

Japanese Equities

Investors to Wait and See Regarding US President Trump's Policies

TOPIX Total Return Index	January end	MoM
	4,797.95 Points	0.14%

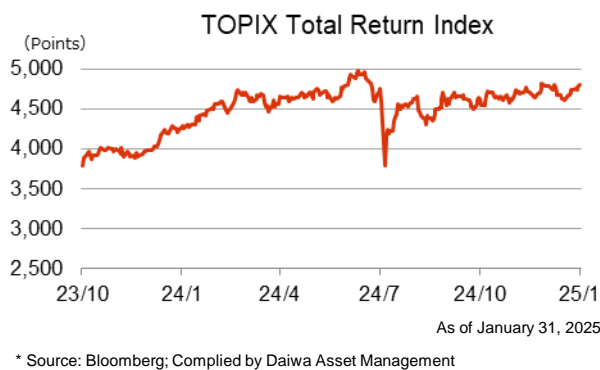
[Market review in January]

The domestic equity market was virtually unchanged in January. Equity prices were on a downtrend through mid-January due to a series of reports on the previous US administration tightening export controls on semiconductors for artificial intelligence, as well as concerns about the tariff and other policies of the US administration of President Trump. In the second half of the month, equity prices went through a phase of temporary declines after concerns about DeepSeek from China, but rose as investor sentiment picked up after the introduction of tariffs was avoided on US President Donald Trump's first day in office and he announced massive investment in artificial intelligence infrastructure.

[Outlook]

Japanese companies have an abundance of surplus cash, leaving much room for increased shareholder returns, and the new NISA (Nippon Individual Savings Account) program is expected to continue to stimulate the inflow of retail investor funds into the equity market. While this favorable supply and demand environment is a supportive factor for equity prices, there is a lack of favorable news for a strong rally. We also need to pay attention to the possibility that uncertainty over the tariff and other policies of the US administration of President Trump, rising labor and other costs, sluggish demand from China and other emerging economies, and intensifying competition from Chinese companies will put pressure on corporate performance.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> ● US President Trump's policies (tax cuts and deregulation) ● Strengthening of shareholder returns ● Progress of Yen depreciation 	<ul style="list-style-type: none"> ● US President Trump's policies (Substantially raising tariffs) ● Rapid appreciation of the Yen ● Further slowdown of the Chinese economy



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