

Nikkei Quick News, March 11th 2011,

Mr. Klein's comment on the Japanese Stock market: By Rie Yokouchi

The devastating earthquake is so shocking that it makes the comportment of the Japanese citizenry, as a kind and law abiding people even more stunning. While no one could ever be "equipped" to deal with such an event logistically, this mega-crisis has certainly underscored the Japanese people's spiritual fortitude with which to deal with such an unspeakable nightmare. In this regard, no one could be better "equipped."

The Nikkei can go down to 9,500 or so, but I expect a sharp recovery. The Japanese stock market will outperform compared to the rest of the world. Since the Bank of Japan is likely to maintain a very accommodative monetary policy, the Yen will weaken sharply as I have been writing since the fall, to deal with enormous deficits; this bodes well for the Japanese stock market.

The Nikkei is below the Dow Industrial Average and I therefore consider it very cheap, comparatively speaking. The Nikkei will likely achieve parity with Dow over the next 1-3 years, en route to a taking on a 1700 points premium.

17,000 on the Nikkei is possible longer term, if global markets don't melt altogether. However, I strongly recommend buying Japanese stocks and selling American equities, as a safer long/short investment.