the third consecutive year. Moreover, the number of trading units—one unit is generally 1,000 shares—owned by individuals increased by 8.7 million to 130.5 million. The total value of individual investor shareholdings also grew, rising ¥3.0 trillion, to ¥62.4 trillion. The percentage of stock outstanding held by individuals on a market value basis dropped 0.1 points to 18.9%, but on a trading unit basis, it gained 0.7 points to 25.4%, recovering to a level last reached in 1986. The percentage of stock outstanding held by foreign investors on a market value basis rose 0.7 points to 14.1%, hitting a record high for the fourth consecutive year, while on a trading unit basis, it rose 0.2 points, to 10.0%, also posting a record high (p.33,34,35).

According to the results of the JSDA's annual survey of the composition of shareholders of stocks registered on the JASDAQ, the number of individual shareholders at the end of March 1999 had increased by 18,000, to 826,000, expanding for the fifth consecutive year since the survey began in 1994. Looking at shareholders holdings on a share basis, the holdings of individual shareholders increased 2.1 points, to 43.3%. The holding of other major shareholders declined: corporations fell 0.8 points, to 27.6%; banks dropped 0.1 points, to 14.7%; and foreigners gave up 1.2 points, to 13.9%.

The participation of individual investors in secondary stock markets, however, continued to slide. Through 1998, individual investors accounted for 10.4% of the trading value on the Tokyo Stock Exchange (TSE), dropping for a third consecutive year. On the other hand, foreigners actively invested in Japanese shares in anticipation of economic recovery. Their share of trading value grew to 30.9%, rising for the fifth consecutive year. Looking at net purchases in 1998, trust banks again were the main purchasers, acquiring ¥5.9 trillion in stocks compared with ¥5.1 trillion in 1997, thanks to the large volume of capital flowing from pension funds and the infusion of public funds into banks' capital bases. Foreigners became net sellers of stocks for the first time in eight years while individuals investors continued to divest stocks for the sixth consecutive year (p.36).

According to a survey by the Bank of Japan, the liquid financial assets of individuals at year-end 1998 totaled ¥1,254 trillion. Looking at composition, term deposits accounted for the largest portion, at 47.4%; followed by insurance, at 25.5%; and cash, at 12.7%. Among household assets allocated to marketable securities, the proportion of stock declined 0.4 points, to 4.4%, falling for the fourth consecutive year. The proportion of investment trusts, however, rose for the first time in three years, gaining 0.1 points, to 2.4% (p.38).

Because of the strong tendency of Japanese households to choose low-risk financial investments, the proportion of liquid financial assets held in deposit accounts is high. Under the ongoing reform of the financial system, however, the greater diversity of financial instruments offering a range of trade-offs between risk and return is expected to result in households managing their financial assets more aggressively in terms of investment yields.

Holdings of Equity Outstanding

Market Value (All Exchange-listed Stocks)

(Trillions of Yen)

	1990.3	1991.3	1992.3	1993.3	1994.3	1995.3	1996.3	1997.3	1998.3	1999.3
Individuals	101.8	91.4	66.1	67.9	73.4	61.9	75.9	65.0	58.5	62.4
Government	1.2	1.1	0.8	1.0	0.9	1.0	1.1	0.7	0.6	0.6
Bank	115.4	101.0	72.5	73.2	81.0	70.8	87.4	76.4	69.6	72.5
Pension Trust	4.5	4.0	3.3	3.8	5.1	5.0	7.0	8.0	11.8	15.6
Investment Trust	18.2	16.8	11.0	10.4	10.7	8.1	8.4	6.8	4.9	4.4
Insurance Co.	78.0	71.1	52.6	53.2	58.0	49.0	57.2	49.1	43.4	43.1
Business Corp.	146.6	135.0	94.5	93.4	103.7	86.2	105.8	85.8	75.9	83.5
Foreigners	20.8	21.0	19.6	20.7	28.2	25.2	40.9	40.0	41.1	46.5
Securities Firms	10.0	7.5	5.0	3.9	4.8	3.6	5.3	3.1	2.0	1.8
Total	496.9	449.3	325.9	327.9	366.3	311.1	389.4	335.4	308.0	330.8

Percent of Total (All Exchange-listed Stocks)

(In Percent)

