Nomura Asset Management

Investment Outlook

Winter 2023

NOMURA ASSET MANAGEMENT

Winter 2023

Contents

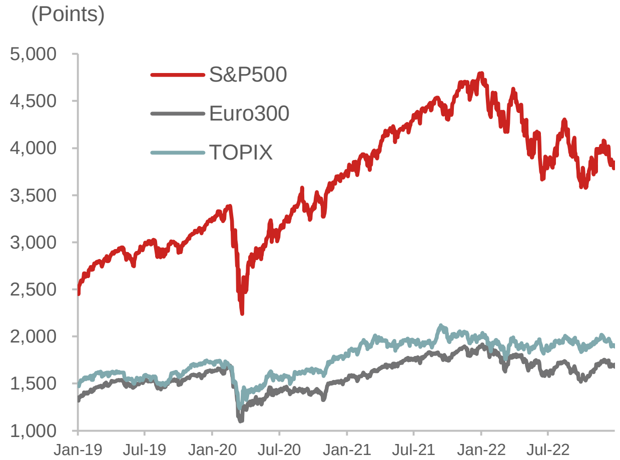
Note: In the Investment Strategy section, most of Nomura Asset Management's senior investment professionals offer their views of the investment strategy and market prospects – commentaries are as of mid-December 2022, and reflect each professional's personal views, and do not entirely match NAM's house view. Investment Environment Outlook in the Investment Strategy section and Macroeconomic Environment Outlook is based on NAM's house view.

Quarterly Financial Market Recap

Market activity in the October-December 2022 quarter largely followed a reversal pattern, whereby long-term bond yields declined and the U.S. dollar fell against a broad range of currencies. Expectations for the pace of monetary tightening by the Federal Reserve receded as U.S. CPI inflation numbers for October and November were unexpectedly benign, while markets began to price in an eventual end to interest rate tightening in 2023. As for the equity markets, a rebound early in the quarter later faltered towards the year-end amid growing fears of a global recession.

Equity Market of Major Countries

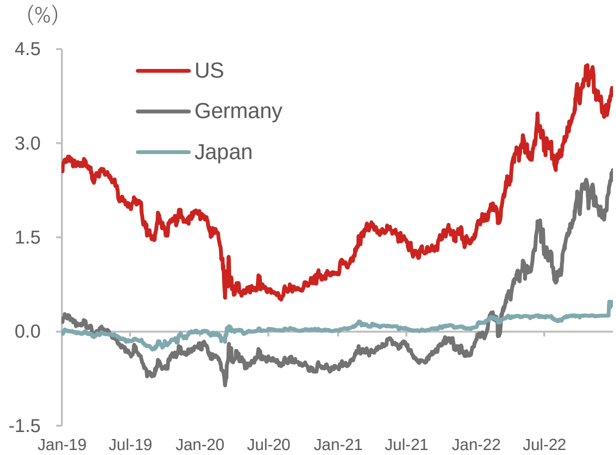
(January 2, 2019 - December 30, 2022, daily)



Source: Nomura Asset Management based on Bloomberg data

10 Year Bond Yields in Major Countries

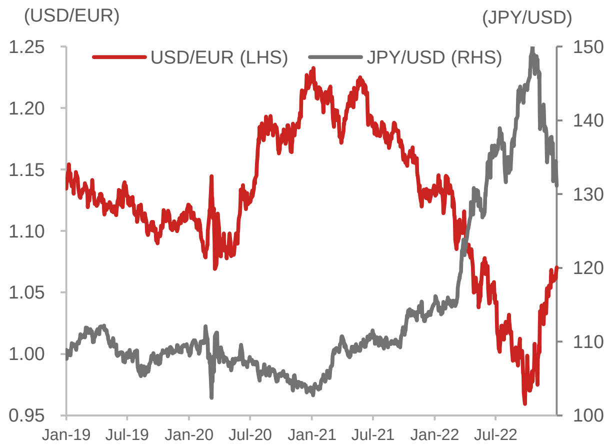
(January 2, 2019 - December 30, 2022, daily)



