

BREXIT:

THE LAST STRAW FOR JAPAN'S FUTURE

15:07	1306/T	1802/T	2001/T	2501/T	2802/T	3101/T	3402/T	4004/T	4063/T
+192.00	TOPX投	大林組	日本粉	サッポロHD	味の素	東洋紡	東レ	昭電工	信越化
安 15516.50	1317	797	533	450	1703.0	167	723.6	153	6620
+1.4		-9	+11	+5	+2.0	+3	+3.6	+2	+7.8
2部 192.84	1321/T	1808/T	2002/T	2502/T	2810/T	3108/T	3407/T	4005/T	4081/T
+200	225投信	清水建	日清粉G	アサヒ	ハウス食G	ユニチカ	旭化成	住友化	太陽日酸
安 15510	15900	865	1198	3317.5	1857	47	856.1	381	945
+180		-6	+9	+31.5	+1	+1	+7.7	+6	+5
+215	1332/T	1812/T	2267/T	2503/T	2871/T	3105/T	3436/T	4021/T	4151/T
+13.94	日水	鹿島	ヤクルト	キリンHD	二子レイ	日清紡HD	SUMCO	日産化	協和特ツ
安 1285.15	306	542	5670	1397.0	482	984	932	1969	1410
+3		-4	0	+4.0	-7	+1.3	+1.6	+2.6	-4
-4.84	1417/T	1893/T	2269/T	2531/T	2897/T	3110/T	3591/T	4023/T	4183/T
2322.00	アサヒHD	五洋建	明治HD	宝HD	日東紡	日東紡	7-11HD	クレハ	三井化学
-0.07	1194	402	8400	905	60	453	1043	530	317
+0.52	+7	+5	-1.00	+1.3	+6.0	+1.0	+8	+6	+2
+0.61	1605/T	1925/T	2270/T	2685/T	2888/T	3288/T	3861/T	4041/T	4188/T
+0.06	国際帝石	大和ハウス	雷印メグ	アサヒHD	東急HD	王子HD	王子HD	日曹達	三菱ケHD
+18.88	1513.0	1978.5	1375	1375	816	430	563	539.4	539.4
+22.576	+16.0	+8.0	+1.0		+9	+3	+7	+1.3	+1.3
-35.32	1721/T	1928/T	2282/T						
+22.294	エムスHD	積水ハウス	日本ハム						
-1.628	2022	1321.5	2200						
+1.41	+15	-0.5	+2.3						
	1801/T	1942/T							
	大成建	関電工							
	620	569	廃止						
	-5	+4							

Presented by Ariya Prongsirikul & Pattaphol Yuktadatta

A large red circle is centered on a textured, greyish-brown background. A horizontal red banner is superimposed over the middle of the circle, containing white text.

**HOW BREXIT AFFECT THE JAPANESE
ECONOMY AND ITS FUTURE?**

AGENDA

I. GENERAL CONCEPT OF BREXIT

1. EUROPEAN UNION
2. BREXIT CAMPAIGN
3. UK-EU REFERENDUM 2016
4. POST-BREXIT

II. BREXIT EFFECT IN JAPAN

1. JAPAN REDEFINES IDEA OF SAFE HAVEN
2. HOW BREXIT CAME TO BE JAPAN'S WORST NIGHTMARE
3. JAPANESE MANUFACTURERS MAY BE FORCED TO REVIEW INVESTMENT
4. IS BREXIT CONFIRMING ABE'S NIGHTMARE SCENARIO?

