

Japanese Equities

Equity Prices Rise Further on Favorable Corporate Earnings

TOPIX Total Return Index	February end	MoM
	4,499.61 Points	4.93 %

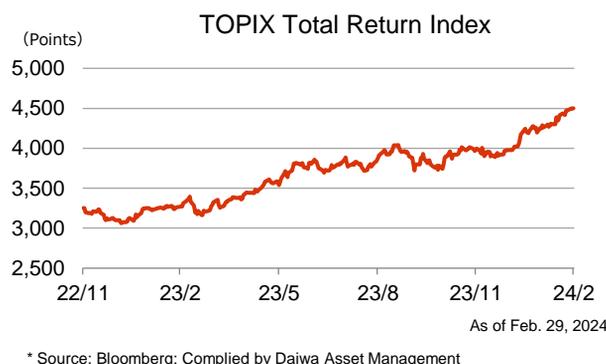
[Market review in February]

The domestic equity market rallied and the Nikkei 225 broke the all-time-high record in 1989. From early to mid-February, the market was buoyed by favorable corporate earnings results from Toyota Motor and Tokyo Electron. Also, the Yen weakened past 150 Yen per US dollar for the first time since last November, which also supported the rise in the equity market. Equity prices rose further in the domestic equity market, mainly in the semiconductor sector after US semiconductor giant NVIDIA announced earnings that far exceeded expectations later in February.

[Outlook]

Equity prices are likely to see a pause in the rapid pace of their rally since the beginning of the year. However, with 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 negotiations in 2024. As the day in mid-March approaches when many companies will respond to unions' demands, there has been an increase in media coverage of wage increases at various companies, and some companies have already responded in full. 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"> 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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