

Japanese Equities

Equity Prices Rise Due to Receding Uncertainty over the Appointment of the Next BOJ Governor

Nikkei Stock Average	February end	MoM
	27,445.56 Yen	0.43%

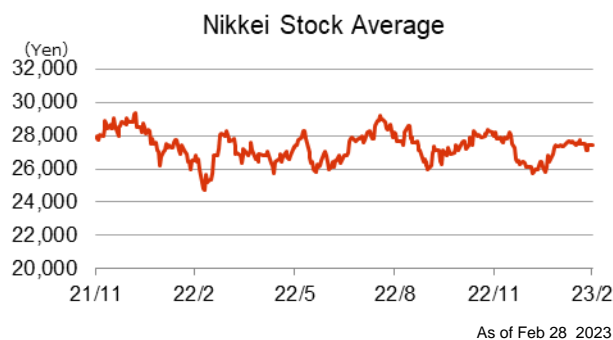
[Market review in February]

Equity prices in Japan rose in February. In early February, equity prices were weak on the upside due to uncertainty over the appointment of the next BOJ governor. Since mid-February, concerns about a rapid shift in monetary policy receded following the nomination of economist Kazuo Ueda as a candidate for the next BOJ governor, and he subsequently stated that “the current situation requires continued monetary easing.” Equity prices were firm from the middle of the month partly as the Yen weakened against the US dollar due to higher US interest rates on speculation of prolonged US interest rate hikes.

[Outlook]

We expect equity prices to remain resilient due to the de facto decision on the appointment of the next BOJ governor and expectations of a recovery in the Chinese economy. In the US, on the other hand, concerns about continued interest rate hikes are increasing due to upward movement in economic indicators. Important for the domestic equity market and requiring attention is whether the US Fed will revise its policy rate outlook upward at the US Federal Open Market Committee (FOMC) meeting in late March, and whether this will delay the start of the US interest rate cut that the market expects.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> ● Rising expectations for the beginning of interest rate cuts in the US ● 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 ● Further increase in concerns about prolonged US interest rate hikes



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

* Copyright, intellectual property rights and all other rights relating to the Nikkei Stock Average (Nikkei 225) belongs to the Nikkei Inc. The company has the right to change the contents of the Nikkei Stock Average (Nikkei 225) and to stop the publication.

Disclaimer: Warning before handling this material

- This material was prepared by Daiwa Asset Management Co.Ltd to provide reference information for investment. It should not be construed as an offer or a solicitation to purchase or subscribe to any fund products. Potential investors should refer to and read the prospectus of each fund product for more detailed information prior to their investment decision.
- The information, statements, forecasts and projections contained herein, including any expression of opinion, are based upon sources believed to be reliable, but their accuracy, correctness or completeness are not guaranteed. The performance of investments, if referred herein, is based on past data and is neither necessarily an indication nor a guarantee of future performance of investments. Daiwa Asset Management Co.Ltd. made all reasonable efforts to ensure that the information contained herein is current, but it is subject to change without notice. Daiwa Asset Management Co.Ltd., or any of its respective affiliates, accepts no liability whatsoever for any direct or consequential loss arising from any use of this material or its content.