III. CONCLUSION

GENERAL CONCEPT OF BREXIT

EUROPEAN UNION

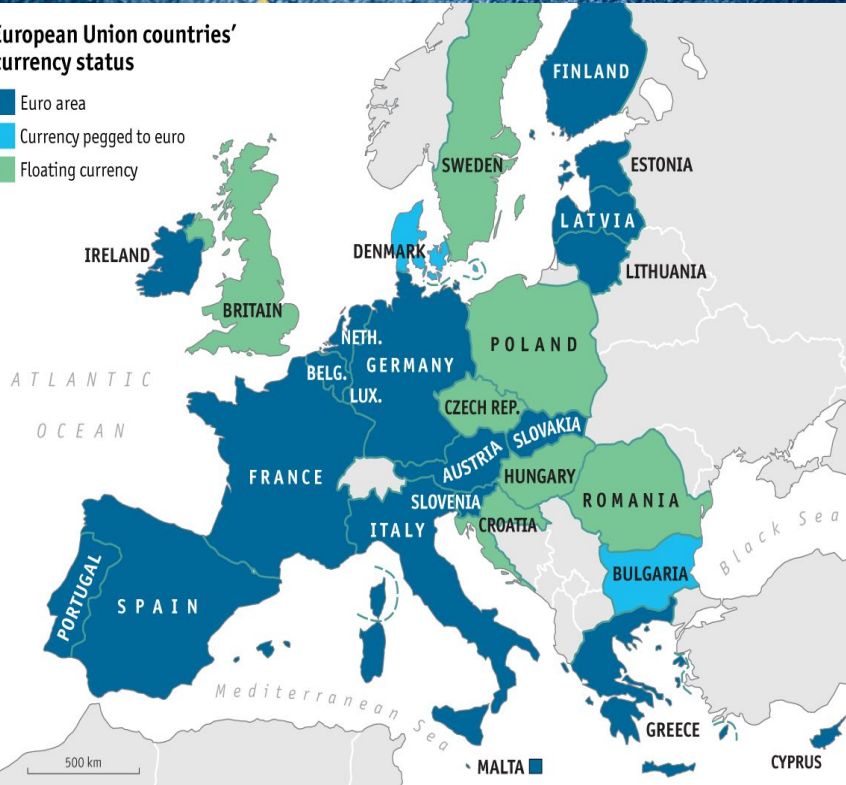
- European Union (EU) was founded in 1993 when Maastricht Treaty came into force.
- **The key economic concept of EU is the convergence between advanced economy and less-advanced economy.**
- It allows the free movement of human capital and other capitals, which results in the economic expansion in its union.



EUROPEAN UNION

European Union countries' currency status

- Euro area
- Currency pegged to euro
- Floating currency



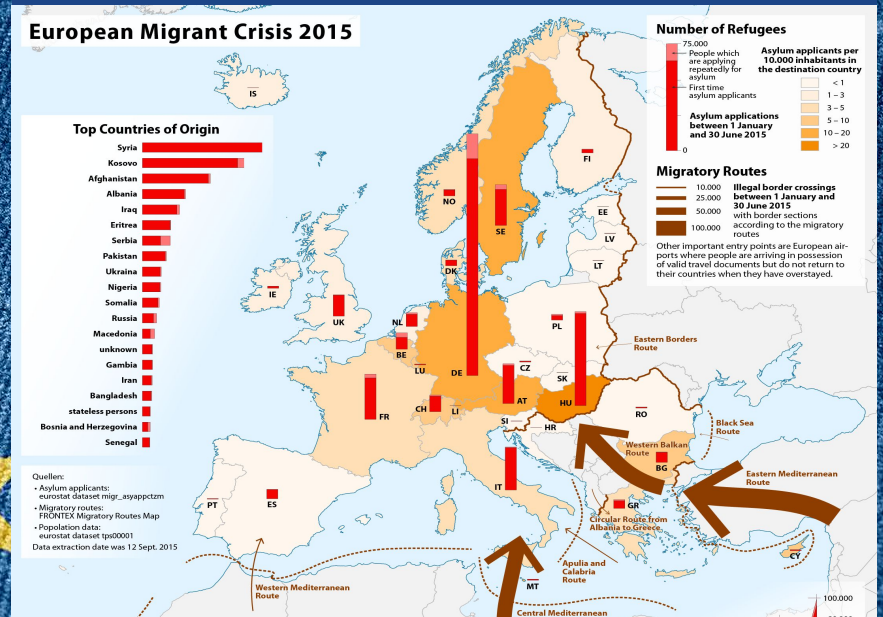
- The EU is considered as the large political and economic union.
- It even has its own currency, which is called EURO that many members used.
- This leads to the stronger credit for countries like Greece, Spain, and Italy.
- The government bonds became in good rating without any change in its manner of spending.

