

CONTENTS

Feature Articles

This month's focus: **“Quantitative Easing: Evaluation and Prospects”**

Overview	<i>Hidetaka Kawakita, CMA</i>	2
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Articles

What the Bank of Japan's (BOJ) “New dimension of monetary easing” Will Achieve	<i>Hajime Takata, CMA</i>	6
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The BOJ's “new dimension of monetary easing” refers to a policy to achieve a turnaround of expectations through the implementation of all available policy options in view of the difficulty to address deflation (in comparison to inflation). The initial impact has been the rise of the stock and real estate markets accompanying the weakening of the yen and portfolio rebalancing. This will in turn lead to an exit from deflation after some time amid a shift in corporate business sentiment. However, one should remain aware of the importance of government bond management policy at the point of “exit” from this “new dimension of monetary easing”.

Effects of Quantitative and Qualitative Monetary Easing on Financial Markets —Focus on Activities of Institutional Investors in the Fixed Income Market—	<i>Katsuyuki Tokushima, CMA</i>	17
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Nearly one year has passed since BOJ adopted quantitative and qualitative monetary easing. During that time the central bank has been trying to lead institutional investors to invest out of their domestic bond over-weighted portfolios and more into riskier assets. The author analyzes recent activities of institutional investors in financial markets focusing on the fixed income market.

Effect of Quantitative Easing in the US: A Survey of Empirical Analyses	<i>Toshiaki Watanabe</i>	28
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This article surveys empirical analyses on the effect of FRB's quantitative easing in the US with emphasis on econometric methodology such as time-varying VAR and DSGE models.

On Exit Strategies from Quantitative Easing Policy	<i>Shin-ichi Fukuda</i>	35
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This paper considers exit strategies from quantitative easing policy (QE) in the US and in Japan. Effects on emerging markets, local bond markets, interest payments for excess reserves, and Marshallian k are discussed. The discussion suggests potential risks that might be incurred by exit strategies.

Prospects

Overview of Asian Bond Markets	<i>Hirofumi Kasai, CMA • CIIA</i>	45
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Economic and Industrial Analysis

Trend and Outlook for Japan's Real Estate Market at Turning Point	<i>Masaaki Sakamoto</i>	50
--	-------------------------	----

Point of View

.....	<i>Takaaki Hatabe</i>	63
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Article

Predictability of Japanese Stock Markets Based on News Indexes	<i>Tatsuyoshi Okimoto and Eiji Hirasawa, CMA</i>	67
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We construct news indexes by quantifying *Nikkei* news and analyze the predictability of Japanese stock markets based on news indexes. Our results indicate that news indexes have significant effects on the next day's stock returns and trading volume, but no reversal effects later in the trading week.

Book Reviews	<i>Tsuyoshi Kawata, CMA / Hiroyuki Ishikawa / Hidekazu Miyoshi, CMA</i>	76
---------------------	---	----

SAAJ News	85
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