

## Monthly Report

### November Market Outlook

November 2019  
Daiwa Asset Management Co.Ltd.

•**Japanese Equities:** Market Now Looks for Good News to Turn Around Fundamentals

Nikkei Stock Average	October end	MoM
	22,927.04 Yen	5.38%

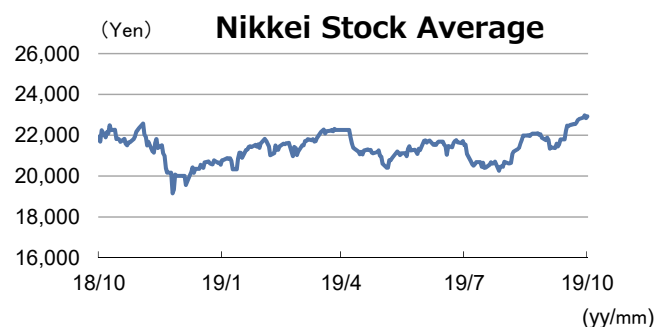
#### [Market review in October]

Equity prices in Japan rose. Early October saw weakness in economic indicators such as a fall in the U.S. business confidence index, resulting in a drop in equity prices. Afterwards, however, high-level U.S.-China talks boosted expectations for progress toward ending the trade war, and concerns over the Brexit without an agreement waned. All this was viewed favorably by equity markets, raising equity prices considerably in the month.

#### [Outlook]

With heightened expectations for improvements in U.S.-China relations as a starting point, market sentiment is running high and equity prices are rising. There is no risk factor at the moment that could dampen the market unless the U.S.-China trade negotiations suddenly break down. In our view, on the other hand, equity price indices suggest that equities are getting expensive, and investors are beginning to wonder if equity prices have further upside to go. The near-term focus of attention is whether any good news will come in that helps improve fundamentals (basic economic conditions) with positive sentiment.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> <li>● A waning of concerns about trade frictions</li> <li>● Accommodative policies of central banks</li> <li>● Economic stimulus package and recovery of economic activities in China</li> </ul>	<ul style="list-style-type: none"> <li>● Global economic slowdown</li> <li>● Further strengthening of U.S. protectionism</li> </ul>



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

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