

Macro Roundup Article

Headline: [Where Can Investors Find Geographic Diversification Today?](#)

Article Link: <https://www.bridgewater.com/document/where-can-investors-find-geographic-diversification-today?id=0000018d-f1f5-d216-a3ed-f1f7b0500001>

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Publication	Bridgewater Associates
Publication Date	March 21, 2024

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Summary: Japan stands out as one of the most diversifying places for investors and one of the few places in the world that can absorb sizable amounts of capital. It is a trade-heavy economy that sits at the crossroads of the East and West, exports almost equal amounts each year to both the US and China, and exports the most to the broader Asia region. This diversified exposure to global trade means it has among the lowest correlations in economic conditions to the US of any developed country. Not only are Japanese conditions lowly correlated to the US, but Japanese equities also provide a relatively high level of exposure to those domestic (versus global) conditions. While Japanese growth is driven by a diverse set of trade linkages, the majority of the sales for companies listed on Japanese exchanges are domestic. After decades of Japan basically not having a monetary policy cycle and relatively stagnant conditions, investors remain underweight Japanese assets. Related: [Japanese Workers Secure Biggest Pay Rise In Three Decades](#) and [Japan's Foreign Worker Tally Tops Two Million For First Time](#) and [How Japan's Nikkei 225 Got Its Mojo Back](#)

Primary Topic: Financial Markets

Topics: Financial Markets, GDP, Op-Ed/Blog Post

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