



# Japan' Equity Breakout Following Landslide Election Victory

20 February 2026

- **Japanese Index:** The Nikkei 225 surged above 57,000 following the landslide election victory of Prime Minister Sanae Takaichi, boosting investor confidence.
- **Interest Rate:** Bank of Japan raised its policy rate to 0.75%, with further increases expected.
- **Currency Appreciation:** Anticipation of continued monetary tightening contributed to yen appreciation.
- **Spillover Effect:** The rally generated spillover effects across other Asian equity markets, emphasizing its broader regional impact.

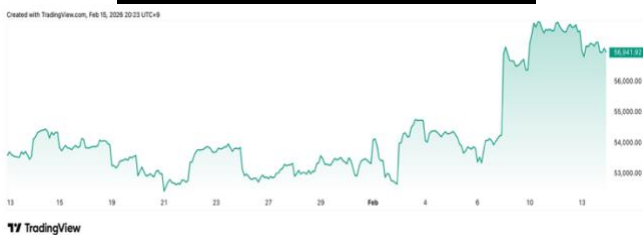
*Global Equity Strategist*  
Kanari Noguchi  
[kanari.noguchi@student.uva.nl](mailto:kanari.noguchi@student.uva.nl)

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*Head of Research*  
Junho Son  
[junho.son@student.uva.nl](mailto:junho.son@student.uva.nl)

The Nikkei 225, Japan's benchmark equity index, surpassed 57,000 points on February 9. The rally followed the landslide victory of Prime Minister Sanae Takaichi's Liberal Democratic Party (LDP) in the February 8 general election.

**Figure 1: Japan 225 Index**



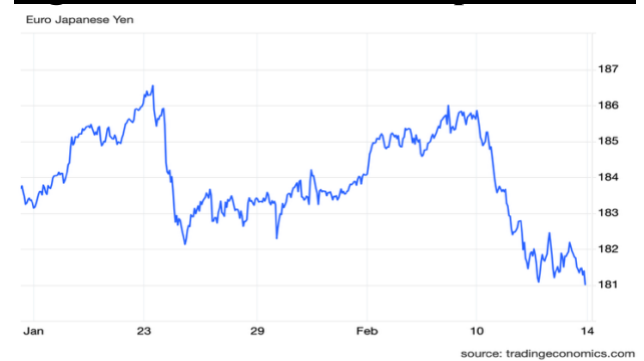
The administration intends to foster a pro-corporate investment environment through tax incentives. Meanwhile, the Bank of Japan raised its benchmark policy rate to 0.75%, marking a 30-year high. Further rate hikes are expected in the near term, according to Prime Minister Takaichi's economic advisor, Honda.

As a result of anticipated expansionary fiscal measures and expectations of further monetary tightening, the yen strengthened after the election result. EUR/JPY fell

sharply from around 186 to near 181, indicating yen appreciation.

The stronger political mandate reduced uncertainty and enhanced policy predictability, stimulating bullish sentiment and raising expectations of stronger demand for equities, particularly in riskier and growth-oriented sectors such as AI and technology.

**Figure 2: EURJPY Euro Japanese Yen**



This market upswing has also shown a spillover to other Asian stock indices, underscoring the broader impact of Japan's policy direction and investor sentiment across the region in the coming weeks.

## Japan - Rates Summary

| Exchange Rates                | Last    | Chg      | 1W % Chg    | 1M % Chg    | 3M % Chg    |
|-------------------------------|---------|----------|-------------|-------------|-------------|
| USD/JPY                       | 153.5   | 0.3      | -2.2        | -3.4        | -0.5        |
| EUR/JPY                       | 181.9   | 0.5      | -1.9        | -1.8        | 1.4         |
| GBP/JPY                       | 208.456 | -0.007   | -2.382      | -2.390      | 2.446       |
| Interest Rates                | Last    | Chg (bp) | 1W Chg (bp) | 1M Chg (bp) | 3M Chg (bp) |
| O/N Call Target Rate          | 0.75    | 0        | 0           | 0           | 25          |
| Basic Discount & Loan Rate    | 1.00    | 0        | 0           | 0           | 25          |
| Short Term Prime Lending Rate | 1.88    | 0        | 0           | 0           | 0           |
| 12-month Bill                 | 1.02    | 1        | 1           | 14          | 30          |
| 10-year Bond                  | 2.23    | 2        | 0           | 9           | 54          |
| O/N LIBOR                     | -1.00   | -        | -           | -           | -           |
| TONAR                         | 0.73    | 0        | 0           | 0           | 25          |

