

Japanese equities: To recover gradually, albeit unstably

Nikkei Average	April end	MoM
	16,666.05 yen	-0.55%

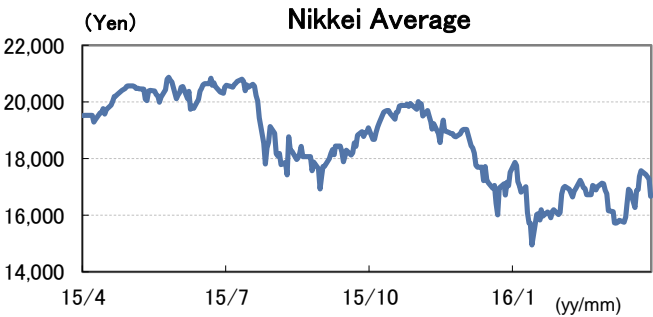
[Market review in April]

Equity markets in Japan declined slightly for the month, after going down, up, and down. During the first several days of the month, equity prices dropped due to a stronger yen caused by receding expectations for a rise in the U.S. interest rates and poorer results in the BOJ Tankan survey. Subsequently, towards the late part of the month, equity prices rose, in a favorable response to a lull in the stronger yen, increase in oil prices, and higher equity prices for the U.S. and European banks. While increased damage caused by the Kumamoto Earthquakes was a concern at some stage, their impact on markets was temporary. However, equity prices dropped at the end of the month because the BOJ did not carry out additional monetary-easing measures.

[Outlook]

Equity markets in Japan are expected to recover gradually, albeit unstably. Whereas the strong yen is a concern at the moment, its rapid strengthening is likely to subside, because a rise in the U.S. interest rates and additional monetary-easing measures by the BOJ are not ruled out. Moreover, a large-scale economic stimulus package is being introduced in response to stagnant economic activities. Although there are concerns about earnings, equity prices appear to have taken them into account. Despite the prevailing uncertainties at the moment, equity prices are likely to recover gradually.

Positive Factors	Negative Factors
<ul style="list-style-type: none"><li>• Large scale economic stimulus package</li><li>• Additional monetary easing measures</li><li>• Moves towards international cooperation to stimulate economic activities</li></ul>	<ul style="list-style-type: none"><li>• Further strengthening of yen</li><li>• Unstable political situation in the world</li></ul>



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

\*Nikkei Inc. owns any and all rights to trademarks and any other intellectual property rights to such marks referring to "Nikkei" or "Nikkei Average". Nikkei Inc. shall have the rights to make any changes in composition of stocks, calculation method and any other elements or contents of "Nikkei Average". Nikkei Inc. shall also have the right to discontinue publishing "Nikkei Average".

Disclaimer: Warning before handling this material

This material was prepared by Daiwa Asset Management Co.Ltd to provide reference information for investment. It should not be construed as an offer or a solicitation to purchase or subscribe to any fund products. Potential investors should refer to and read the prospectus of each fund product for more detailed information prior to their investment decision.

The information, statements, forecasts and projections contained herein, including any expression of opinion, are based upon sources believed to be reliable, but their accuracy, correctness or completeness are not guaranteed. The performance of investments, if referred herein, is based on past data and is neither necessarily an indication nor a guarantee of future performance of investments. Daiwa made all reasonable efforts to ensure that the information contained herein is current, but it is subject to change without notice. Daiwa Asset Management Co.Ltd., or any of its respective affiliates, accepts no liability whatsoever for any direct or consequential loss arising from any use of this material or its content.