

The Japanese stock market has commenced an oversold rally

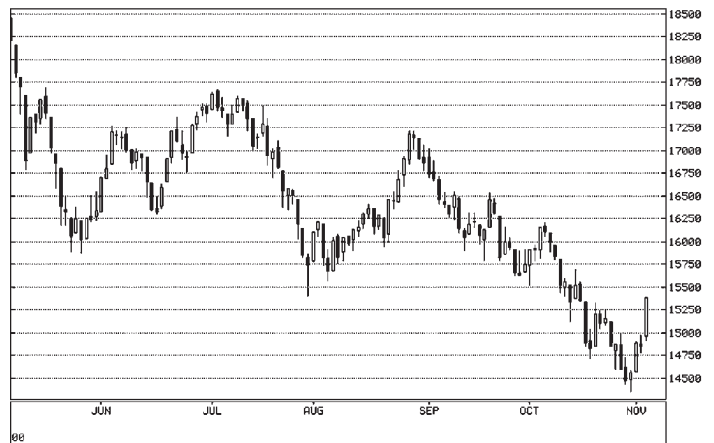
This rebound could continue for at least a month or two but a weaker yen is probably required for a longer-term recovery - Japan has now joined the global stock market rally. The first signs of improvement occurred last Wednesday and today's big upward dynamics confirm that lows of at least near-term significance have been established for the three Japanese indices shown. Judging from the last two technical rebounds this firmer tone should at least persist through November. However it could easily last longer, having started from a lower and therefore more oversold level. The widely followed Nikkei 225 Stock Average, which saw its best gain today for 10 months, had declined into its September 1998 to March 1999 trough*, which launched the last big rally. Key influences over the next few weeks will be the NASDAQ and other major indices since the Japanese market has generally been a laggard in recent years. The main reason for this, in my view, is the too strong yen, which continues to impede Japan's economic recovery. Chart readers will note that Japan's three indices shown here have lower rally highs, indicating that the overall downtrends are still in force. Nevertheless I expect a rally of at least 2000 points from the Nikkei's recent low on 31st October at 14333. It will probably be stronger if the European and North American share indices remain firm through yearend 2000 and/or the yen weakens.

* See p&f charts in FM197 or the comprehensive selection of charts from INTERNATIONAL on our website www.fullermarkets.com. You will need a member login name to access these charts.

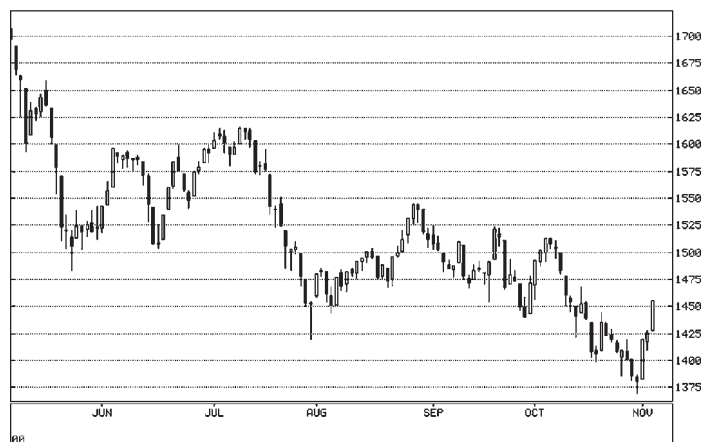
Squawk Box on CNBC Europe - My next two appearances as co-host for this show will be Thursday 16th November and Tuesday 19th December. Squawk Box is broadcast from 7 to 9am GMT. The producers welcome questions by email from viewers. These should be sent to either intake@cnbceurope.com or squawkbox@cnbceurope.com.

Best regards - David Fuller

Nikkei 225 Stock Average : 15371 (Daily)



Tokyo Topix Index : 1455 (Daily)



Tokyo Second Section Index : 2238 (Daily)