Sources: FactSet Prices, FactSet Interest Rates

## Japan - Commodities Summary

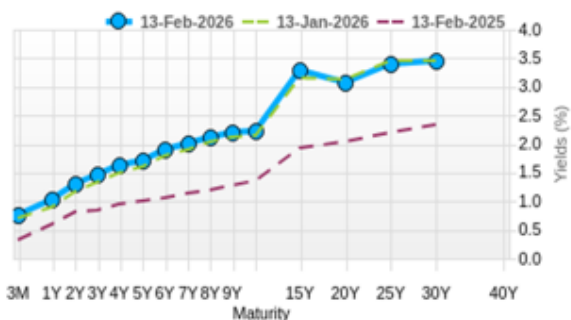
| Energy                                 | Last     | Chg    | % Chg | 1W % Chg | 1M % Chg |
|--|----------|--------|-------|----------|----------|
| Crude Oil Brent ICE Near Term (\$/bbl) | 67.75    | 0.23   | 0.34  | -0.44    | 3.48     |
| Crude Oil NYMEX Near Term (\$/bbl)     | 62.89    | 0.05   | 0.08  | -1.04    | 2.85     |
| Natural Gas NYMEX Near Term (\$/Mmbtu) | 3.24     | 0.03   | 0.81  | -5.23    | -5.15    |
| Metals                                 |          |        |       |          |          |
| LBMA Gold Price PM (\$/ozt)            | 4,994.95 | -48.20 | -0.96 | 0.95     | 8.04     |
| LBMA Silver Price (\$/ozt)             | 77.35    | -6.17  | -7.38 | 3.22     | -9.87    |
| Platinum NYMEX Near Term (\$/ozt)      | 2,071.20 | 57.20  | 2.84  | -1.06    | -11.25   |
| Palladium NYMEX Near Term (\$/ozt)     | 1,697.50 | 47.20  | 2.86  | -2.03    | -10.68   |
| Agricultural                           |          |        |       |          |          |
| Corn (Cen III \$/bu)                   | 4.31     | 0.01   | 0.12  | 0.35     | 3.23     |
| Soybeans (Cen III \$/bu)               | 11.36    | -0.04  | -0.37 | 1.50     | 9.31     |

Sources: FactSet Commodities

## Japan - Economics Summary

| Monthly Indicators                        | Jan-26 | Dec-25  | Nov-25  | Oct-25  | Sep-25  |
|---|--------|---------|---------|---------|---------|
| Current Account Balance (Bil. JPY)        | -      | 2,697.1 | 3,137.8 | 2,476.4 | 4,285.7 |
| Total Bank Loans (Incl. shinkin, %y/y)    | -      | 4.5     | 4.3     | 4.1     | 4.1     |
| Unemployment Rate (%)                     | -      | 2.6     | 2.6     | 2.6     | 2.6     |
| CPI Total (%y/y)                          | -      | 2.1     | 2.9     | 3.0     | 2.8     |
| PPI (%y/y)                                | -      | 2.3     | 2.4     | 2.7     | 2.7     |
| Industrial Production (%m/m, sa)          | -      | -0.1    | -2.7    | 1.5     | 2.6     |
| Total Retail Sales (%y/y)                 | -      | -0.9    | 1.0     | 1.6     | 0.2     |
| Consumer Confidence Index                 | 37.9   | 37.2    | 37.5    | 35.8    | 35.3    |
| Quarterly Indicators                      | Dec-25 | Sep-25  | Jun-25  | Mar-25  | Dec-24  |
| Real GDP (%q/q, sa)                       | 0.1    | -0.7    | 0.5     | 0.3     | 0.5     |
| Tankan Survey, Large Mfg Enterprises D.I. | 15.0   | 14.0    | 13.0    | 12.0    | 14.0    |

Source: FactSet Economics



Source: FactSet Interest Rates

## Japan - Economic Outlook

| National Accounts                     | Q2 '25 | Q3 '25 | Q4 '25 | CY '25 | Q1 '26  | Q2 '26  | CY '26 | CY '27 |
|---------------------------------------|--------|--------|--------|--------|---------|---------|--------|--------|
| Real GDP (% chg, SAAR)                | 2.1    | -2.6   | 0.2    | 1.1    | 1.2     | 1.1     | 0.7    | 0.8    |
| Inflation                             |        |        |        |        |         |         |        |        |
| CPI (% chg)                           | 3.4    | 2.9    | 2.7    | 3.2    | 1.8     | 1.8     | 2.0    | 2.0    |
| Core CPI (% chg)                      | 3.5    | 2.9    | 2.8    | 3.1    | 2.0     | 1.8     | 2.0    | 2.0    |
| Other Indicators                      |        |        |        |        |         |         |        |        |
| Trade Balance (Tril. JPY)             | -0.6   | -0.6   | 0.2    | -2.6   | -       | -       | 3.6    | 7.6    |
| Current Account (Tril. JPY)           | 0.0    | 0.0    | 0.0    | 0.0    | 7,604.1 | 6,376.9 | 195.8  | 217.0  |
| Unemployment Rate (%)                 | 2.5    | 2.5    | 2.6    | 2.5    | 2.5     | 2.5     | 2.5    | 2.4    |
| Interest Rates                        |        |        |        |        |         |         |        |        |
| Uncollateralized O/N Call Target Rate | 0.50   | 0.50   | 0.75   | 0.75   | 0.75    | 0.88    | 1.00   | 1.25   |
| 10 Year Government Bond Yield         | 1.46   | 1.66   | 2.07   | 2.07   | 2.00    | 2.05    | 2.20   | 2.40   |

Sources: FactSet Economics, FactSet Economic Estimates

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