Source: Nomura Asset Management based on Bloomberg data

Yen and Euro against the US dollar

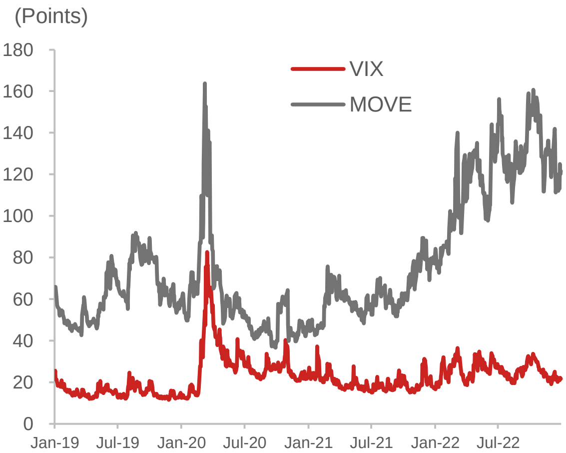
(January 2, 2019 - December 30, 2022, daily)



Source: Nomura Asset Management based on Bloomberg data

Trends in VIX and MOVE

(January 2, 2019 - December 30, 2022, daily)



Note: The VIX and the MOVE are indexes that show the risk of future volatilities of US stocks and US bonds, respectively.
Source: Nomura Asset Management based on Bloomberg data

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Investment Environment Outlook

Macroeconomic conditions could experience a phase shift in 2023

Rumi Kurumizawa
Chief Economist

Takahiro Homma
Senior Corporate Managing Director,
Chief Investment Officer

Inflationary fears will take time to dissipate

With inflation rates remaining high worldwide, national and regional central banks have continued to tighten monetary policy and prioritize the fight against inflation to overcome concerns about a wage-price spiral and the risk that inflation expectations could be destabilizing and persistent. After four consecutive 0.75% point (75 basis point) rate hikes, Federal Reserve Bank (Fed) chair Jerome Powell signaled a slowdown in the pace of monetary tightening in November. Subsequently, the Federal Open Market Committee (FOMC) in December decided to raise interest rates by half a percentage point (50bp).

As things stand, there is little confidence that inflation will converge to the target rate in either the U.S. or Europe. At this point, the central banks seem unable to determine whether the degree of monetary tightening to date is inadequate or whether it will just take a while longer for the effects of monetary tightening to show up in the economy and prices. So it is likely that the central banks will continue to raise interest rates through the first half of 2023, albeit at a slower pace.

Immediately after the December FOMC meeting, the Federal Funds futures market anticipated that the final destination for rate increases (terminal rate) would be 5.0%, defined as the upper end of the target range for the federal funds rate. The futures market also implied that a total of 50 basis points of interest rate cuts could follow by the end of 2023. We expect the Fed to be more hawkish than this market pricing suggests, and we also believe market volatility could increase during the first half of 2023.

Long-term bond yields expected to trend lower in 2023

The median policy interest rate outlook of the December 2022 FOMC raised the expected terminal rate to 5.25%. We also expect US interest rate hikes to continue through May 2023 and reach 5.25%. During the course of a correction in the financial markets' pricing of monetary policy, we believe there will be occasions when the yield on the 10-year Treasury note will rise slightly. However, we do not expect to see a significant rise in market interest rates amid slowing economic growth and inflation rates.

If the FOMC holds off on raising interest rates in the middle of 2023, then expectations for a halt or even a reversal of interest rate tightening will start to gain traction, which would make it easier for interest rates to decline globally.

On the other hand, the Bank of Japan made a preliminary policy adjustment in December by increasing the range of fluctuations for long-term JGB interest rates under its yield curve control policy. Any further decline in the yield on Japanese yen bonds seems unlikely given the prospect for further policy adjustments under the new Bank of Japan regime that will take over from Governor Kuroda in the spring of 2023. This also raises the possibility of a revision to the joint statement by the government and the BOJ.

The prevailing view is that an economic slowdown triggered by monetary tightening will not be as severe or prolonged as the recession accompanied by a balance sheet adjustment following the financial crisis. Inflation is also not expected to return to the low rates seen before the pandemic.

