Monthly Report

December Market Outlook

[Japanese Equity Market Outlook]

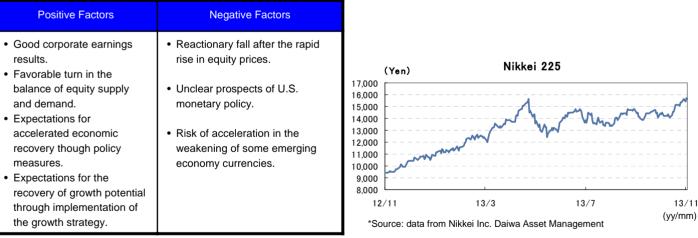
Steady markets are expected due to improved balance of equity supply and demand, expectations for upward revision of earnings.

[Market review in November]

In November, equity markets rose substantially. Early in the month, equity prices dropped, due in part to the lower than expected earnings of some major companies. When the U.S. employment statistics for October that exceeded expectations considerably were released on November 8, however, foreign exchange markets saw a rapidly weakening yen, while equity prices starting to rise markedly. The fact that the next Federal Reserve Board (FRB) chair Yellen expressed her cautious stance towards early tapering of monetary easing also had a favorable impact on equity markets. Later, while declining temporarily as the reactionary fall after the rapid rise, Japanese equities continued their rising trend, following the further weakening of the yen amid the U.S. equities continuously revising record high.

[Outlook]

In December, while there might be a lull following the rapid rise in November, equity markets are expected to maintain the rising trend due in part to the favorable turn in the balance of equity supply and demand. Despite the expected selling of equities owing to the termination of the preferential tax treatment for securities, the balance of equity supply and demand is likely to be gradually more favorable, with foreign investors typically buying more from the year-end to the start of the new year, as well as the expected positive impact of the Nippon Individual Savings Account (NISA). Expectations for further upward revision of corporate earnings are likely to be heightened reflecting the further weakening of the yen at the moment, in addition to the good results for the April-September period. With economic indicators on a recovery trend as a whole, the investment climate in December appears to be relatively favorable.



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Daiwa Asset Management Co.Ltd.

Nikkei 225 Average	November end	МоМ
	15,661.87	9.31%