

Monthly Report

March Market Outlook

March 2020
Daiwa Asset Management Co.Ltd.

•**Japanese Equities:** The Focus Now Is on New Coronavirus Cases outside China

Nikkei Stock Average	February end	MoM
	21,142.96Yen	-8.89%

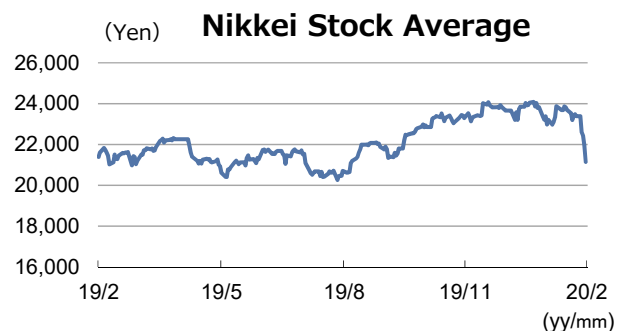
[Market review in February]

Equity prices in Japan dropped dramatically. There were heightened concerns over the novel coronavirus in the second half of February after new infections had spiked dramatically outside China. Equity prices plummeted in late February as new coronavirus cases continued to swell in Japan and equity prices fell considerably in the U.S.

[Outlook]

The key issues for investors remain the same—when and how the outbreak ends. Investors are hoping for monetary stimulus after major central banks in Japan, Europe, and the U.S. said in their emergency statements, at the end of February to the beginning of March, that they would “act as appropriate” to combat the economic threat of the coronavirus. We consider that the number of new infections in Japan and elsewhere outside China is the immediate key on the grounds that markets will soon recover or return to a more normal cycle after the outbreak subsides.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> ● A waning of concerns about the novel coronavirus ● Accommodative policies of central banks ● Further progress in U.S.-China trade talks 	<ul style="list-style-type: none"> ● A prolonged outbreak of the novel coronavirus ● Global economic slowdown ● Further strengthening of U.S. protectionism



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

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