

**Statement by Takeshi Niinami, Chairperson of Keizai Doyukai
on Nikkei Average Rise to a Record High after 34 Years**

1. Japan's Nikkei Stock Average has today surpassed its all-time high, set 34 years ago on December 29, 1989. For now, we can take it as a positive sign for the revitalization of Japanese economy. While the current stock prices are deemed to reflect strong expectations for Japanese economy, they are widely divergent from the real economy, giving no space for too much excitement now. Without enhancement of the real economy that should squeeze the divergence, maintaining the current level of the stock prices would be too challenging. The year 2024 is a watershed for Japan to pull out of the economic slump. Thus, it is essential to achieve higher disposable income through sustainable wage hikes by the efforts of public and private sectors.
2. Behind the current booming stock markets in Japan is a series of factors, such as momentum of a full exit from prolonged deflation, the drive of wage hikes, the request of the Tokyo Stock Exchange to companies for higher capital efficiency, and the development of Chinese economy and those of other countries. However, it is unquestionable that the expectations for a rebound of Japanese real economy is the root cause of the markets' upswing. Therefore, it is necessary to ensure efforts to solidify a sustainable growth trajectory.
3. To be more specific, individual companies must actively invest in human resources such as by constant wage hikes, and in innovative creations for digital technology like labor-saving AIs, sustainability, a society of good health and longevity, and other products and services, so that they will restore economic dynamism. In addition, we request the government to activate labor mobility, which encourages a labor shift to ambitious SMEs and new growth areas, while creating business environment that facilitates industrial realignment and implementing measures that do not hinder corporate renovations.

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