

Monthly Report

January Market Outlook

January 2019
Daiwa Asset Management Co.Ltd.

•**Japanese Equities:** Subheading: Nervous Developments for the Time-Being Due to Many Uncertainties

Nikkei Stock Average	December end	MoM
	20,014.77 Yen	-10.45%

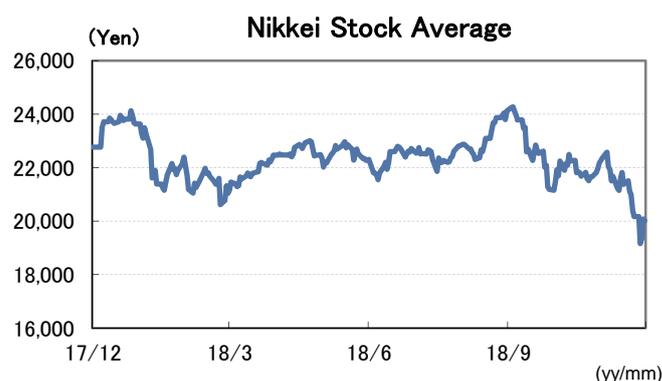
[Market review in December]

Equity prices in Japan fell. While having risen at the beginning of the month due to the judgement of the market that the U.S.–China summit meeting had produced a certain result, equity prices fell afterwards because a senior official of a major Chinese telecommunication equipment company was placed in custody in Canada as well as a concern about the Chinese economy. Late in the month, equity prices decreased in negative response to no dovish remarks by Chairperson Powell of the FRB (Federal Reserve Board) to suggest the timing of suspending the raising of interest rates as expected by the market and the closing of some U.S. government agencies.

[Outlook]

We expect that nervous developments may continue, with greater uncertainty in equity markets about economic developments going forward. This appears to mean attention must be placed now on major economic indicators in China to be announced in the middle of January and the trends in announcements of financial results in Japan and abroad starting from the second half of January. On the other hand, since stock price indicators such as PER (Price Earnings Ratio) have already decreased to the level perceived as good value, equity prices are expected to show solid movements in the medium term if there are no such events as a further strengthening of the yen.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> ● A lull in or waning of concerns about trade frictions ● Change in FRB's monetary policy ● Solid economic activities and corporate 	<ul style="list-style-type: none"> ● Further strengthening of U.S. protectionism ● Deceleration of the Chinese economy ● Deterioration of the U.S.–China



*Source: data from Nikkei Inc. prepared by Daiwa Asset Management

* Copyright, intellectual property rights and all other rights relating to the Nikkei Stock Average (Nikkei 225) belongs to the Nikkei Inc. The company has the right to change the contents of the Nikkei Stock Average (Nikkei 225) and to stop the publication.

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 Asset Management Co.Ltd. 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.