Share prices would be buoyed by falling interest rates in the 2nd half of 2023

In the past, stock valuations have adjusted downwards as interest rates have risen. Although the pace of interest rate hikes by the U.S. and European Central Banks slowed in December 2022, we believe a concerted increase in equity price-to-earnings ratios (PER) is unlikely while policy rate hikes continue. In addition, the economic slowdown could have an impact on corporate earnings and lead to a downward revision of earnings per share (EPS). For the time being, both the P/E and EPS are expected to weigh on the stock market performance.

However, if our economic and price projections materialize, a more dovish tone from the major central banks will support risk asset prices from the second half of 2023 onwards. Once the global economic slowdown is factored into stock prices, accompanied by growing anticipation that the ensuing recession will not be especially prolonged or deep, then stock prices could return to an upward trend as market P/E ratios recover along with lower interest rates.

Moreover, if the U.S. and European Central Banks begin to cut interest rates in 2024 and expectations of a future economic recovery begin to take hold along with a further decline in interest rates, we can then expect to see a genuine recovery in stock prices.

Currency markets to correct for stronger US dollar in 2023

Currency markets turned around in November 2022, as the U.S. dollar depreciated against the euro and the yen following the release of surprisingly weak U.S. consumer price index data. The dollar rally in 2022 developed alongside the pricing in of interest rate hikes by the Fed and widening interest rate differentials, so it seems likely that a reversal of the dollar’s appreciation could occur if the market starts to price in a halt to the interest rate tightening phase or an eventual reversal of interest rate policy.

Nevertheless, high energy prices remain a risk to this scenario, and they will make it difficult for Europe and Japan to improve their trade balance. We also believe that even if we experience negative growth in the second half of 2023, accompanied by a rise in the unemployment rate, in the absence of a deep and prolonged recession we will not see rapid interest rate cuts in the United States. With this in mind, the rate of US dollar depreciation seems likely to moderate during 2023.

Comparisons of business sentiment in the three major regions show that the United States and Europe will be subordinated to Japan, which is expected to exceed its potential growth rate. In the context of a strong dollar correction, it seems likely that the US dollar could weaken further against the yen than against euro.

Japan Equity Market Outlook

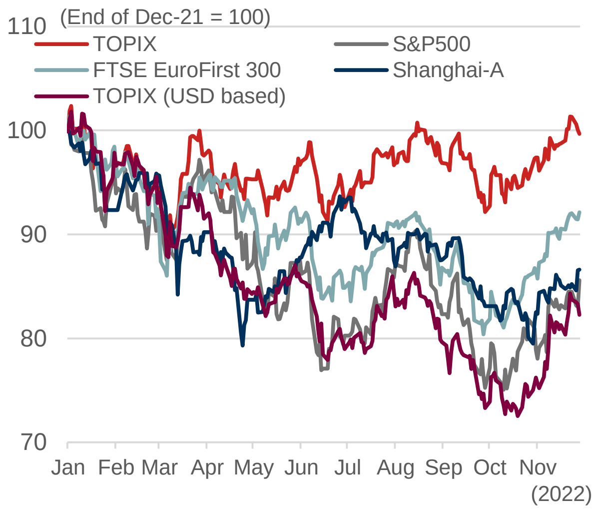
Investment environment for Japan could remain relatively favorable during a global slowdown

Yuichi Murao
Senor Managing Director
Chief Investment Officer – Equity

Difference in returns between local currency and dollar

In 2022, global financial markets were undermined by the monetary tightening policies of central banks in the face of higher than expected inflation, leading to severe declines in prices of both bonds and stocks. In this environment, the Japanese stock market performed relatively well in local currency terms, supported by the continuing application of loose monetary policy by the Bank of Japan, solid corporate earnings supported by the weak yen, and expectations of economic normalization following the pandemic. On the other hand, dollar-based returns, which represent returns to foreign investors, have been affected by the sharp depreciation of the yen, resulting in returns close to those seen in other major markets. In order for the Japanese stock market to attract attention from foreign investors, it is necessary to see the currency market stabilize as well as an improvement in corporate earnings.

Performance of Major Equity Markets
(Local Currency Base)
(January 3, 2022 to November 30, 2022, daily)



Source: Nomura Asset Management based on Datastream data.

