

Japanese Equities

Equity Prices Soften Due to Concerns at Home and Abroad

Nikkei Stock Average	Oct end	MoM
	28,892.69 Yen	-1.90%

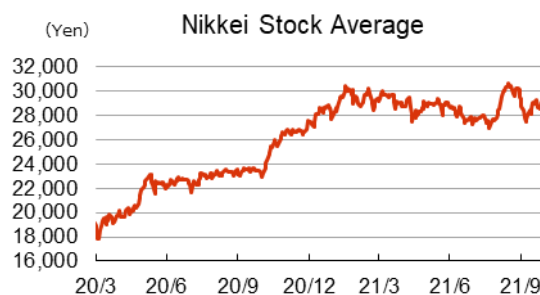
[Market review in October]

Equity prices in Japan dropped in October. Early in October, the equity markets fell in response to the US debt ceiling issue, concerns about the cash crisis of China's real estate developer, and fears of capital-gains tax hikes in Japan. Equity prices rebounded in mid-October on receding concerns about the debt ceiling in the US and financial income taxation in Japan, but the markets turned lackluster after some Japanese companies announced disappointing earnings results due, among other things, to shortages of parts and materials later in the month.

[Outlook]

Shortages of parts and materials will remain an uncertain factor for corporate earnings, but a recovery in automobile production, which was sluggish in the July-September period, and a recovery in domestic demand following the easing of restrictions on behavior and activities are expected to gain strength. The equity markets are expected to gradually move upwards as the US monetary policy will provide no further news after the decision to scale back quantitative easing, and investors will shift their attention to the recovery of domestic demand.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> Improving economic prospects due to resumption of economic activity Development of anti-COVID-19 drugs Large government stimulus package 	<ul style="list-style-type: none"> Soaring interest rates in Japan and abroad Concerns about restrictive monetary policy by major central banks Growing concerns about global economic peak outs



As of Oct 29 2021

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

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