

【Japanese Equity Market Outlook】

“Likely to pick up the pace of improvement ”

Nikkei 225 Average	November end	MoM
		8434.61

【Market review in November】

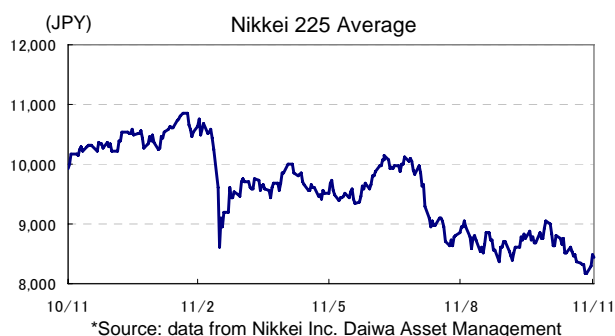
In November, the Japanese equity market continued to decline, though nearing the end of the month, it got slightly improved. In the early part of the month, the market was negatively affected by a financial institution’s bankruptcy in the US and political uncertainties in Greece and Italy. This impacted the equity market which was started with a bearish tone. After that, the spike in Italian, Spanish and European bond yields, and poor results of German Sovereign bond auctions drove equity markets downwards. The break down of negotiations in the bipartisan committee of the US on the reduction of fiscal deficit also led to negative sentiment in the equity markets. However, near the end of the month the expectation that feasible measures will be taken on European debt crisis, along with positive prospects of year-end shopping in the US partially brought positive momentum to the equity market.

【Outlook】

In spite of unstable factors, the equity market is expected to strengthen gradually in December. It is anticipated that the issues related to European debt crisis might influence the markets and make them vacillate to a great extent for certain period of time. However, once a concrete rescue plan for Greece comes into force, the level of uncertainty in the markets is expected to subside. Apart from Europe, the US economy is somewhat bottoming out. In addition, emerging countries are heading to adopt easier monetary policies which appear to give impetus to strengthen the economy. There is no doubt that European debt crisis remains an unfavorable issue, but apart from that, the other negative factors in the market appears to be subsiding. Therefore, once the European debt crisis heads towards improvement, investors’ confidence would improve faster than expected.

【Points】

Positive Factors	Negative Factors
<ul style="list-style-type: none"> Concrete solution for European Sovereign debt crisis Recovery of the US economy Boost of domestic demand by the implementation of a large scale supplementary budget 	<ul style="list-style-type: none"> Disagreement among EU member countries for the solution of sovereign debt crisis Appreciation of Yen



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