Relatively robust business outlook

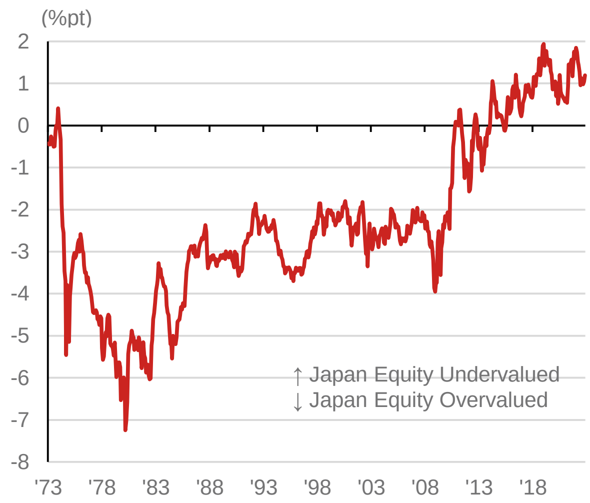
The earnings forecast for fiscal 2022, based on the Russell/Nomura Large Cap index, suggested that Japanese corporate earnings would increase by approximately 9.6% on a recurring basis (as of December 5, 2022). The forecast for profit growth of around 10% has not changed significantly from the previous forecast, which means that in real terms there has been a downward revision. This is because the sharp depreciation of the yen over the current fiscal year has contributed to an increase in nominal earnings. While some trading companies and resources-related industries benefited from buoyant commodity market conditions, the deteriorating outlook for automobiles follows the impact of prolonged supply constraints on components such as semiconductors. The same applies to smartphones, PC, and other electronics focused manufacturing industries, where inventory adjustments are expected to lead to downward revisions to overall earnings.

For fiscal 2023, we expect recurring profits to increase by about 6.2%. However, the exchange rate assumption is set at 140 JPY/USD for the fiscal year ending 3/2024 compared with 137 for FY3/2023, and the exchange rate will act as a negative drag on reported earnings if the yen is stronger than this assumption. While we should bear in mind the risk of such a strong yen, comparisons of the 2023 earnings outlook across Europe, the United States and emerging markets shows that only Japan has been revised upward from its forecast at the beginning of the year. Against the backdrop of an increase in the number of foreign visitors entering Japan after travel restrictions were eased (an increase in inbound demand) and robust capital investment, domestic demand is expected to support the Japanese economy as a whole for the next fiscal year. Corporate earnings growth in Japan is therefore expected to be superior compared to other countries.

Will there be adjustment to Japan's relatively cheap valuation?

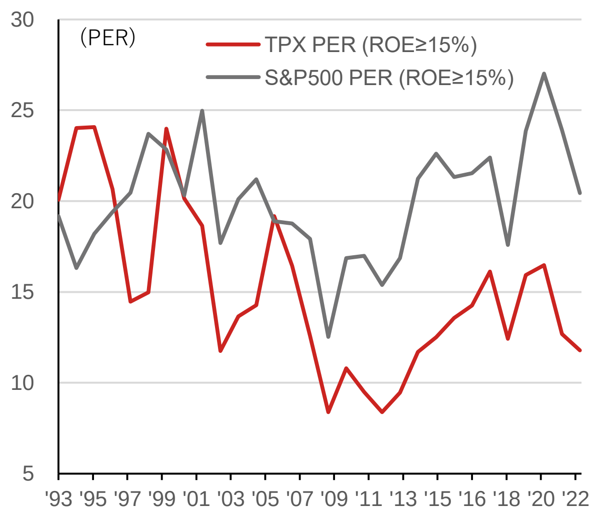
There is no change in the fact that Japanese stocks are currently undervalued compared to other major markets in Europe and the United States. One factor, is that the overall Japanese market continues to underperform other markets in terms of return on equity (ROE). However, even when we select and compare groups of companies with similar ROE levels (15% or higher) from among listed companies in both the Japanese and U.S. markets, the Japanese stocks have lower P/E ratios than their U.S. peers (lower right). There are many possible interpretations, but one of the main reasons is that U.S. companies achieve high ROE while actively investing in their core businesses, while Japanese companies achieve high ROE through shareholder returns while profit margins have hit their ceilings, resulting in lower expectations for future sales growth. Based on this finding, Japanese companies will need to achieve high growth and high ROE through active investment in order to raise their equity valuations from undervalued levels. From this perspective, the effectiveness of many of the "investments" included in the policy announcements from the Kishida administration in the name of its "new form of capitalism" will be of particular interest. The four investment areas listed are "people," "science, technology and innovation," "start-ups," and "GX and DX" (Green Transformation and Digital Transformation). In order for private companies to make effective investments in public-private partnerships, it is considered essential to enhance the predictability of the business operating environment as a national strategy and to redesign regulations to encourage investment.

