

Monthly Report

March Market Outlook

March 2022

Daiwa Asset Management Co.Ltd.

Japanese Equities

Equity Prices Fall on the Worsening Situation in Ukraine

Nikkei Stock Average	Feb. end	MoM
	26,526.82 Yen	-1.76%

[Market review in February]

Equity prices in Japan dropped in February. Early in February, uncertainty about US monetary policy continued, but equity prices rose as domestic corporate earnings turned out to be generally strong. In the middle of the month, however, the equity markets fell due to increased caution about US inflation and the pace of interest rate hikes, as well as concerns about the situation in Ukraine. In late February, equity prices fell even more sharply after Russia recognized the pro-Russian regions of Ukraine as independent states and launched an invasion of Ukraine.

[Outlook]

Equity prices are expected to continue to be unstable as the situation in Ukraine develops. Ceasefire talks between Russia and Ukraine and prices of oil and other resources will be in focus. In addition, the impact of the conflict on global procurement of parts and materials, and domestic and international price trends reflecting the impact, also require attention. It is also important to watch for changes in the monetary policies of major central banks in the event that concerns about inflation rise further. For the time being, we should wait for the situation in Ukraine to calm down.

Positive Factors	Negative Factors
<ul style="list-style-type: none">Progress in ceasefire talks between Russia and UkraineReceding political uncertainty over US monetary policy	<ul style="list-style-type: none">Prolonged conflict in UkraineManifestation of adverse effects of soaring prices of oil and other factors on the global economyHeightening concerns about early tightening monetary policy by major central banks



As of Feb. 28 2022

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

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