

**Japanese Equities:** Steady macroeconomic activities despite remaining turbulent factors: Attention to corporate earnings.

Nikkei Average	January end	MoM
	19,041.34 Yen	- 0.38%

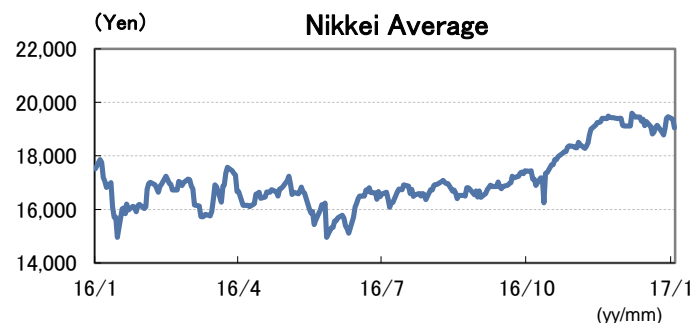
#### [Market review in January]

Equity markets in Japan decreased slightly. After steady movements in the early part of the month mainly due to solid U.S. economic indicators, they declined in the middle part of the month, in a negative response to the contents of the press conference by then-president-elect Trump and that by U.K. Prime Minister May in which she announced the policy of exiting from the EU (European Union) single market. In the second half of the month, there were relatively rough ups and downs, as positive and negative aspects of policies were intertwined, including expectations for improved earnings by companies in Japan and presidential decrees by President Trump.

#### [Outlook]

It is expected that equity markets in Japan cannot avoid continuing to respond positively or negatively to policy developments under the new Trump administration, causing turbulence in price movements. On the other hand, regarding the financial results of Japanese companies for the April-December 2016 period, whose announcements were in full swing, corporate financial results already announced are generally solid, partly due to a weak yen. Going forward, equity markets in Japan are likely to show steady movements, as earnings as a whole are expected to be solid.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> <li>● Expectations for the new U.S. administration in the medium term.</li> <li>● Announcements of good corporate financial results</li> </ul>	<ul style="list-style-type: none"> <li>● Concerns about protectionist policies of the new U.S. administration</li> </ul>



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

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