Earnings Yield (Japan vs. Global)
(January 1973 to November 2022, monthly)



Source: Nomura Asset Management based on Datastream data.

Stock Valuation of High ROE Companies
(1993 – 2022, annually)



Note: Fsical year based fro TOPIX, calendar year for S&P500, as of November for 2022.
Source: Nomura Asset Management based on Factset data.

Assessment of non-financial information and institutional investor engagement activities

Analysis of non-financial information in addition to financial information is increasingly important in corporate valuations. In the environmental, social, and corporate governance (ESG) fields, assessment of whether a company is being managed to capture risks and opportunities in corporate management and to increase sustainable corporate value is linked to the medium-term stock valuation. With regard to climate change, in accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD), companies have been required to disclose their efforts related to transition risks, physical risks, etc. toward the realization of a decarbonized society. Taskforce on Nature-related Financial Disclosures (TNFD) is currently developing a disclosure framework to demonstrate how companies can addresses risks and opportunities related to biodiversity and the conservation of the natural environment. Human resource strategies linked to corporate growth strategies and human capital disclosure are also becoming important topics. In order to develop and bring out the best in employees, it is important to utilize human resources with diverse values, regardless of gender, nationality, race or age. It is also important to create a corporate culture that embraces diversity and inclusion. We believe that creating an environment where people can work with a sense of satisfaction and "well-being", with increased employee engagement will lead to sustained increases in corporate value.

Institutional investors are expected to engage in constructive dialogue (engagement) in pursuit of active commitments from companies regarding natural and human capital and information disclosure. Nomura Asset Management has conducted a quantitative analysis of how our own engagement activities have affected corporate management and stock valuations. The results were a mix of statistically significant and insignificant effects. One important fact about this result is that we continue to evaluate whether the effects observed externally are actually linked to an increase in corporate value, and that we persevere in urging companies to make efforts to increase the value of intangible assets such as natural and human capital, which can take a while to materialize, essentially as corporate value.

Global Equity Market Outlook

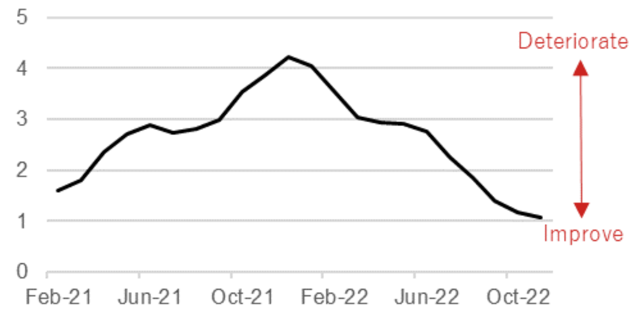
Takahiro Nakayama
Senior Manageing Director
Chief Investment Officer
– Global Equity

In developed markets, the focus has shifted from changes in corporate performance trends from a macro perspective to an emphasis on individual corporate earnings. Among the emerging markets, the focus is on economies that have been successful in controlling inflation

