

Japanese Equities

Subject to the Movements of the Incoming Trump Administration

TOPIX Total Return Index	November end	MoM
	4,606.07 Points	-0.51%

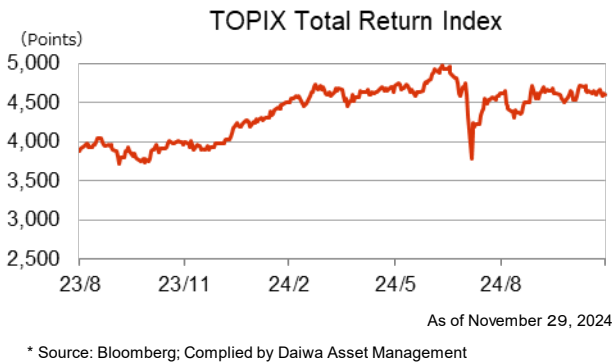
[Market review in November]

Equity prices in Japan fell in November. Japanese equity prices started the month down along with soft US equities ahead of the US presidential and other elections. However, with the triple-red scenario certain to become a reality in the US presidential and congressional elections, US interest rates rose and the Yen weakened as Trump tax cuts and tougher tariffs raised fears of renewed inflation, and Japanese equity prices rose sharply through the middle of the month. Equity prices subsequently softened due to factors such as increased caution about Trump’s tariff hikes, particularly against China, and the worsening situation in Ukraine.

[Outlook]

The future of the global economy and financial markets depends, for better or worse, on the policies of the incoming Trump administration, and it is difficult to make a reasonable prediction at this point. However, if US stocks maintain an upward trend under a 'Triple Red' scenario, similar to the previous administration, Japanese stocks are also expected to perform strongly. Additionally, from a supply and demand perspective, the strengthening of shareholder return policies aimed at management conscious of capital costs and the continued inflow of individual investor funds into the stock market through the new NISA (Nippon Individual Savings Account) program are expected to be factors supporting stock prices.

Positive Factors	Negative Factors
<ul style="list-style-type: none">Strengthening of shareholder returnsUS interest rate cutsProgress of Yen depreciation	<ul style="list-style-type: none">Rapid appreciation of the YenFurther slowdown of the Chinese economyGrowing tension in the Middle East and Ukraine



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