

## Monthly Report

### November Market Outlook

November 2018  
Daiwa Asset Management Co.Ltd.

•**Japanese Equities:** Equity Prices Have Been Considerably Adjusted While Uncertainties Increased

Nikkei Stock Average	October end	MoM
	21,920.46 Yen	-9.12%

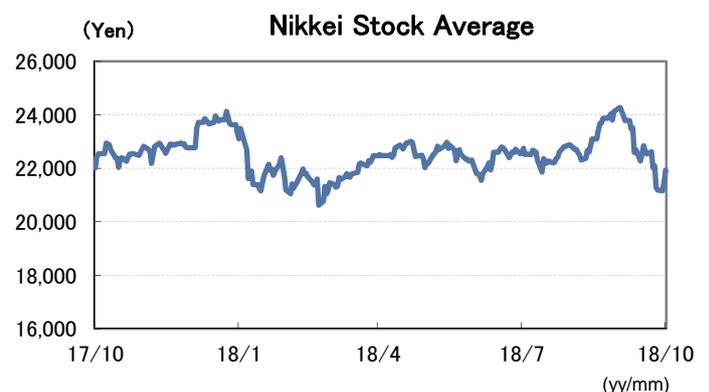
#### [Market review in October]

Equity prices in Japan dropped. In the first half of the month, equity prices dropped due to concerns about falling equity prices in the U.S. with the increase in U.S. long-term interest rates. During the second half of the month, equity prices dropped again, negatively responding to the decline in demand for some areas according to the announcements of financial results in Japan and abroad. The month as a whole saw a substantial decrease, although equity prices rebounded at some phase toward the end of the month as a reaction to the excessive selling.

#### [Outlook]

Financial results of companies in Japan announced so far have been mixed with favorable and unfavorable ones, but we regard them as slightly weak as a whole. Nonetheless, we still have some expectations to see more solid results going forward, because announcements of financial results have somehow been led by areas which are experiencing a deceleration in business conditions including those related to capital goods and semiconductors. Moreover, while equity prices have been adjusted substantially, given that in foreign exchange markets the yen remains slightly weaker than in company plans, we expect there will be considerable room for equity prices to rebound in the short term.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> <li>● A lull in or waning of concerns about trade frictions</li> <li>● Solid economic activities and corporate earnings</li> </ul>	<ul style="list-style-type: none"> <li>● Deterioration of the U.S.-China relationship</li> <li>● Further strengthening of U.S. protectionism</li> <li>● Deceleration of the Chinese economy</li> </ul>



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

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