EUROPEAN UNION

- The Greek Financial Crisis



- Migration toward West Europe



BREXIT CAMPAIGN

- Leaving the EU would give
 - More control of its laws and regulations
 - More global influence, not less
 - More freedom to make its global trade deals
 - Less risky option than staying in
 - More control of its borders
 - More money in British citizens

Source: <http://leave.eu/en/the-facts>



BELIEVE
in **BRITAIN**

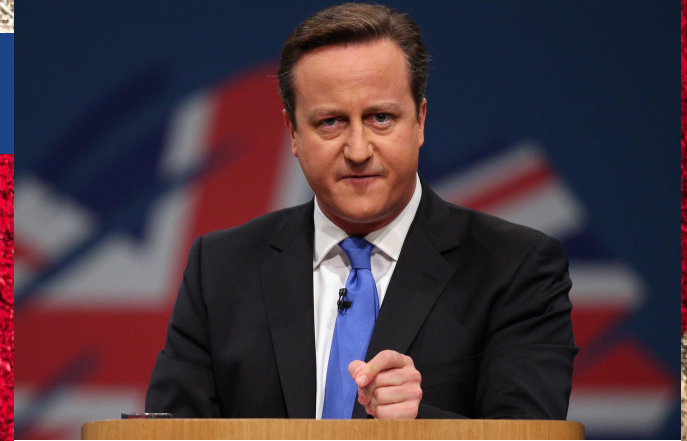


BREMAIN CAMPAIGN

- Leaving the EU would

- Make 3.5 Million British might lose their jobs
- Make British export suffer since more than 50% of UK export rely on EU
- Lead to the renegotiation of many trade agreement
- Lead to higher consumer price e.g. roaming
- Lose the benefit from EU research funding
- Lose the influence in the world consumer market
- More & more million reasons