	1990.3	1991.3	1992.3	1993.3	1994.3	1995.3	1996.3	1997.3	1998.3	1999.3
Individuals	20.5	20.4	20.3	20.7	20.0	19.9	19.5	19.4	19.0	18.9
Government	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2
Bank	23.2	22.5	22.3	22.3	22.2	22.9	22.4	22.8	22.6	21.9
Pension Trust	0.9	0.9	1.0	1.2	1.4	1.6	1.8	2.4	3.8	4.7
Investment Trust	3.7	3.7	3.4	3.2	2.9	2.6	2.2	2.0	1.6	1.4
Insurance Co.	15.7	15.8	16.1	16.2	15.8	15.7	14.7	14.7	14.1	13.1
Business Corp.	29.5	30.1	29.0	28.5	28.3	27.7	27.2	25.6	24.6	25.2
Foreigners	4.2	4.7	6.0	6.3	7.7	8.1	10.5	11.9	13.4	14.1
Securities Firms	2.0	1.7	1.5	1.2	1.3	1.2	1.4	1.0	0.7	0.6

Notes: 1. "Government" includes local public bodies.

2. "Bank" excludes pension and investment trust accounts.

3. Excludes foreign stocks.

Source: National Conference of Stock Exchanges

Individual Shareholdings

Individual Shareholdings (All Exchange-listed Stocks)

(Thousands, In Percent)

	Shareholders	% Change	Population	% Change	Shareholders as % of Population
1990.3	24,087	11.3	123,611	0.3	19.5
1991.3	25,601	6.3	124,043	0.3	20.6
1992.3	26,008	1.6	124,452	0.3	20.9
1993.3	26,851	3.2	124,764	0.3	21.5
1994.3	27,335	1.8	124,764	0.0	21.9
1995.3	27,208	-0.5	125,034	0.2	21.8
1996.3	27,038	-0.6	125,570	0.4	21.5
1997.3	27,373	1.2	125,860	0.2	21.7
1998.3	27,856	1.8	126,170	0.2	22.1
1999.3	28,300	1.6	126,490	0.3	22.4

Notes: 1. The number of shareholders includes duplicated countings of shareholders who hold shares in more than one company.
 2. Population figures are October census figures.
 3. Excludes foreign stocks.

Sources: Management and Coordination Agency, National Conference of Stock Exchanges

Individual Shareholdings (All Exchange-listed Stocks)

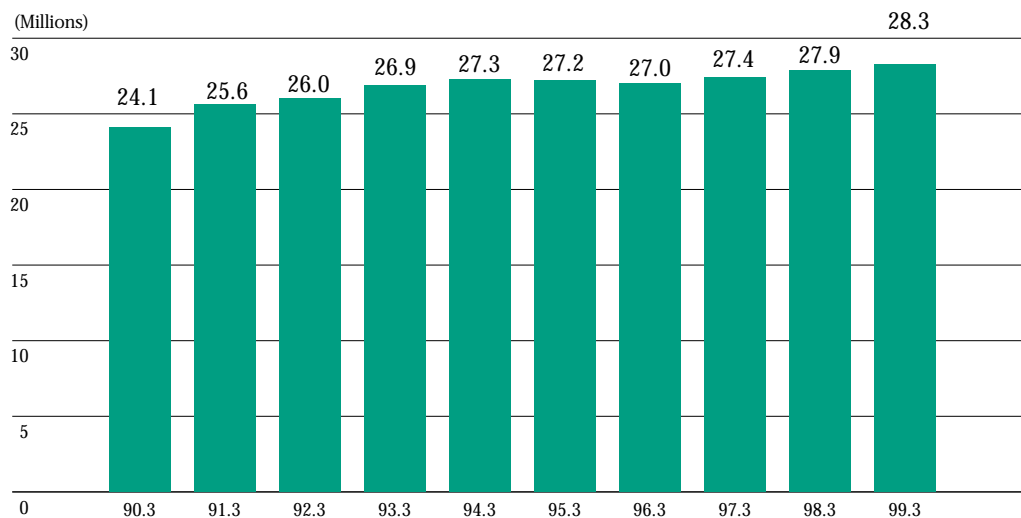
(Thousand Trading Units, In Percent)

	Individual Holdings	% Change	Outstanding	% Change	Individual Holdings as % of Outstanding
1990.3	87,045	5.9	384,422	4.7	22.6
1991.3	91,303	4.9	394,854	2.7	23.1
1992.3	94,252	3.2	405,770	2.8	23.2
1993.3	98,603	4.6	413,392	1.9	23.9
1994.3	100,821	2.2	425,673	3.0	23.7
1995.3	104,385	3.5	444,881	4.5	23.5
1996.3	107,771	3.2	457,439	2.8	23.6
1997.3	112,573	4.5	477,143	4.3	23.6
1998.3	121,869	8.3	494,613	3.7	24.6
1999.3	130,536	7.1	514,367	4.0	25.4

Notes: 1. One trading unit generally consists of 1,000 shares.
 2. Excludes foreign stocks.

