

#### Japanese Equities

Vaccine Hopes Continue to Underpin Equity Prices

Nikkei Stock Average	December end	MoM
	27,444.17 Yen	3.82%

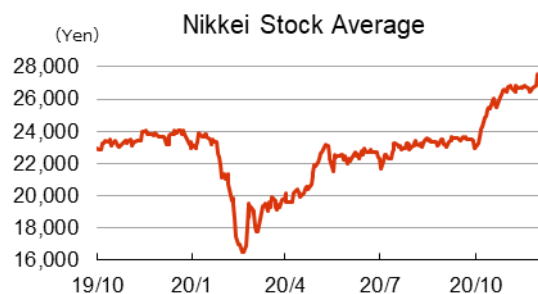
#### [Market review in December]

Equity prices in Japan rose. While concerns persisted over the spread of COVID-19 at home, the UK started vaccinations and the US Administration approved the emergency use of multiple vaccines, which boosted hopes for COVID-19 vaccines and underpinned equity prices. In late December, equity markets feared a variant of COVID-19 that was discovered circulating in the UK. However, the US Congress passed an additional economic stimulus package bill, which was viewed favorably and raised equity prices.

#### [Outlook]

The Japanese government will likely declare a state of emergency in response to a resurgence in COVID-19 infections. The focus will be on the details of the restrictions to be imposed. There are concerns about a negative impact from the announcement of a state of emergency, but we consider that the risk of a drop in equity prices will be minor unless vaccine hopes disappear. The Japanese government aims to start vaccinations by late February, and attention will be paid to how the approval process will proceed in Japan.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> <li>● Improvement in the situation of COVID-19 infections in Japan and abroad</li> <li>● Progress of COVID-19 vaccination program</li> <li>● Economic measures by governments and central banks</li> </ul>	<ul style="list-style-type: none"> <li>● Tougher restrictions on economic activities in response to soaring COVID-19 infections</li> <li>● Setback to COVID-19 vaccination program</li> <li>● Deterioration of the domestic employment environment</li> </ul>



As of Dec 30, 2020

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

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