

Monthly Report

March Market Outlook

March 2021
Daiwa Asset Management Co.Ltd.

Japanese Equities

Equity Prices Rise on Improvement in Corporate Earnings and Hopes for Economic Recovery

Nikkei Stock Average	February end	MoM
	28,966.01Yen	4.71%

[Market review in February]

Equity prices in Japan rose. Equity prices made an upswing with the Nikkei 225 touching the 30,000 yen mark in mid-February as earnings results of Japanese companies, particularly manufacturers, showed a sign of recovery, the expectation of an additional economic stimulus package in the US, and also as the global progress of COVID-19 vaccinations was positively viewed. The equity markets turned in a lackluster performance amid concerns over the rally so far and a rise in the US interest rate later in the month, but rose throughout the month.

[Outlook]

Interest rate rises in the US and elsewhere are having an increasing impact on the equity markets, which we believe should be taken notice of. Even so, we foresee that the Japanese economy will basically continue heading towards recovery, the downside will be limited, and equity prices will stay resilient as COVID-19 vaccinations advance in major countries, unless interest rates rise to the extent that it worries the equity markets.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> ● Progress of COVID-19 vaccination program in Japan and abroad ● Economic measures by governments and central banks 	<ul style="list-style-type: none"> ● Setback to COVID-19 vaccination program in Japan and abroad ● Soaring interest rates in Japan and abroad



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

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