

Japanese Equities

Equity Prices Fell Due to Concerns about a New Variant of COVID-19

Nikkei Stock Average	Nov. end	MoM
	27,821.76 Yen	-3.71%

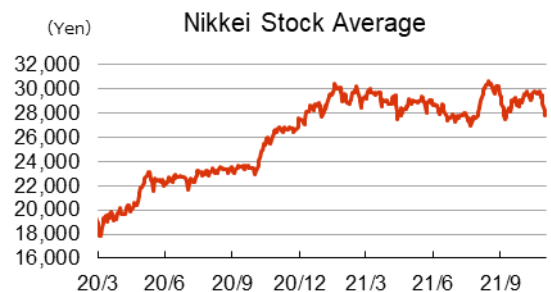
[Market review in November]

Equity prices in Japan dropped in November. Early in November, the equity markets rose substantially after the Liberal Democratic Party won a majority in the House of Representatives election, which was viewed as receding political uncertainty. Thereafter, however, equity prices continued to move sideways, as the Nikkei 225 approached the threshold of 30,000 yen. Later in the month, equity prices fell as concerns arose over the news that a new variant of COVID-19 called Omicron was discovered in South Africa.

[Outlook]

Above all, we need to keep a close eye on information about the Omicron variant. Noteworthy is the risk of spread of the Omicron variant in Japan and the US, and the effectiveness of the vaccines currently being administered. Vaccine manufacturers have expressed confidence that they will be able to develop new vaccines in about three months, so it appears for now that the concerns are unlikely to last long. It is also important to pay attention to whether the Federal Open Market Committee (FOMC) will decide to accelerate the pace of quantitative easing reduction when it meets in mid-December.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> ● Waning concerns about the COVID-19 variant ● Approval of anti-COVID-19 drugs ● Improving economic prospects due to resumption of economic activity 	<ul style="list-style-type: none"> ● Heightening concerns about another COVID-19 variant ● Soaring interest rates in Japan and abroad ● Concerns about restrictive monetary policy by major central banks



As of Nov. 30 2021

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

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