

## Macro Roundup Article

**Headline:** Japan's Stock Market Is Back After 34 Years But The Country Is Deeply Changed

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**Tweet:** The Nikkei 225 is back at its 1989 peak after 34 years. During that period Japan's real per capita GDP fell to the lowest of its peers in the G7, and the mean age in Japan rose from 37.2 to 48.9.

**Summary:** The Japanese economy entered a long period of stagnation during the 2000s, when the economy grew on average only 0.7%. As mild deflation continued, people stopped believing that prices or wages would go up. Debt has also risen. The IMF expects Japan's ratio of public debt to gross domestic product to reach 256% in 2024, compared with 65% in 1989. In 1989, six of the world's 10 richest people were Japanese. Now, only three Japanese people are ranked among the world's top 100 billionaires. In terms of earnings, Japanese companies have emerged from the period of low growth with healthy balance sheets. According to finance ministry data, net profits generated by Japanese non-financial companies increased more than fourfold to ¥74tn (\$493bn) from fiscal 1989 to fiscal 2022, while the amount of dividends they paid to shareholders jumped eightfold to ¥32tn during the same period. Decades of deflation and economic stagnation, however, have also sapped the appetite for investment, leaving companies sitting on a massive cash pile of ¥343tn. Roughly half of the companies listed in the top tier of the Tokyo bourse have undervalued stocks, with price-to-book ratios below one.

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