

## Monthly Report

### March Market Outlook

March 2013

Daiwa Asset Management Co.Ltd.

#### [Japanese Equity Market Outlook]

Nikkei 225 Average	February end	MoM
	111559.36	3.78%

#### Japanese equities are expected to continue volatile price movements

##### [Market review in February]

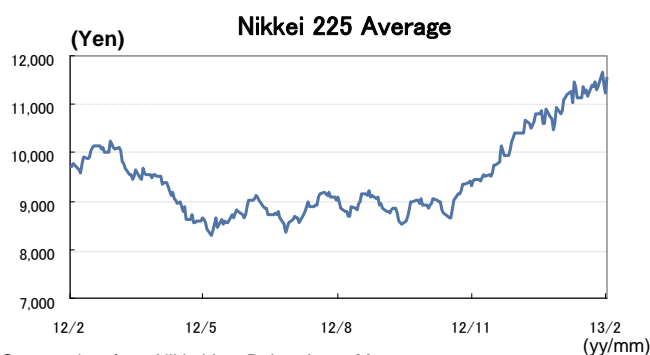
In February, equity markets rose moderately during the month as a whole, with volatile fluctuations in price on many days. In the first half of the month, equity prices rose and fell continuously, with factors such as the heightened expectations for reinforced monetary easing following the announcement by Bank of Japan (BOJ) Governor Shirakawa of his early resignation pushing up equity prices on the one hand, while a momentarily strengthened yen and other factors driving down equity prices on the other. During the latter half of the month, equity prices rose, in a favorable response to the events such as: G20 (20 major countries/area) Finance Ministers and Central Bank Governors' Meeting where criticism of the weak yen was avoided; the heightened possibility of participation in the Trans-Pacific Strategic Economic Partnership Agreement (TPP) negotiations; and news reports speculating personnel changes of the BOJ Governor and Deputy Governors. Nonetheless, equity prices dropped at one point near the end of the month, following the election results in Italy.

##### [Outlook]

In March, equity markets are expected to continuously show volatile price movements. Factors for pushing up equity prices include: the realized effects of economic stimulus measures after the passage of the supplementary budget; the announcement of participation in TPP negotiations; changes of BOJ Governors and Deputy Governors; and the recovering trend of overseas economic activities. On the other hand, factors for driving down equity prices include: uncertainties about the political situation in Italy; difficulties of expenditure reduction negotiations in the U.S.; pause in the trend of a weak yen; and reaction to the hitherto rapidly rising equity prices. These factors, with their degree of influence changing from time to time, are expected to form very short-term waves. Nevertheless, overall markets are likely to remain steady; looking at fundamentals, there is gradual improvement in the actual economic conditions.

##### [Points]

Positive Factors	Negative Factors
<ul style="list-style-type: none"> <li>Bold monetary easing by the BOJ</li> <li>Global trend of economic recovery</li> <li>Expectations for the growth strategy including participation in TPP</li> </ul>	<ul style="list-style-type: none"> <li>Concerns about destabilizing European financial markets</li> <li>Difficulties of expenditure reduction negotiations in the U.S.</li> <li>Reaction to the trend of hitherto rapidly weakening yen and rising equity prices</li> </ul>



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

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