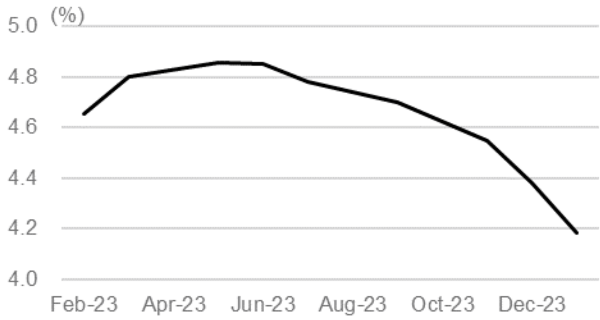
Impact of monetary policy

Stock market weakness in 2022 reflected the greater urgency in monetary tightening by central banks against the backdrop of a surge in inflation and uncertainty about future economic growth prospects amid rising interest rates. In particular, growth stocks suffered a major sell off despite the positive evaluation of their medium- to long-term earnings growth expectations. While we believe it could be some time before these uncertainties are fully resolved, we can confirm that the inflation trend has resulted in a decline in commodity prices due to the calming of resource markets and improvements in supply chain issues. We can also see a slowdown in the closely watched pace of house price increases. Nevertheless, the impact of interest rate uncertainty amid concerns over continually rising interest rates, which has caused much of the market decline this year, appears likely to improve going forward. At the December FOMC meeting, after four consecutive 0.75% rate hikes in June, July, September, and November, the Fed reduced it to 0.5% increments, and the market's focus will gradually shift from rate hikes to the timing of rate cuts.

Trends in Supply Chain Index (3-month average)
(February 2021 to November 2022, monthly)



Trends in the Policy Rate Assumed by the Market
(as of 2022/12/18)
(February 1, 2023 - January 31, 2024: FOMC dates)



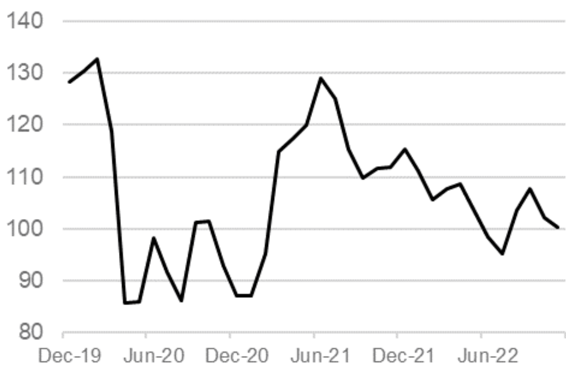
Source: Nomura Asset Management based on Bloomberg data.

Keep a close eye on economic developments

Against the backdrop of monetary tightening to date and the geopolitical risks associated with the Russia-Ukraine conflict, economic growth rates around the world have been slowing.

Consumer spending, which accounts for about 70% of GDP in the United States, has remained healthy recently thanks to savings accumulated between 2020 and 2021. However, we need to monitor future economic trends closely for signs that the cumulative effect of monetary tightening and high inflation have led to a weakening of discretionary spending, particularly on luxury goods and entertainment, among low-income households.

US Consumer Confidence Index Trends
(December 2019 to November 2022, monthly)

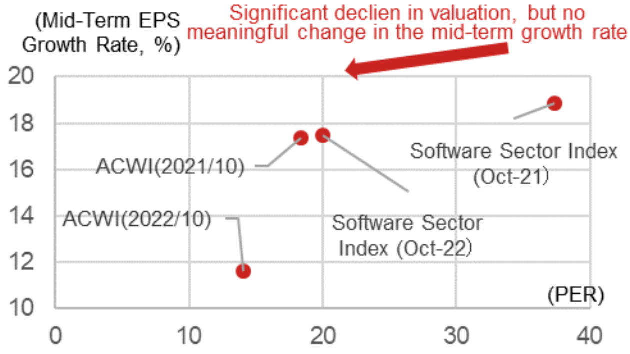


Source: Nomura Asset Management based on Bloomberg data.

Growth prospects and valuations

Against the backdrop economic growth concerns, corporate earnings forecasts for 2023 are being revised downward. Factset's 2023 EPS growth forecast for the S&P500 has fallen from 8% at the end of June to less than 5% as of December 16. In addition, there has been a significant valuation adjustment in response to the temporary slowdown in the growth outlook, and some industries and companies have seen significant revisions that have increased the attractiveness of their valuations. Looking at the profitability of U.S. companies since 1995, we can see that they have been rounding up their profitability levels with each economic cycle, although profitability has declined during each recession. Going forward, while a decline in corporate profitability is expected depending on economic trends, the extent of the decline may not be as large as the market currently fears. In particular, companies with strong pricing power backed by strong brand power and a proven track record of consistently achieving high profitability can prove resilient from this perspective.