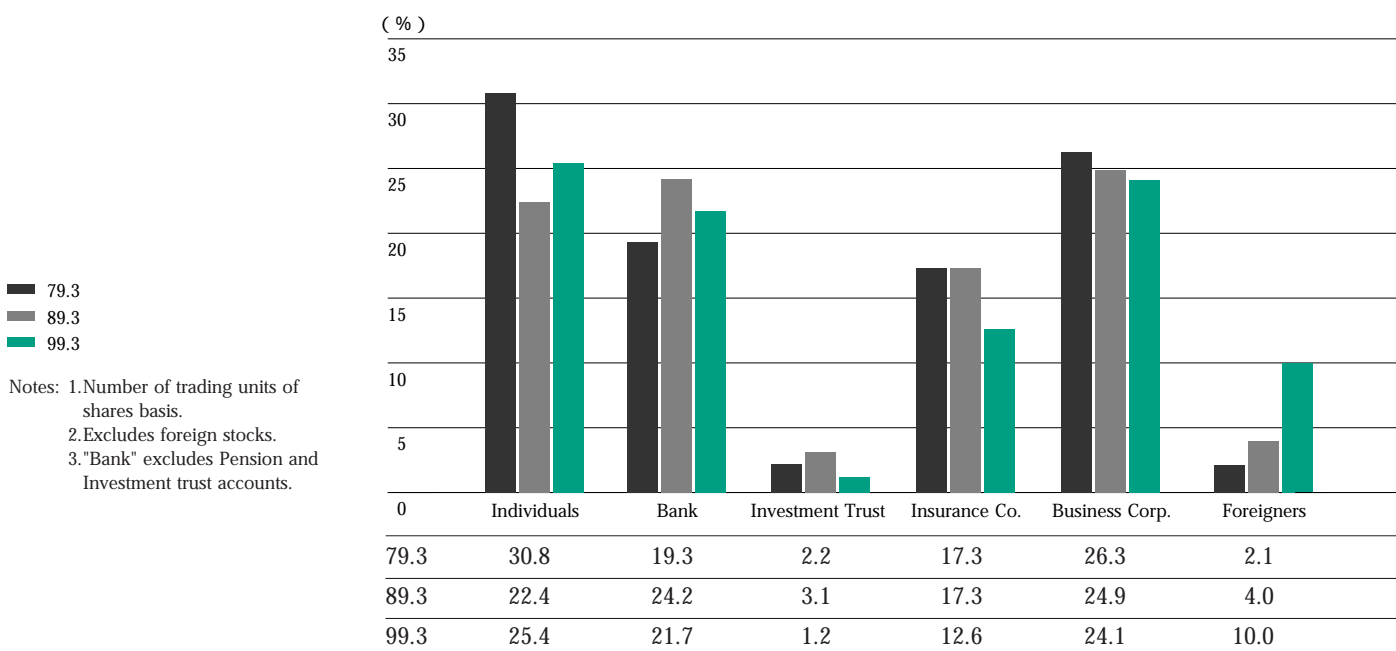
Source: National Conference of Stock Exchanges

Individual Shareholders (All Exchange-listed Stocks)



See Notes on page 34

Holdings of Major Shareholders (All Exchange-listed Stocks)



Investor Participation in Equity Markets

Trading Value by Type of Investor (TSE 1st Section)

(Trillions of Yen)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Individuals	138.5	72.3	44.6	21.6	30.1	23.9	24.2	26.9	21.9	17.5
Bank	114.7	51.4	25.0	11.7	21.4	22.4	19.3	26.5	33.4	31.9
Insurance Co.	4.2	4.7	3.5	2.3	2.0	2.5	2.8	2.2	2.1	2.3
Investment Trust	51.0	30.5	21.2	10.4	13.6	10.1	6.2	7.8	5.5	2.7
Business Corp.	67.7	30.6	15.4	6.5	9.4	7.5	6.8	6.8	6.4	5.9
Foreigners	49.6	32.8	28.4	21.0	27.1	33.1	31.6	42.2	55.0	51.9
TSE Non-member	14.3	9.4	5.5	3.0	3.6	3.1	2.8	3.2	2.9	2.2
Member Trading	126.8	74.6	45.0	27.1	42.6	45.5	44.9	56.1	61.4	53.5
Total	567.1	306.8	189.0	104.0	150.2	148.5	138.8	172.1	189.0	168.4

