

Monthly Report

December Market Outlook

December 2017
Daiwa Asset Management Co.Ltd.

•**Japanese Equities:** Markets reassured after small adjustments, waiting for the next news that will boost equity prices for the time being

Nikkei Stock Average	November end	MoM
	22,724.96 Yen	3.24%

[Market review in November]

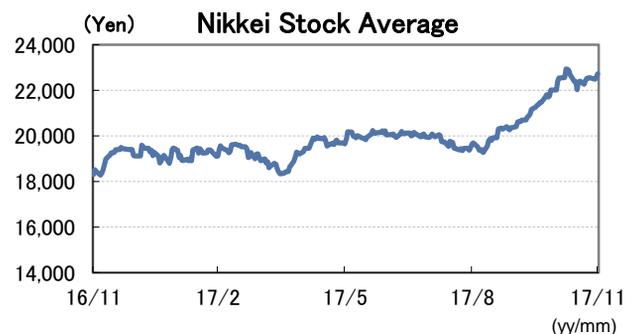
Positive for the month after consolidation

Equity markets in Japan rose. At the start of the month, equity prices were on an increasing trend, supported by solid financial results from domestic companies. Mid-month, while equity prices decreased due to caution about their rapid rise, the magnitude of the decrease was smaller than that of the increase since September. In the second half of the month, equity prices resumed their upward trend, responding favorably to the progress of the tax reform bill in the US.

[Outlook]

It appears that by going through consolidation once, the market formed the reassuring sentiment that a decline in equity prices would be limited unless there is additional negative news. On the other hand, we think there are not sufficient reasons for the recent high prices to be exceeded immediately. Basically, expecting equity prices to follow a gradual upward path based on increases in corporate earnings, we will pay attention to developing factors that could push equity prices upward, including US tax reforms.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> ● Stable economic activities and corporate earnings. ● Progress in the U.S. tax cut policy 	<ul style="list-style-type: none"> ● Heightened geopolitical risks ● Retreat from monetary easing and acceleration of tightening by US and European central banks



*Source: data from Nikkei Inc. prepared by Daiwa Asset Management

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