

【Japanese Equity Market Outlook】

Japanese equities are expected to grow firmly

Nikkei Average	November end	MoM
	19,747.47 yen	3.48%

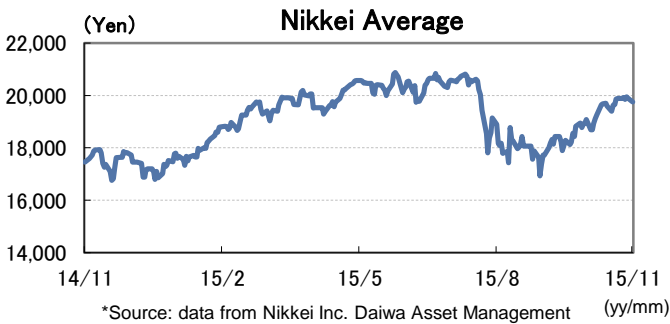
[Market review in November]

In November, equity markets in Japan were generally steady. In the early part of the month, equity prices rose, mainly because uncertainties in markets receded after fully taking into account the start of the U.S. interest rate increase in December, while newly listed large-scale shares were steady. Afterwards, despite the heightened geopolitical risks including the terrorist attacks in France, equity prices continued their rising trend, albeit at a moderate pace, supported by the purchase of Japanese equities by overseas investors and other factors.

[Outlook]

In December, equity markets in Japan are forecast to be steady. Investor sentiment is likely to improve because economic activities in Japan and abroad are expected to recover, although gradually, until the first half of next year, and equity prices usually rise from late November to the year-end mainly due to supply and demand factors. Nonetheless, there appears to be a risk of a trend reversal in the financial markets as a whole in the short run, owing to the view that market-moving news has been exhausted after the FOMC (the U.S. Federal Open Market Committee) meeting.

Positive Factors	Negative Factors
<ul style="list-style-type: none">• Recovery of economic activities in Japan and abroad.• Favorable supply and demand relationship of equities.• Developments of policy responses such as reduction in corporation tax.	<ul style="list-style-type: none">• Further heightening of geopolitical risks.• Sense of the exhaustion of market-moving news after the U.S. FOMC.• Reaction to the substantial rise of equities in the past two months.



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