Proportion of Trading Value (TSE 1st Section)

(In Percent)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Individuals	24.4	23.6	23.6	20.8	20.1	16.1	17.4	15.7	11.6	10.4
Bank	20.2	16.8	13.2	11.3	14.3	15.1	13.9	15.4	17.7	19.0
Insurance Co.	0.7	1.6	1.9	2.3	1.4	1.7	2.0	1.3	1.2	1.4
Investment Trust	9.0	10.0	11.2	10.0	9.1	6.8	4.5	4.6	2.9	1.6
Business Corp.	11.9	10.0	8.2	6.3	6.3	5.0	4.9	4.0	3.4	3.6
Foreigners	8.8	10.7	15.1	20.3	18.0	22.3	22.8	24.5	29.1	30.9
TSE Non-member	2.5	3.1	2.9	2.9	2.4	2.1	2.0	1.9	1.6	1.3
Member Trading	22.4	24.3	23.8	26.1	28.4	30.7	32.4	32.6	32.5	31.8

Net Purchases by Type of Investor (TSE 1st Section)

(Billions of Yen)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Individuals	-3,236	1,671	-2,432	22	-1,147	-2,033	-250	-1,967	-703	-654
Bank	3,313	-3,025	365	602	2,687	2,094	-506	2,869	4,040	4,825
Insurance Co.	1,274	19	60	-280	-13	-392	-1,658	-507	-895	-1,010
Investment Trust	1,566	1,305	-1,786	-16	-338	-1,504	-978	-974	-1,254	-402
Business Corp.	-533	1,089	-1,381	-301	-1,799	-1,452	-878	-843	-135	-573
Foreigners	-2,616	-2,685	5,063	560	1,011	3,615	3,579	3,160	1,372	-443
TSE Non-member	-151	65	-246	-76	-130	-171	4	-127	64	-30
Member Trading	1,581	1,842	1,432	-37	411	514	1,121	-910	-2,062	-1,331

Notes: 1. "Bank" includes the other financial institutions category and "Business Corp." includes other businesses category.

2. "TSE Non-member" means orders from TSE non-member securities firms.

3. "Trading Value" is the total of purchases and sales.

Source: Tokyo Stock Exchange

Trading Value by Type of Investor (JASDAQ)

(Billions of Yen)

	1992	1993	1994	1995	1996	1997	1998
Individuals	745.6	2,393.2	4,786.6	5,614.4	5,081.5	1,653.5	879.9
Bank	142.6	354.0	587.1	493.7	585.2	329.8	200.0
Insurance Co.	39.1	44.1	54.1	58.2	65.6	23.0	8.6
Investment Trust	147.8	393.3	768.2	642.2	802.9	301.5	98.6
Business Corp.	239.0	447.4	762.5	741.6	767.1	396.7	235.1
Foreigners	218.7	724.9	1,143.1	1,042.6	1,337.9	967.4	677.3
Brokers	19.7	34.9	70.1	72.3	74.2	32.5	14.3
Principal Trading	366.8	743.5	1,408.1	1,779.9	1,811.6	686.9	305.1
Total	1,919.7	5,135.7	9,580.2	10,445.3	10,526.4	4,391.9	2,419.3

Proportion of Trading Value (JASDAQ)

(In Percent)

	1992	1993	1994	1995	1996	1997	1998
Individuals	38.8	46.6	50.0	53.8	48.3	37.6	36.4
Bank	7.4	6.9	6.1	4.7	5.6	7.5	8.3
Insurance Co.	2.0	0.9	0.6	0.6	0.6	0.5	0.3
Investment Trust	7.7	7.6	8.0	6.1	7.6	6.9	4.1
Business Corp.	12.4	8.7	8.0	7.1	7.3	9.0	9.7
Foreigners	11.4	14.1	11.9	10.0	12.7	22.0	28.0
Brokers	1.0	0.7	0.7	0.7	0.7	0.7	0.6
Principal Trading	19.1	14.5	14.7	17.0	17.2	15.6	12.6

Net Purchases by Type of Investor (JASDAQ)

(Billions of Yen)

	1992	1993	1994	1995	1996	1997	1998
Individuals	-80.4	-242.9	-311.9	-198.6	-265.2	-131.7	-79.9
Bank	13.3	37.0	102.5	67.4	108.5	51.3	4.6
Insurance Co.	18.9	9.6	12.5	5.7	2.0	2.8	2.3
Investment Trust	11.7	138.0	216.3	97.1	103.1	-47.9	-1.8
Business Corp.	12.9	-72.0	-126.5	-41.2	-75.2	-11.3	12.3
Foreigners	20.6	127.6	112.5	66.9	125.3	102.8	55.8
Brokers	3.1	-0.1	-3.8	-0.4	0.8	1.1	0.0
Principal Trading	-3.3	-4.1	-12.3	-3.0	-21.6	-22.0	-10.0

Notes: 1. "Bank" includes the other financial institutions category and "Business Corp." includes other businesses category.

