

Japanese Equities

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

Nikkei Stock Average	November end	MoM
	27,968.99 Yen	1.38%

[Market review in November]

Equity prices in Japan rose in November. Early in November, domestic corporate earnings results were mixed, but equity prices remained firm mainly due to reduced uncertainty following the US midterm elections. The equity market rose from the mid-month onward after the US price index fell below market forecasts and there were growing expectations that the pace of US interest rate hikes would slow down in the future. The equity market fell later in the month due to concerns about the growing protests in China over the government's zero-COVID restrictions, but the market saw an increase during the month.

[Outlook]

We believe that stock prices are likely to fluctuate up and down depending on bullish and bearish factors such as trends in US monetary policy, domestic and international economic trends, and China's COVID restrictions. We need to pay attention to trends in US economic indicators to see if they deteriorate further. The biggest focus of attention is the policy rate outlook to be released by participants in the US Federal Open Market Committee (FOMC). If this outlook clarifies how far interest rate hikes go and gives a more accurate picture of when rate hikes will end, the equity market is expected to respond favorably.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> ● Clarification on when the US will stop raising interest rates ● Recovery of inbound demand through easing of border restrictions ● Improvement in the situation in Ukraine 	<ul style="list-style-type: none"> ● Negative impact on the economy from restrictive monetary policy in major countries ● Rapid appreciation of the Yen



As of Nov 30 2022

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

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