Source: <http://www.proeuropa.org.uk/twelevereasons>



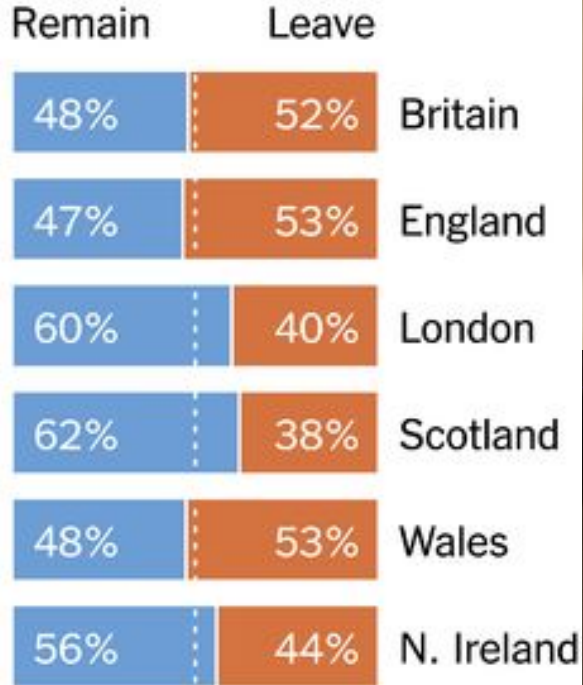
**BRITAIN
STRONGER
IN EUROPE**



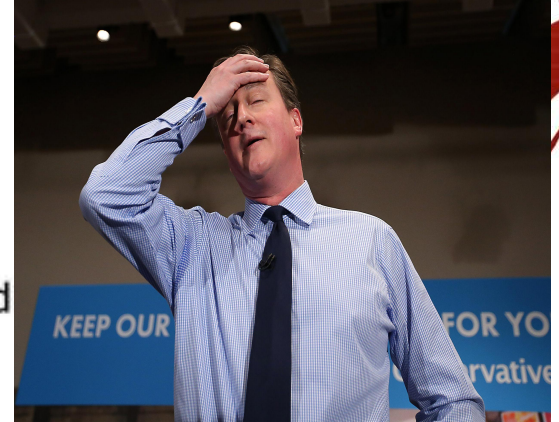
THE UK-EU REFERENDUM, 2016



Results by location

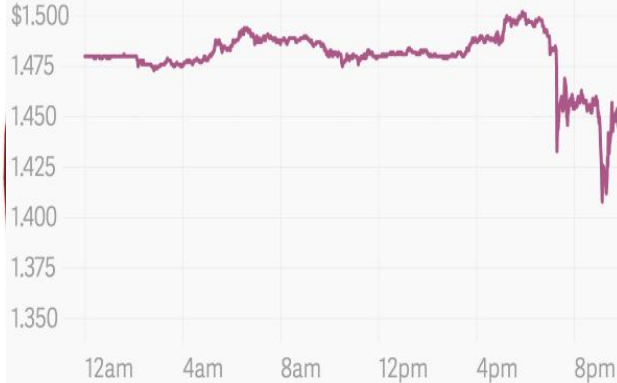


Preliminary results from the BBC.



POST-BREXIT

The value of the British pound as "leave" vote pulls ahead



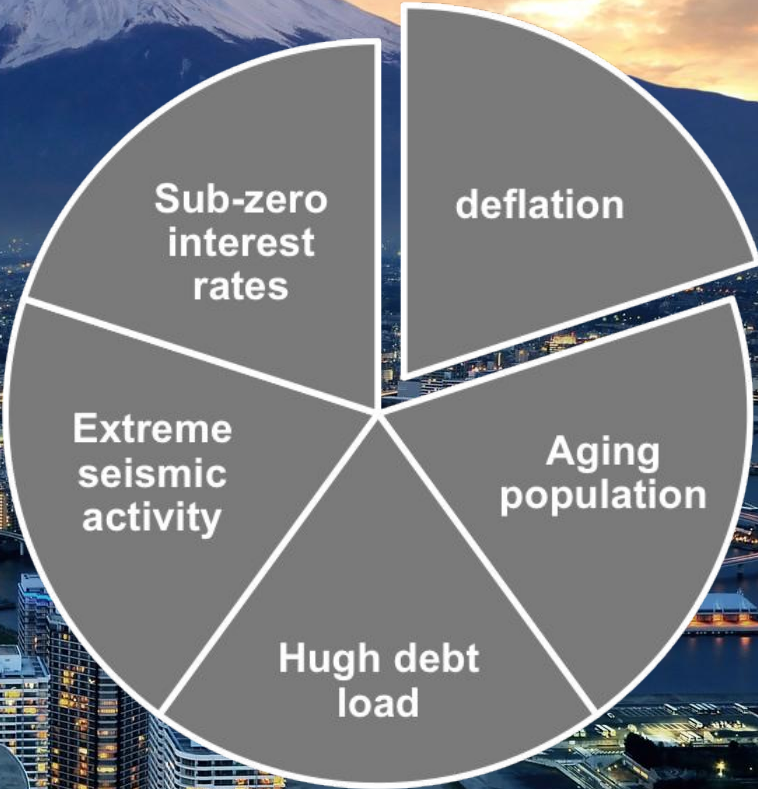
ATLAS | Data: FactSet | US EDT



- The sharp decrease in GB£ against other currencies
- Stock markets around the world crashed afterward
- Many politicians including David Cameron, British PM, resigned
- The power struggling within the parliament and political parties
- Nicola Sturgeon to hold a cabinet meeting at Holyrood

