

【Japanese Equity Market Outlook】  
Recovery trend to continue

Nikkei Average	October end	MoM
	19,083.10 yen	9.75%

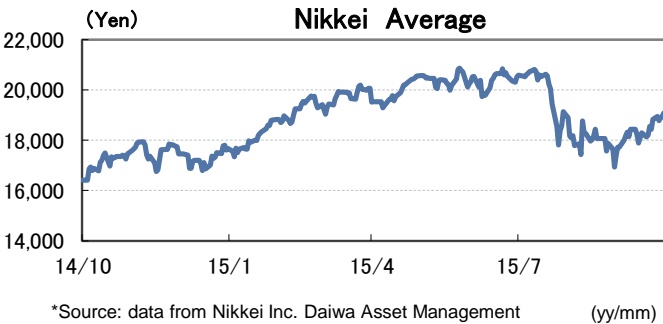
[Market review in October]

In October, equity markets in Japan rose substantially. Equity prices increased from the start of the month because excessive concerns were mitigated about possible factors for a drop of equity prices, including uncertainties over U.S. monetary policy, concerns about economic activities in China, and a sharp drop in the equity price of a major Swiss natural resource trading company. Subsequently, equity prices maintained the general rising trend in response to such factors as the ECB (European Central Bank) suggestion on additional monetary easing during the year, the implementation of additional monetary easing in China, and favorable corporate financial results in Japan.

[Outlook]

In November, equity markets in Japan are expected to continue the recovering trend from October. While interest rates may be raised in the U.S. in December, the market is taking that into account, limiting its impact going forward. Concerns about the Chinese economy are likely to recede, thanks to the effect of economic stimulus measures. Corporate earnings in Japan are maintaining their increasing trend. Not appearing relatively expensive in terms of PER (Price Earnings Ratio), equity prices seem to have some more room to increase.

Positive Factors	Negative Factors
<ul style="list-style-type: none"><li>Swing back from excessive concerns about China</li><li>Favorable corporate earnings in Japan</li><li>Continuation of global monetary easing</li></ul>	<ul style="list-style-type: none"><li>Geopolitical risks in the Middle East, Asia, etc.</li><li>Temporary deceleration of economic activities due to bad winter weather, etc</li><li>Heightened credit risk</li></ul>



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