

Monthly Report

February Market Outlook

Feb 2024

Daiwa Asset Management Co. Ltd.

Japanese Equities

Foreign Investors Drive Equity Price Gains

TOPIX Total Return Index	January end	MoM
	4,288.36 Points	7.81%

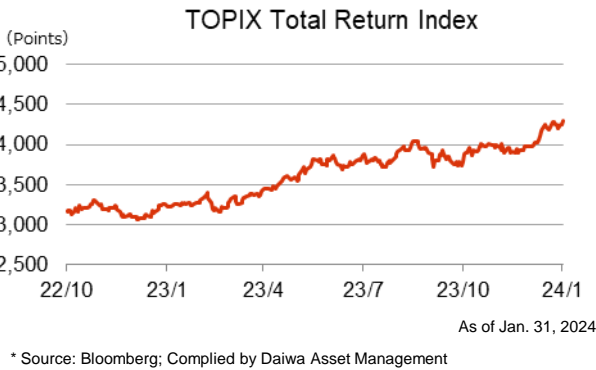
[Market review in January]

Equity prices in Japan rose in January. In 2024, investors from across the world continued to show a high level of interest in Japanese equities, and their large net purchases, mainly in early to mid-January, drove the rise in equity prices. The Noto Peninsula earthquake, which occurred on New Year’s Day, halted production at some plants, but the impact on the equity market was limited due to the gradual resumption of operations. Equity prices were lackluster later in the month as the caution over high prices weighed heavily on the upside, but rose sharply during the month.

[Outlook]

Because of the quick rate of equity price appreciation since the beginning of the year, the situation is likely to generate a sense of caution about high prices. However, with the continued high level of attention from foreign investors and the expected inflow of funds from individual investors due to the expansion of the NISA investment cap, we expect the equity prices to remain firm with little downside risk. The immediate focus is on spring wage talks in 2024. As we approach the mid-March date when the majority of companies will respond to their employees, we can expect to see more press coverage of pay hikes from various companies. If wage growth exceeds that of last year, we expect it to be a supportive factor for the equity market.

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



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