

## Monthly Report

### May Market Outlook

May 2017  
Daiwa Asset Management Co.Ltd.

**Japanese Equities:** Corporate earnings maintain upward trend despite slightly weak company business plans for new fiscal year

Nikkei Average	April end	MoM
	19,196.74 Yen	1.52%

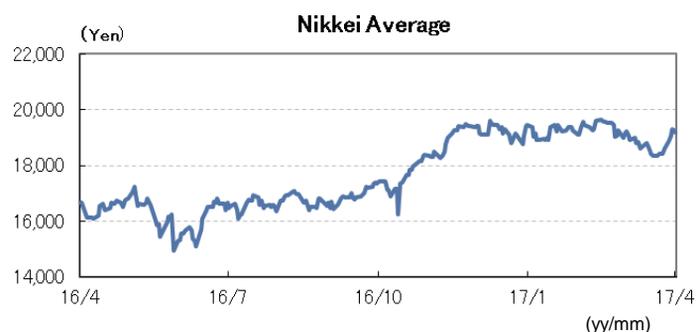
#### [Market review in April]

Equity prices which dropped due to geopolitical risks to recover in second half. Equity markets in Japan rose. In the first half of the month, equity prices dropped in a negative response to higher geopolitical risks over North Korea, and a higher yen which was temporarily strengthened to just above 108 yen to the dollar. In the second half of the month, however, equity prices rose due to a lull in the higher yen after U.S. Treasury Secretary Mnuchin's remarks to accept a strong dollar in the long term as well as a reassuring outcome of much focused French presidential election.

#### [Outlook]

There is no denying that equity markets in Japan continue to be uncertain due to geopolitical risks. On the other hand, Japanese companies' financial results for FY2016, which were announced by the end of April, showed generally steady results. Companies' business plans for FY2017 which were shown along with the announcement of financial results were slightly conservative as usual. However, given many companies are assuming a higher yen than the current level, corporate earnings are likely to be maintaining increasing trends, and equity prices are expected to remain steady.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> <li>● Expectations for the Trump administration in the medium term.</li> <li>● Stable economic activities and corporate earnings.</li> </ul>	<ul style="list-style-type: none"> <li>● Concerns about protectionist policies of the Trump administration in the U.S.</li> <li>● Heightened geopolitical risks .</li> </ul>



\*Source: data from Nikkei Inc. Daiwa Asset Management

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