

Monthly Report

January Market Outlook

Jan 2024

Daiwa Asset Management Co. Ltd.

Japanese Equities

Japanese Equities Fall Slightly on BOJ Governor Ueda’s Comments and Yen’s Strength

TOPIX Total Return Index	December end	MoM
	3,977.63 Points	-0.23 %

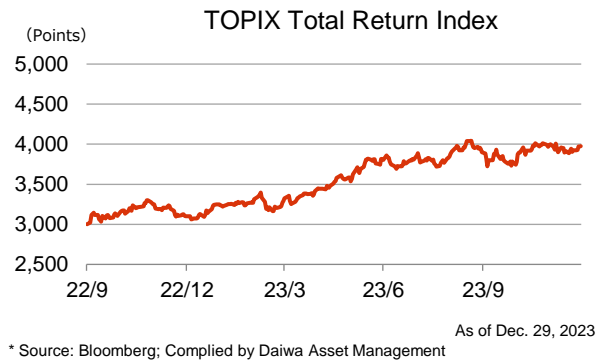
[Market review in December]

Equity prices in Japan fell in December. In early December, equity prices fell mainly as caution set in over an early revision to monetary policy following BOJ Governor Ueda’s speech in the Diet. In mid-December, equity prices fell further as the Yen appreciated against the US dollar due to growing expectations of an early interest rate cut in the US. following the Federal Open Market Committee (FOMC) meeting. Equity prices subsequently rebounded, however, partly as the BOJ’s monetary policy meeting, which had been speculated in some quarters to revise its policy, left monetary policy unchanged.

[Outlook]

We need to pay attention to the impact of the earthquake in the Hokuriku region at the beginning of the year on the supply chain, as well as other uncertain factors such as the domestic political situation and the US economy. On the other hand, unless the above uncertain factors worsen significantly, we expect equity prices to remain firm, as the expectations for a virtuous cycle of moderate price hikes and economic expansion accompanied by rising wages in Japan and expectations for stronger shareholder returns associated with cost-of-capital-conscious management remain alive and well in the Japanese equity market.

Positive Factors	Negative Factors
<ul style="list-style-type: none">● Accelerating moves to increase shareholder returns● Improved risk sentiment due to the start of US interest rate cuts● Improvement in the situation in Ukraine and Middle East	<ul style="list-style-type: none">● Delayed start of US interest rate cuts● Further economic slowdown in China● Rapid appreciation of the Yen



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