

## Monthly Report

### November Market Outlook

November 2022  
Daiwa Asset Management Co.Ltd.

#### Japanese Equities

Equity Prices Rebound on Expectations of Slower Pace of US Interest Rate Hikes

Nikkei Stock Average	October end	MoM
	27,587.46 Yen	6.36%

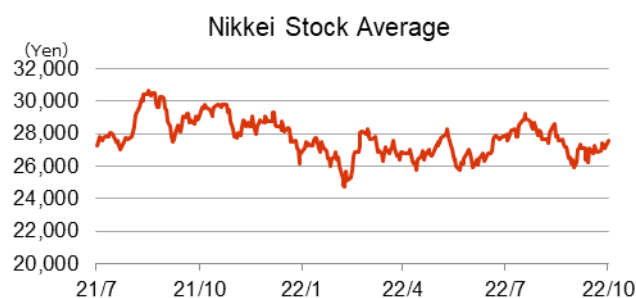
#### [Market review in October]

Equity prices in Japan rose in October. Early in October equity prices rose, buoyed by the UK government's announcement that it would reverse tax measures, which had contributed to the sharp rise in interest rates. In the middle of the month, equity prices moved back and forth between the negative impact of US price indexes exceeding market expectations and the expected positive effect on the economy of Japan's easing of border restrictions. Late in October, the equity market rallied after some media reports suggested that the US might slow down the pace of interest rate hikes in the future, which raised expectations for such a move.

#### [Outlook]

While the easing of border restrictions and government support for travel are positive factors, we expect equity prices to be volatile due to concerns about deteriorating corporate earnings caused by slowing demand for some high-tech products, volatile foreign exchange markets, and various views on US monetary policy. We believe that equity prices will have room to rebound if there are signs of a slowdown in monetary tightening, such as a reduction in the scope of US interest rate hikes, or if corporate earnings results match expectations that domestic-demand companies will see a recovery in their earnings. However, the risk of a global economic downturn requires caution.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> <li>● Recovery of inbound demand through easing of border restrictions</li> <li>● Manifestation of inflation peak-out in the US</li> <li>● Improved war situation between Ukraine and Russia</li> </ul>	<ul style="list-style-type: none"> <li>● Negative impact on the economy from restrictive monetary policy in major countries</li> <li>● Rapid appreciation of the Yen</li> </ul>



As of Oct 31 2022

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

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