2. "Brokers" means orders from other brokers executed on an agency basis.

3. "Trading Value" is the total of purchases and sales.

Source: JSDA

Household Liquid Financial Assets

Market Value

(Trillions of Yen)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Cash	87.1	88.1	91.4	94.2	100.0	106.1	123.5	136.4	151.2	158.7
Time Deposits	374.4	410.2	447.2	469.3	492.7	518.7	534.9	551.3	571.6	594.8
Trusts	56.7	64.5	69.1	75.4	78.8	80.5	79.2	76.8	72.9	67.3
Insurance	171.7	194.1	213.1	234.3	257.7	279.3	299.3	303.4	314.5	320.4
Government Bonds	10.3	12.6	11.0	7.2	4.2	4.1	3.7	3.8	5.0	4.6
Municipal Bonds	3.6	4.1	3.6	3.2	3.4	3.5	3.7	4.0	4.2	4.2
Bank Debentures	20.2	23.4	25.3	26.4	25.7	25.3	23.5	20.6	16.9	13.2
Corporate Bonds	4.2	5.3	5.7	5.8	5.9	6.7	6.4	6.8	5.1	4.5
Equities	124.1	82.8	79.5	63.2	70.9	75.0	76.6	73.9	58.7	55.8
Investment Trusts	40.8	38.9	34.6	37.8	35.3	31.2	33.2	31.7	28.8	29.9
Others	9.1	10.4	11.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	902.5	935.1	992.3	1,017.3	1,075.1	1,130.9	1,184.3	1,209.1	1,229.3	1,254.0

Percent Share of Household Liquid Financial Assets

(In Percent)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Cash	9.7	9.4	9.2	9.3	9.3	9.4	10.4	11.3	12.3	12.7
Time Deposits	41.5	43.9	45.1	46.1	45.8	45.9	45.2	45.6	46.5	47.4
Trusts	6.3	6.9	7.0	7.4	7.3	7.1	6.7	6.4	5.9	5.4
Insurance	19.0	20.8	21.5	23.0	24.0	24.7	25.3	25.1	25.6	25.5
Government Bonds	1.1	1.4	1.1	0.7	0.4	0.4	0.3	0.3	0.4	0.4
Municipal Bonds	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Bank Debentures	2.2	2.5	2.6	2.6	2.4	2.2	2.0	1.7	1.4	1.1
Corporate Bonds	0.5	0.6	0.6	0.6	0.6	0.6	0.5	0.6	0.4	0.4
Equities	13.8	8.9	8.0	6.2	6.6	6.6	6.5	6.1	4.8	4.4
Investment Trusts	4.5	4.2	3.5	3.7	3.3	2.8	2.8	2.6	2.3	2.4
Others	1.0	1.1	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Notes: 1. "Cash" includes demand deposits.
 2. "Time Deposits" includes CDs and foreign currency deposits.
 3. "Municipal Bonds" includes public corporation bonds.

Source: Bank of Japan

International Securities Transactions

Foreign Activity in Japanese Securities

(Billions of Yen)

	Stocks			Bonds		
	Purchases	Sales	Net	Purchases	Sales	Net
1989	27,527	27,680	-153	34,425	33,934	491
1990	18,210	20,533	-2,323	28,287	25,752	2,535
1991	19,263	13,008	6,254	23,321	20,386	2,935
1992	12,175	11,030	1,144	19,461	20,524	-1,063
1993	17,000	14,857	2,142	19,055	19,042	13
1994	21,960	17,094	4,865	17,462	17,293	169
1995	20,608	15,977	4,631	16,463	15,574	888
1996	27,754	22,646	5,108	21,544	17,669	3,874
1997	32,557	29,245	3,311	24,576	21,788	2,787
1998	31,036	29,111	1,924	24,456	23,626	829

Japanese Activity in Foreign Securities

(Billions of Yen)

