

Monthly Report

May Market Outlook

May 2022

Daiwa Asset Management Co.Ltd.

Japanese Equities

Equity Prices Fall on Concerns about Accelerated Fed Monetary Tightening

Nikkei Stock Average	April. end	MoM
	26,847.90 Yen	-3.50%

[Market review in April]

Equity prices in Japan dropped in April. Early in April, the equity markets fell against a backdrop of comments from senior Federal Reserve officials that were perceived as hawkish and concerns about the impact of tighter sanctions on Russia by the US and the EU. In mid-April, US inflation fears temporarily waned after the US consumer price index for March fell short of market expectations. However, the equity markets continued to be lackluster on a series of aggressive comments from Fed officials on raising interest rates.

[Outlook]

Equity prices will continue to be volatile as risk factors to the global economy are prominent, including the pace of US monetary tightening and lockdown in China. For equity market sentiment to turn around, we consider it necessary to see a sense of inflation peaking out in the US and a move toward a lifting of lockdown in China. Thus, we expect that US price-related indicators and Chinese government announcements will continue to be the focus of attention.

Positive Factors	Negative Factors
<ul style="list-style-type: none"><li>Receding political uncertainty over US monetary policy</li><li>Lifting of lockdown in China</li><li>Progress in ceasefire talks between Russia and Ukraine</li></ul>	<ul style="list-style-type: none"><li>Heightening concerns about early tightening monetary policy by major central banks</li><li>Manifestation of adverse effects of soaring prices of oil and other factors on the global economy</li><li>Intensifying and prolonging conflicts in Ukraine</li></ul>



As of Apr. 28 2022

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

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