

shimka - ETF Investment and Financial Translation

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The market develops now very favourable. The last weekend Nikkei ended at 13,863 yen close to 14,000 yen and already raised 2,000 yen from March bottom 11,691 yen.

We usually say "a market is born in a maximum pessimism and grows with scepticism." As exactly said, when all investors disappointed in March, it was the bottom and a new market was born and now it is growing.

In April 2003, the situation was almost the same and the market hit the bottom at 7,607 yen and turned to rise up to 18,261 yen in July 2007. This raise was over 10,000 yen and this time is very much possible to do the same way since the market performed a sharp drop.

We can understand how the market is strong checking the stock price of Nippon Steel. The company reported on April 15th for double digits of decline for consolidated operating profit, however, the stock rose to 513 yen on the day from 499 yen, previous day. Furthermore, on 25th, the company officially announced a forecast of 34.4% decline of profit exceeding the report of the previous day, however, the stock still went up dramatically with 28 yen rise to the day before.

Normally, big profit loss forecast will make its stock price down, but in NS case it actually rose 150 yen with 30% in rate to 573 yen the last weekend from 427 yen at the bottom on March 17th. If the market sentiment is not good, this never happens. This means a big stream is now growing up.

Then, somebody asks "who the buyer is ?" They are foreign investors such as oil-money. The other day, TSE announced the trend of buy-sell by investor and it says foreign investors showed net-buying from the first week of April to the third week and for the forth week it will be possibly net-buying, too. It is very important that foreign investors are buying.

In order to deal with the so-called sub-prime trouble, huge liquidity has been provided to the world which may introduce a possible super monetary market. In 1972, the stock market surged with a background of ultra-loose monetary policy by many advanced countries after ceasing exchange dollar with gold in 1971. By this treatment, loose money flew into the stock market heavily and it raised the market double. So the bubble-market was.

This time, many central banks of advanced countries supplied huge money into the markets, and then loose money is now overflowing from the financial markets. Excessive money from the Middle East and China is now looking for profitable investment and moving towards to Japanese equities which are still low. The market has just begun and a big monetary market will start when such funds flow into Japanese stock market.

The real part of a big market is from now. Don't worry about daily up-down, but don't forget that the market is growing and going up. Finally, don't miss this timing to buy cheap which comes once or twice a year.

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