	Stocks			Bonds		
	Purchases	Sales	Net	Purchases	Sales	Net
1989	12,617	10,292	2,325	218,885	206,654	12,230
1990	11,184	10,295	888	200,890	196,617	4,272
1991	6,791	6,284	506	171,061	161,604	9,457
1992	4,424	4,837	-413	136,011	131,288	4,722
1993	6,631	4,814	1,816	152,229	148,862	3,366
1994	6,516	5,018	1,498	105,126	98,605	6,520
1995	4,915	4,944	-28	121,243	113,429	7,814
1996	8,709	7,780	929	149,920	141,571	8,349
1997	13,619	11,977	1,642	177,449	175,421	2,028
1998	16,250	14,407	1,843	161,197	151,733	9,464

Notes: 1. Indirect investment basis, meaning acquisition of less than 10% of outstanding shares of a company.
 2. Bonds include investment trusts.
 3. Settlement date basis.

Source: Ministry of Finance

Interest Rates and Economic Indicators

Major Interest Rates, Yields, and Economic Indicators

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Official Discount Rate	4.250%	6.000%	4.500%	3.250%	1.750%	1.750%	0.500%	0.500%	0.500%	0.500%
Prime Rate (Short-term)	5.750	8.250	6.625	4.500	3.000	3.000	1.625	1.625	1.625	1.500
Prime Rate (Long-term)	6.500	8.100	6.900	5.500	3.500	4.900	2.600	2.500	2.300	2.200
Repos 3-month	5.852	7.609	5.710	3.418	1.704	2.054	0.228	0.249	0.231	0.141
CDs 3-to-6 months	6.724	8.299	6.040	3.748	2.043	2.318	0.507	0.502	0.872	0.588
Bank Debentures 5-year	5.998	6.850	5.575	4.527	2.381	3.995	1.853	1.721	1.633	1.930
Newly Issued JGBs 10-year	5.725	6.520	5.505	4.805	3.330	4.555	3.090	2.775	1.930	1.970
Corporate Bonds 12-year	6.219	6.862	6.115	5.431	4.062	4.820	3.504	3.115	2.825	3.024
TSE 1st Section										
PER	70.6	39.8	37.8	36.7	64.9	79.5	86.5	79.3	37.6	103.1
EPS (¥)	26.9	30.4	29.8	22.6	13.6	11.7	10.2	10.0	14.5	5.1
Yield	0.45	0.49	0.62	0.88	0.79	0.71	0.85	0.72	0.92	1.15
GDP Nominal (¥ Trillions)	399.9	430.0	458.2	471.0	475.3	479.2	483.2	500.3	507.8	495.2
GDP Real (¥ Trillions)	409.1	429.9	446.3	450.8	452.2	455.1	461.8	485.2	492.1	478.2
% Change in Real GDP	4.8	5.1	3.8	1.0	0.3	0.6	1.5	5.1	1.4	-2.8
GNP Nominal (¥ Trillions)	402.8	432.9	461.4	475.2	479.7	483.2	487.2	505.7	514.3	502.4
GNP Real (¥ Trillions)	412.0	432.9	449.4	454.9	456.4	458.9	465.7	490.5	498.4	485.2
% Change in Real GNP	4.9	5.1	3.8	1.2	0.3	0.5	1.5	5.3	1.6	-2.7
% Change in M2+CDs	9.9	11.7	3.6	0.6	1.1	2.1	3.0	3.3	3.1	4.0
% Change in CPI	2.3	3.1	3.3	1.6	1.3	0.7	-0.1	0.1	1.8	0.6
Personnel Savings Rate	17.3	17.0	16.2	16.8	14.1	15.8	16.1	13.5	13.4	13.8
Unemployment Rate	2.3	2.1	2.1	2.2	2.5	2.9	3.2	3.4	3.4	4.1
Yen/dollar Rate	143.40	135.40	125.25	124.65	111.89	99.83	102.91	115.98	129.92	115.20

Notes: 1. At year-end (excluding "% Change in M2+CDs").

2. M2+CDs is based on average annual outstanding balances.

Sources: Bank of Japan, Management and Coordination Agency, Economic Planning Agency, The Japan Bond Trading Co., Tokyo Stock Exchange, JSDA

Securities Industry Performance and Market Overview

Published September 1999

Japan Securities Dealers Association

5-8, Kayabacho 1-chome, Nihonbashi, Chuo-ku,
Tokyo 103-0025, Japan

Tel. 03-3667-8454 (Planning Department)

<http://www.jsda.or.jp/>

Printed in Japan