

Japanese Equities

Equity Prices Rise on Raised Hopes for Progress of Vaccinations at Home

Nikkei Stock Average	May end	MoM
	28,860.08 Yen	0.16%

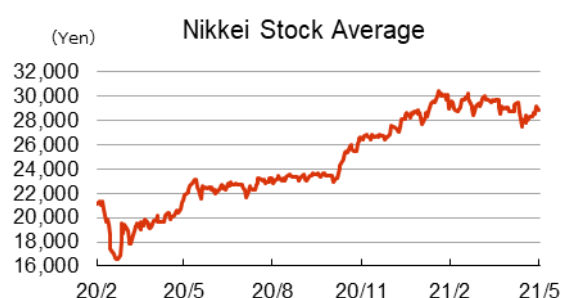
[Market review in May]

Equity prices in Japan rose. Early in May hopes grew for a resumption of economic activity in Europe and the US. But there were mounting concerns about a rise in inflation and speculation about the opening of discussions on reducing quantitative easing, so equities developed a weak tone. Later in the month, however, equity prices rebounded after COVID-19 vaccinations started for the elderly and hopes grew for the progress of vaccinations in Japan. Accordingly, on the whole, equities ended the month higher.

[Outlook]

We expect the equity markets to stand firm, supported by the progress of COVID-19 vaccinations in Japan. There are two immediate key factors—inflation concerns and trends in interest rates in the US, and vaccinations in Japan. We believe that concerns about inflation in the US have already been factored into the market to a large extent, and it will be difficult to find fresh news for a while. On the other hand, full-scale vaccinations are about to start in Japan, so we consider that the market is likely to continue having high expectations.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> ● Progress of COVID-19 vaccination program in Japan and abroad ● Improving economic prospects due to resumption of economic activity 	<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 May 31 2021

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

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