

# JAPAN AT AN ECONOMIC TURNING POINT

## THE TAKAICHI STRATEGY



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# JAPAN JUST CREATED A GLOBAL SURPRISE

**Sanae Takaichi** becomes the country's first female Prime Minister on October 21, 2025, and announces **a massive stimulus plan** to boost the economy.

Markets react **immediately**: **Japan** returns to the spotlight for investors.







# MARKETS SOAR

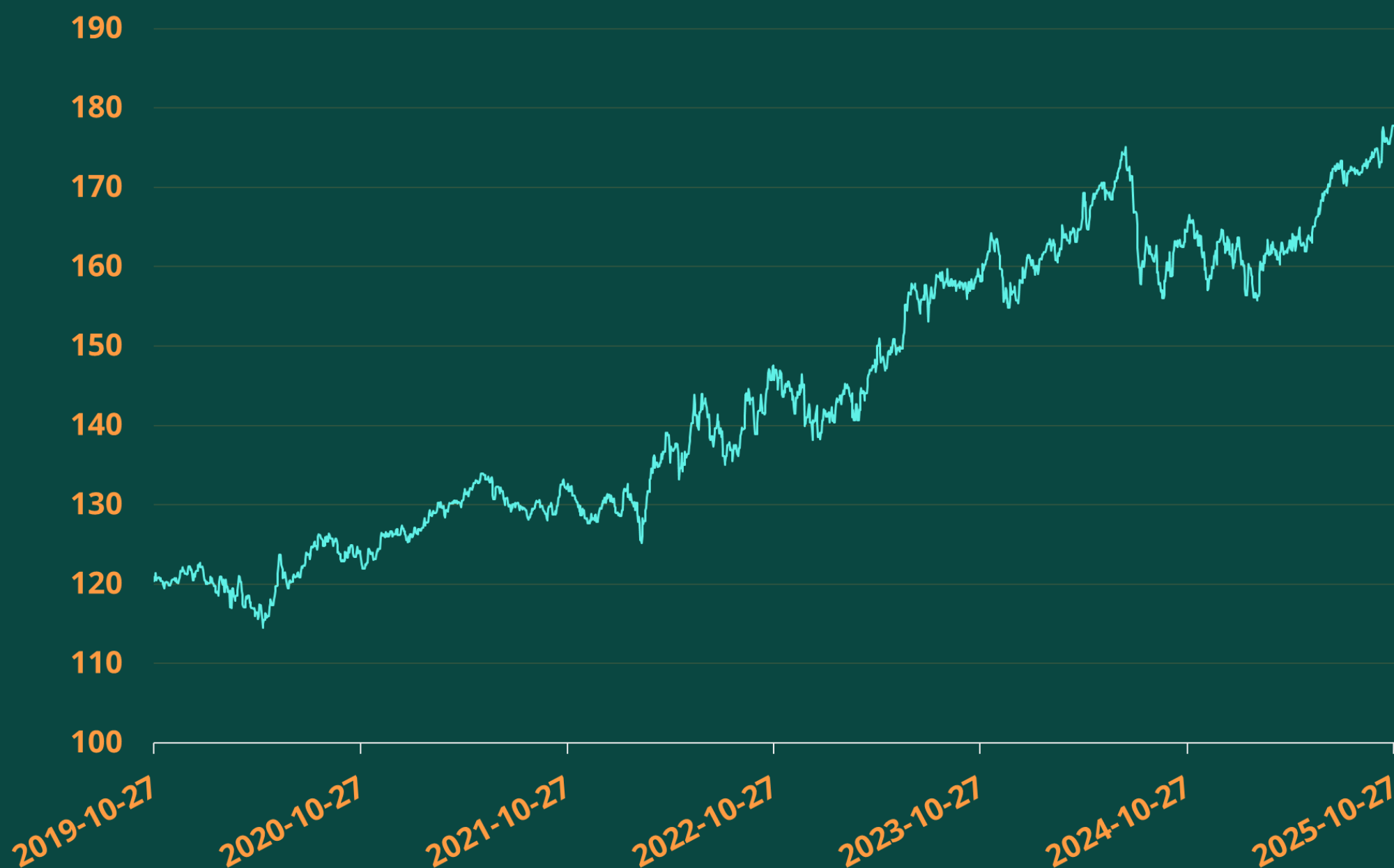
The Nikkei **225 index soars to new heights**, reaching an all-time record of over 50,000 points. Investors have indeed bet on a large-scale stimulus cycle, with subsidies for technology, industry, and defense.

**Japan establishes itself as Asia's leading market at the end of 2025.**



# EUR/JPY: A HISTORIC SURGE

EUR/JPY: HISTORICAL CHART







Between January and October 2025, the **yen depreciated by 9.1%** against the euro, with the EUR/JPY pair recently hitting **an all-time high of over 177**.

Three key drivers:

- Divergence in monetary policies (ECB vs. BoJ)
- Repositioning of investor flows
- Expectations of fiscal stimulus

**A more structural than volatile move**, confirming the decisive role of interest rate differentials.





## MARKET EUPHORIA

# TENSION IN THE REAL ECONOMY

This dynamic benefits major exporters and industrial groups.

However, domestically, households face rising prices for housing, energy, and food.

**Inflation**, still **above the BoJ's target**, is weakening purchasing power and fueling debate.







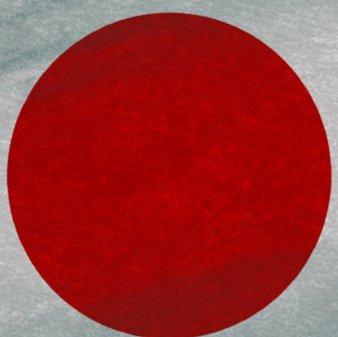
# BOND MARKETS SEND A SIGNAL

Japanese **long-term interest rates** rise to concerning levels:

- 30-year: **3.09%**
- 40-year: **3.40%**

Investors are demanding higher returns to finance **public debt** already exceeding **240% of GDP**.

