

Japanese Equities

Equity Prices Soar on Raised Hopes for Vaccines

Nikkei Stock Average	November end	MoM
	26,433.62 Yen	15.04%

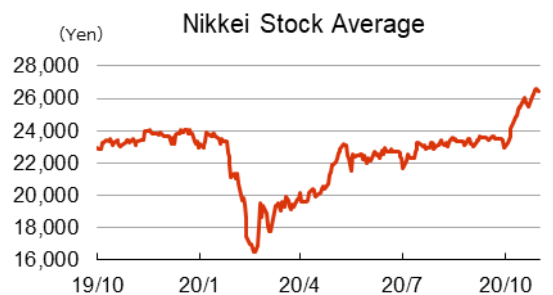
[Market review in November]

Equity prices in Japan rose sharply. Hopes grew that COVID-19 vaccines would soon be made available as the US presidential election ended without a serious setback, which reduced uncertainty, and also as multiple pharmaceutical companies announced that their vaccine candidates were found to be highly effective with no serious side effects. Despite sharp increases in confirmed infections in Europe, and later in Japan and the US, strong hopes for vaccines kept the equity markets optimistic.

[Outlook]

Equity prices have been soaring substantially, so there are concerns over the rally and sudden profit-taking. Even so, there are high expectations that COVID-19 vaccines will obtain an emergency use license in the US. We thus expect that this will raise the possibility of an economic recovery in 2021 and underpin equity prices. Meanwhile, we cautiously consider that a growing number of new infections in Japan remains a risk factor, and that further restrictions will be imposed unless the upward trend in new infections is reversed.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> ● Clear prospect of availability for COVID-19 vaccine ● Economic measures by governments and central banks 	<ul style="list-style-type: none"> ● Setback to COVID-19 vaccine development ● Reimposed restraint on economic activities due to increased cases of COVID-19 infection ● Deterioration of the domestic employment environment



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

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