

Monthly Report

May Market Outlook

May 2020
Daiwa Asset Management Co.Ltd.

Japanese Equities

Rebound in Equity Prices Due to Expected Resumption of Economic Activities in Europe and the US

Nikkei Stock Average	April end	MoM
	20,193.69 Yen	+6.75%

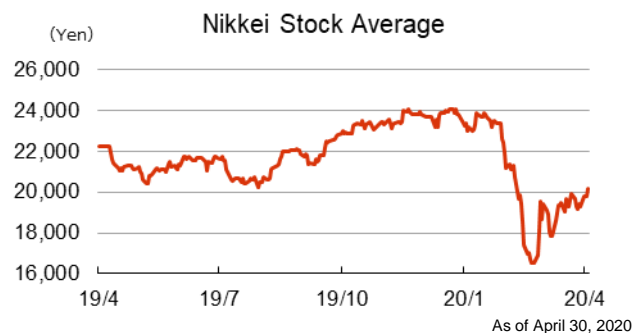
[Market review in April]

Equity prices in Japan rose. In early April, equity prices dropped due to heightened concerns over the spread of the COVID-19 in the U.S. Subsequently in the month, they rebounded after the view began to prevail that infections had peaked in Europe and the U.S., and there were greater expectations that economic activities would resume. The equity market then moved up and down on concerns about possible adverse effects on the domestic economy of the Japanese government's declaration of a state of emergency and stay home policy.

[Outlook]

Keys to the equity market, in our view, are whether the move to restart economic activities will accelerate abroad and whether the outbreak will wane in Japan sufficiently to raise investors' expectations for a resumption of the economy. We consider that equity market sentiment may improve further if the process of reopening the economy proceeds, even if it is reopened somewhat gradually. However, investors will stay in risk-off mode if the reopening process is slow and there are renewed worries about effects of the pandemic on economies around the world.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> ● Restarting economic activities around the world ● Levelling-off of COVID-19 infections in Japan 	<ul style="list-style-type: none"> ● Global spread of COVID-19 infections ● Downward revision to global economic forecasts ● Deterioration of the U.S.-China relationship



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

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