Japan's fiscal credibility is back in the spotlight.





# THE TAKAICHI PLAN

**Spend Big:** The new Prime Minister outlines her agenda.

An ambitious program to revitalize rural areas, modernize infrastructure, and support strategic sectors such as defense and technology.

日本  
JA  
PA  
NO

Is it enough to counter aging  
and stagnant wages?







# DEBT: A RISK ACCEPTED?

Sanae Takaichi advocates a clear approach:  
“Growth before fiscal discipline.”

Yet each new debt issuance further increases  
pressure on the markets.

Japan is banking on stimulus to break free from  
stagnation, at the risk of undermining investor  
confidence.



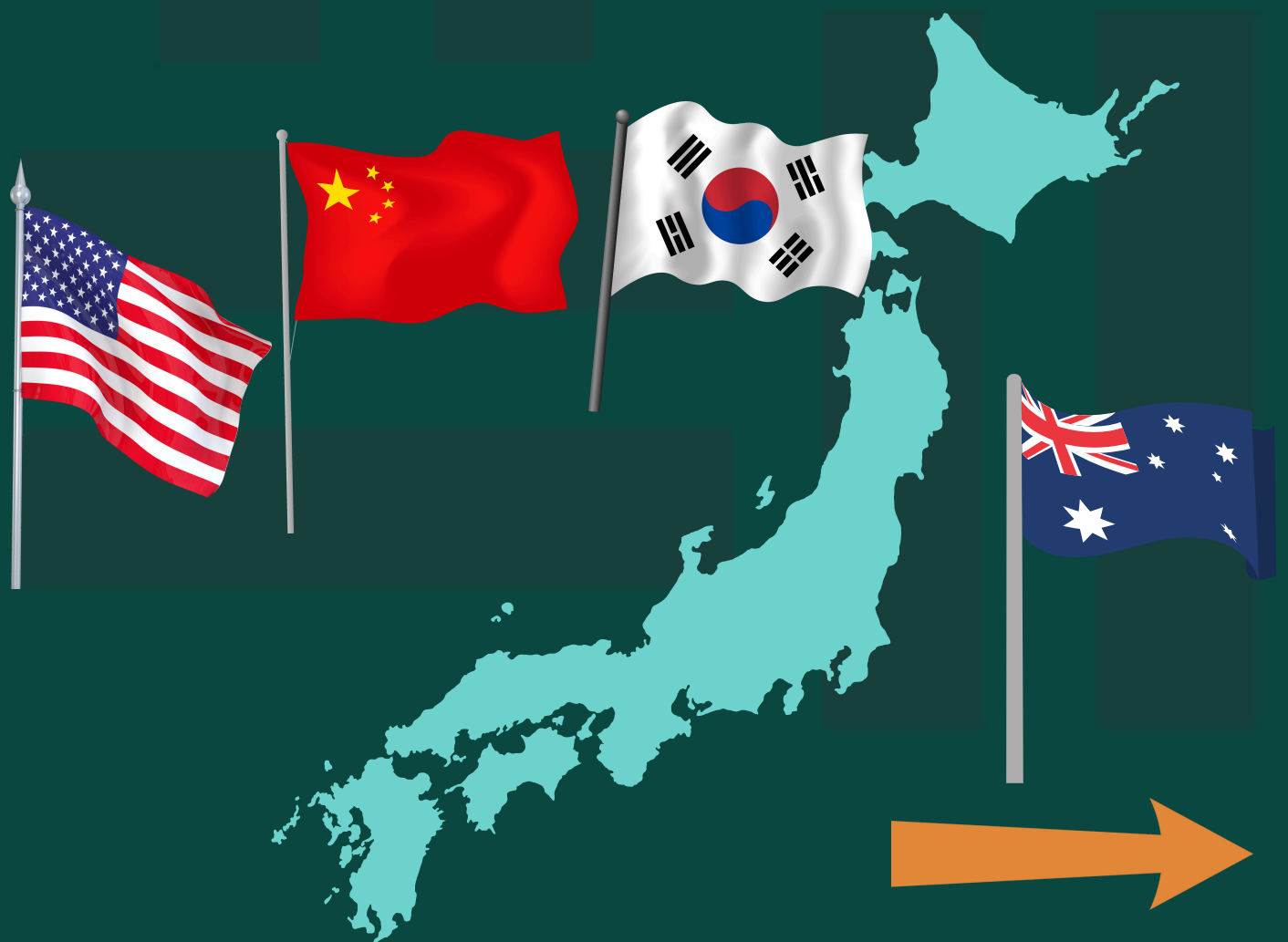
# AN INTERNATIONAL REPOSITIONING

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Sanae Takaichi takes a firmer stance on the international stage.

Strengthening the **alliance with the United States**, increasing cooperation with South Korea and Australia, and taking a **tougher stance toward China**.

This posture could heighten **regional tensions** and influence the **volatility of Asian currencies**.







## A LOCAL STORY

# GLOBAL EFFECTS

For European companies, caution remains essential. A more volatile yen, Japanese interest rates weighing on global markets, and a stimulus whose effects are already spreading across Asia.

*Japan's story is not an isolated case.*

It illustrates the fragility of the balance between debt, growth, and monetary confidence. Reading these signals and understanding their transmission has become, more than ever, a matter of informed decision-making.







**Let's discuss it if you want to address issues related to currency hedging or interest rates tied to the Japanese yen.**

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