

Japanese Equities

Equity Prices Drop on Fears of the Third Emergency Declaration

Nikkei Stock Average	April end	MoM
	28,812.6 Yen	-1.25%

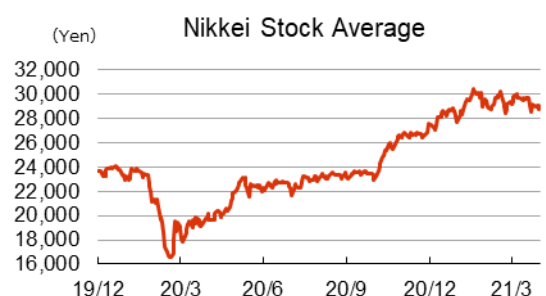
[Market review in April]

Equity prices in Japan dropped. Early in April, the US economic stimulus plan and positive signs in US economic indicators including employment statistics were favorably viewed. As a result, the Japanese equity markets stayed firm with the Nikkei 225 temporarily recovering to the 30,000 yen level on a closing basis. Later in the month, however, equity prices fell as the markets became more cautious about the continuously deteriorating situation of COVID-19 infections in Japan and the heightened possibility that the Japanese government would issue the third emergency declaration. This resulted in a negative percentage change for the month.

[Outlook]

A particular focus will be on whether the Japanese government can reach another agreement on imports of the COVID-19 vaccine. Some media report that the agreement is for 50 million doses, so if the contract is signed successfully, concerns about procuring the vaccine will be dispelled and this is expected to boost the equity market sentiment. The news about the vaccine supply has, it seems, already been partly priced in and we must keep an eye on whether the contract will be signed as expected. Although uncertainty remains over when the emergency declaration is lifted, we forecast that equity prices will remain firm on the hopes for vaccination.

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



As of April 30, 2021

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

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