

•**Japanese Equities:** Continued attention on stable corporate earnings in Japan

Nikkei Average	February end	MoM
	19,118.99 Yen	0.41%

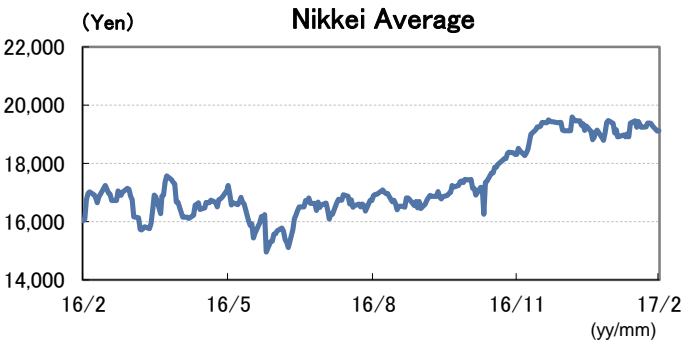
[Market review in February]

Equity markets in Japan rose. Equity markets rose in a favorable response to recurring expectations of tax cuts in the U.S., due to remarks made by President Trump in the first half of the month, and because Japan was not rebuked at the widely watched Japan-U.S. summit meeting. However, in the second half of the month, equity markets dropped, in a negative response to uncertainties such as the timing of implementing economic policies of the Trump administration and higher yen.

[Outlook]

Policy developments by the Trump administration in the U.S. are likely to continue to disrupt Japan’s equity markets. On the other hand, the financial results of companies in Japan for the April-December period of 2016, announced in January and February, were generally favorable. Accordingly, despite political uncertainties, Japan’s equity markets are expected to move steadily against the background of strengthening economic activities in Japan and abroad, and favorable corporate earnings in Japan.

Positive Factors	Negative Factors
<ul style="list-style-type: none"><li>● Expectations for the new U.S. administration in the medium term.</li><li>● Stable economic activities and corporate earnings</li></ul>	<ul style="list-style-type: none"><li>● Concerns about protectionist policies of the new U.S. administration</li><li>● Turmoil in politics and financial situation in Europe</li></ul>



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

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