

[Japanese Equity Market Outlook]

Nikkei 225 Average	March end	MoM
	12,397.91	7.25%

Rising trend of Japanese equities is expected to continue with some unstable phases

[Market review in March]

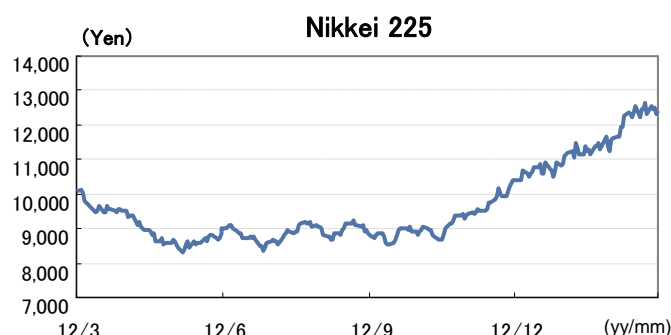
In March, equity markets rose until the middle of the month, followed by some drops. We saw equity prices rising rapidly early in the month, due to the heightened expectations for the U.S. economic recovery after the series of announcements of good economic indicators in the U.S., and further weakening of yen. The rise of equity prices was also attributable to the heightened expectations for monetary easing caused by such events as the parliamentary hearings on the policy of the candidates for Governor and Deputy Governors of the Bank of Japan (BOJ). During the middle of the month, the continued improvement of U.S. economic indicators pushed up equity prices. At some point, however, they dropped following the confusion about financial support for Cyprus. Later in the month, equity prices dropped somewhat, owing to the increased concerns about Europe over such issues as the state of Cyprus and the political situation in Italy.

[Outlook]

As for equity markets in April, the overall rising trend is expected to continue with some possible unstable phases in the short term. The most imminent point of attention right now is the BOJ Monetary Policy Meeting scheduled on April 3-4. The BOJ with the new management team is likely to announce a first round of bold monetary easing. Since markets appear to have already taken it into account to some extent, there is a possibility that the profit-taking might prevail. After that, however, expectations for the continued monetary easing are likely to strengthen again. Besides the monetary policy, equity prices are expected to be favorably influenced by the improvement of economic activities at the moment, the progress of policy debates toward deciding a growth strategy scheduled in June, and the like.

[Factors]

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



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