

#### Japanese Equities

Equity Prices Rise on Hopes for US Economic Recovery

Nikkei Stock Average	March end	MoM
	29,178.80 Yen	0.73%

#### [Market review in March]

Equity prices in Japan rose. Because expectations for an economic recovery have heightened after the US House passed a massive economic stimulus plan although market concerns about a rise in US interest rates continue. Later in the month, the equity markets temporarily weakened after the US Federal Reserve decided to end the capital regulatory relief for financial institutions by the end of March and due to reasons such as concerns about another increase in COVID-19 cases in Europe. The adjustment, however, did not last long and the markets eventually rose throughout the month.

#### [Outlook]

While all major factors impacting the equity markets seem to have been priced in after the US House passed the additional economic stimulus plan, the next point of focus will be the corporate earnings results to be announced by many companies from late April onward. Particular focus will be on to what extent companies expect a business recovery in their plans for FY2021. Basically, companies are likely to release promising plans for recovery, and equity prices are expected to remain firm. On the other hand, Japan's COVID-19 vaccine rollout is slow and we consider that attention must be paid to future announcements of the government and the market reactions thereto.

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



As of March 31, 2021

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

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