BREXIT EFFECT IN JAPAN

PRE-BREXIT, JAPAN REDEFINES IDEA OF SAFE HAVENS



HOW BREXIT CAME TO BE JAPAN'S WORST NIGHTMARE

EXCHANGE RATE

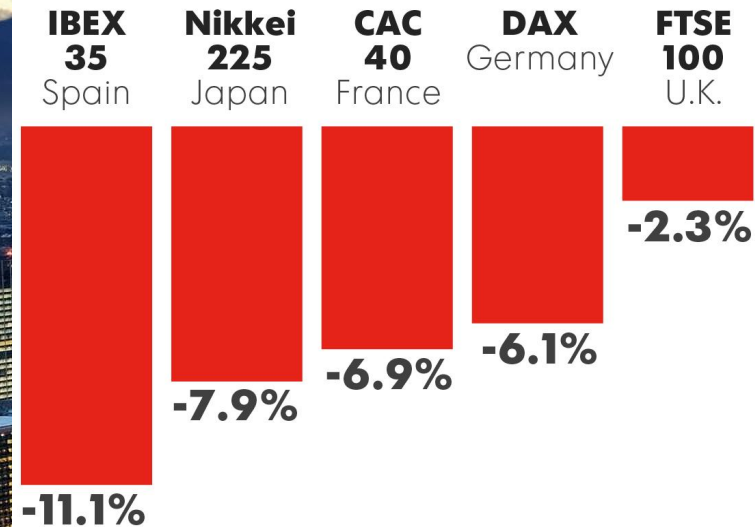
The yen temporarily shot up through 100 to the dollar for the first time in 31 months which would damage manufacturers for the whole country



HOW BREXIT CAME TO BE JAPAN'S WORST NIGHTMARE

STOCKS PLUNGE ON BREXIT VOTE

World markets fell after the U.K. voted on Thursday to leave the European Union.



SOURCE: MarketWatch
George Petras, USA TODAY

 USA TODAY

STOCK EXCHANGE

Consequently, share prices at Tokyo Stock Exchange, where the nearly 1,300 point fall of the Nikkei was the steepest one-day decline in roughly 18 years

JAPANESE MANUFACTURERS MAY BE FORCED TO REVIEW THEIR INVESTMENT

Big Bets On Britain

Japanese auto makers have invested heavily in the U.K., making it an export base for the European market

Top auto makers in the U.K.

AUTO MAKER	NUMBER OF CARS MANUFACTURED	CHANGE FROM 2014
Jaguar Land Rover	2015 489,923	▲ 9.0%
	2014 449,507	
Nissan	476,589	▼ 4.7%
	500,238	
Mini	201,207	▲ 12.4%
	178,993	
Toyota	190,161	▲ 10.4%
	172,215	
Honda	119,414	▼ 2.0%
	121,799	
Others	110,383	▲ 4.7%
	105,396	

Source: Society of Motor Manufacturers and Traders

THE WALL STREET JOURNAL.

- Japanese firms invested in UK may depend on the outcome of the exit negotiation, which will begin only after Britain choose s new Prime Minister
- Even though Britain could still maintain a free trade relationship with the EU and access to the single market

IS BREXIT CONFIRMING ABE'S NIGHTMARE SCENARIO?



MONETARY EASING — low interest rates and a weaker yen to stimulate investment and exports — came up short

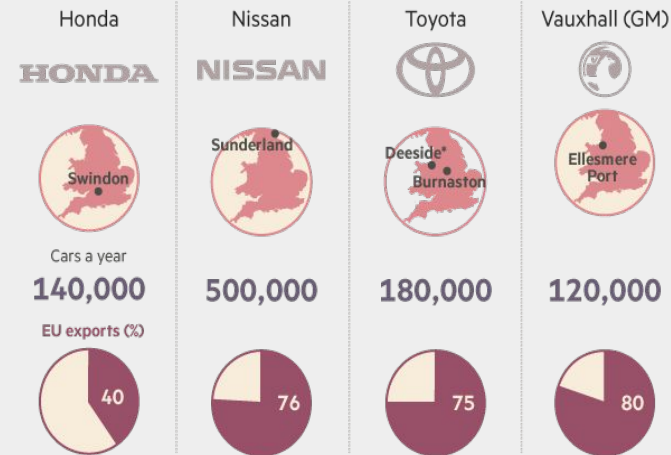
FISCAL STIMULUS created some jobs but did not boost consumer confidence.

STRUCTURAL REFORM — fewer subsidies and regulations and a more flexible labor market — was in danger of being still born.

CONCLUSION



Overseas carmakers' UK plants



- Stability in foreign exchange and financial markets is important for Japanese economic growth, and it looks like the markets are skittish
- Japanese manufacturers have to prepare for the upcoming effects

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THANK YOU

A red circle is centered on a textured, greyish-brown background. Inside the circle, the text "Q&A" is written in a bold, white, sans-serif font.

Q&A