

Monthly Report

March Market Outlook

March 2019
Daiwa Asset Management Co.Ltd.

•**Japanese Equities:** Phase in Which Focus Is Prone to Move from Events to Economic Developments in Japan and Abroad

Nikkei Stock Average	February end	MoM
	21,385.16 Yen	2.94%

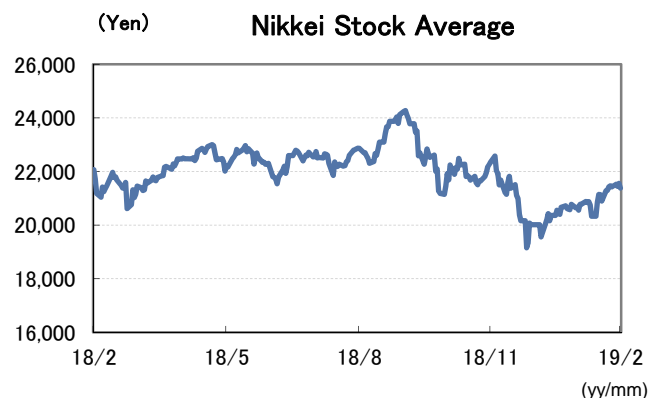
[Market review in February] Equity prices rose due to expectations for improvement in the U.S.–China trade friction

Equity prices in Japan rose. In the early part of the month, equity prices dropped in negative response to the downward revision by the European Commission of the economic outlook for the Euro zone mainly for 2019, and the remark by President Trump who said that he would not meet his Chinese counterpart in February. However, equity prices rose from the middle of the month because of expectations for improvement in the U.S.–China trade friction after the U.S.–China trade meeting held at the ministerial level was seen to have made a certain degree of progress.

[Outlook]

After the postponement of the increase in customs tariffs by the U.S. on imported products from China scheduled for March 1, the only remaining immediate major event is the holding of the U.S.–China summit meeting, expected in March. As a result, it appears to be a phase in which the focus is prone to move to economic developments in Japan and abroad from now on. We consider it is a time to explore the bottoming out of the Chinese economy for the time being, given that economic statistics are appearing somewhat conspicuously weak in Japan, Europe and China, while solid in the U.S.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> ● A lull in or waning of concerns about trade frictions ● Economic stimulus package and a lull in the deceleration of economic activities in China 	<ul style="list-style-type: none"> ● Further strengthening of U.S. protectionism ● Deceleration of the Chinese economy ● Deterioration of the U.S.–China relationship



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

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