

Japan's "Visitor Arrivals" continues to renew its record high

Trend in number of foreign tourists is reported in the "Visitor Arrivals", statistics released by the Japan National Tourist Organization (JNTO). The estimated "Visitor Arrivals" from top 20 countries and regions of the previous month are released in the end of following month. Foreign visitors to Japan in year 2016 was 24.04 million which surpassed 20 million for the first time. Under Japanese economic growth strategy known as "2016 Japan Revitalization Strategy", Abe administration had set the target to welcome 40 million "Foreign Visitors" by year 2020.

Point 1

"Visitor Arrivals" in April was 2.58 million, renewed its record high of single month

In addition to calendar effect, charm of Japanese spring such as cherry blossoms seems to become popular amongst foreign visitors

- The "Visitor Arrivals (estimate)" in April 2017 was released by JNTO on 19th May. The number rose +23.9% YoY to 2.579 million. This was a record high of single month surpassing 2.296 million of July 2016.
- This was due to calendar effect (holidays such as Easter holidays, Qingming Festival of China and Songkran Festival of Thailand were held in April) in addition to (i) increase in air transportation capacity such as increase in seat numbers and expansion of air route, (ii) increase in number of port calls by cruise ships and (iii) continuous promotion of so called "Visit Japan Campaign" by the Japanese government. Also, it seems that visit to Japan was motivated by popularity of charm of Japanese spring represented by cherry blossoms.

Point 2

"Visitor Arrivals" increased in all of top 20 countries and regions 13 countries and regions renewed their record highs

- With regard to year-on-year growth rate of "Visitor Arrivals" by countries and regions, all of the listed 20 countries and regions saw increase.
- Moreover, 13 countries and regions such as Taiwan, Hong Kong, Thailand, Indonesia, USA and UK renewed their record highs as a single month and rest of 7 countries and regions such as South Korea, China, Malaysia, Australia and Italy renewed record high of the month of April.
- The viewing of cherry blossoms in Tohoku region and Tateyama Kurobe Alpine Route attracted tourists from Taiwan and Malaysia. On the other hand, growth pace of visitor numbers from China slowed down as supply of aviation seat has increased only marginally although port calls by cruise ships underpinned number of visitors from China.

"Visitor Arrivals (April 2017) "

Country/Region	Visitor Nos	Change (%)
S. Korea	554,600	56.8
China	528,800	2.7
Taiwan	413,300	7.6
Hong Kong	209,400	64.6
USA	141,100	23.6
Thailand	138,600	5.8
Philippines	62,000	47.8
Australia	56,200	41.8
Indonesia	45,200	45.0
Malaysia	43,200	13.6
Total	2,578,900	23.9

(Note) Estimated figures by JNTO. Top 10 countries. YoY change.

(Source) SMAM, based on JNTO data.

“Visitor Arrivals” of year 2017 is expected to renew record high like the previous year

- “Visitor Arrivals” in year 2016 increased by +21.8% YoY to 24.039 million which was its record high since year 1964 when data of “Visitor Arrivals” was first announced. If current pace of growth continues, “Visitor Arrivals” of 2017 is expected to be around 28 million and will likely renew its record high.

■ Disclaimer

Please read this disclaimer carefully.

- This material is for non-Japanese institutional investors only.
- The research and analysis included in this report, and those opinions or judgments as outcomes thereof, are intended to introduce or demonstrate capabilities and expertise of Sumitomo Mitsui Asset Management Company, Ltd. (hereinafter “SMAM”), or to provide information on investment strategies and opportunities. Therefore this material is not intended to offer or solicit investments, provide investment advice or service, or to be considered as disclosure documents under the Financial Instruments and Exchange Law of Japan.
- The expected returns or risks in this report are calculated based upon historical data and/or estimated upon the economic outlook at present, and should be construed no warrant of future returns and risks.
- Past performance is not necessarily indicative of future results.
- The simulated data or returns in this report besides the fund historical returns do not include/reflect any investment management fees, transaction costs, or re-balancing costs, etc.
- The investment products or strategies do not guarantee future results nor guarantee the principal of investments. The investments may suffer losses and the results of investments, including such losses, belong to the client.
- The recipient of this report must make its own independent decisions regarding investments.
- The opinions, outlooks and estimates in this report do not guarantee future trends or results. They constitute SMAM’s judgment as of the date of this material and are subject to change without notice.
- The awards included in this report are based on past achievements and do not guarantee future results.
- The intellectual property and all rights of the benchmarks/indices belong to the publisher and the authorized entities/individuals.
- This material has been prepared by obtaining data from sources which are believed to be reliable but SMAM can not and does not guarantee its completeness or accuracy.
- All rights, titles and interests in this material and any content contained herein are the exclusive properties of SMAM, except as otherwise stated. It is strictly prohibited from using this material for investments, reproducing/copying this material without SMAM’s authorization, or from disclosing this material to a third party.

Registered Number: Kanto Local Finance Bureau (KINSHO) No.399

Member of Japan Investment Advisers Association, The Investment Trusts Association, Japan and

Type II Financial Instruments Firms Association

© Sumitomo Mitsui Asset Management Company, Limited