Mid to Long Term Growth Rate and Changes in Valutaions



Source: Nomura Asset Management based on FactSet data

US Corporate Profit Growth (ex. Financials)
Circles indicate recession phase
(Oct-Dec 1995 to Jul-Sep 2022, quarterly)

Source: Nomura Asset Management based on Bloomberg data

Investment Themes to Watch

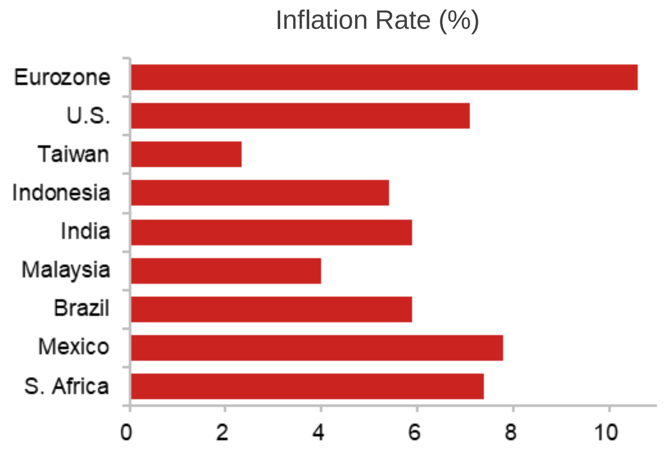
Even in an uncertain investment environment, we should not assume that growth prospects for all companies will deteriorate uniformly in the years ahead. For example, there will be an even greater need for companies to provide solutions such as using IT to address labor and resource shortages. In addition, the United States passed an infrastructure investment and employment bill in 2021 with a total budget of more than US$1 trillion, and last August passed an inflation reduction bill that includes about US$390 billion in climate action spending over the next 10 years. These bills cover infrastructure development in a wide range of areas, including EV charging facilities, water, broadband, and power grids, as well as the clean energy sector, including solar panels, wind turbines, and battery manufacturing, as well as EV purchase subsidies. Considering these policy tailwinds, infrastructure redevelopment, including office, residential and logistics systems, as well as the proliferation of alternative energy sources and EVs, are expected to present attractive medium- to long-term growth themes. Beneficiaries will include companies from a wide range of industry sectors, including technology, industrial and public utilities.

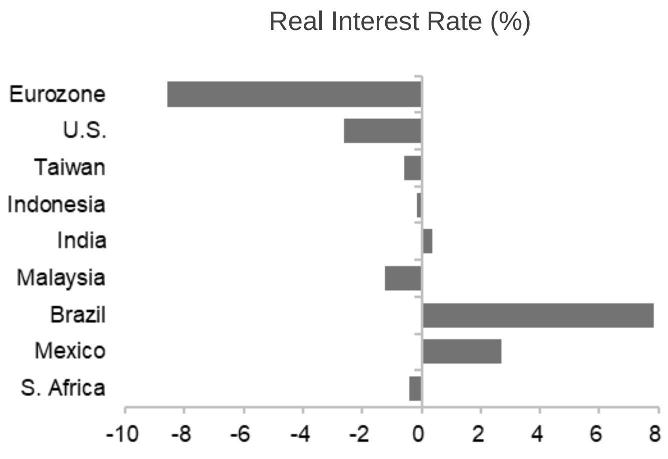
Emerging stocks: Focus on markets that are successfully controlling inflation

At the end of November 2022, the MSCI Emerging Markets Index (in US dollars) had a year-to-date return of -18.6%, underperforming the developed world index, which returned -14.1%. This was mainly a result of declines in the Chinese and Russian markets. Although it looks like another disappointing year for emerging markets, as many as 10 of the 25 markets (including Russia, which was eliminated from the index mid-year) reported positive returns. Meanwhile, of the 23 developed countries, none recorded positive rate of return in US dollar terms.

Among the winners in emerging markets there are Turkey and Chile, which had long been struggling but rebounded on country-specific factors, and Kuwait and Qatar, which benefited from high energy prices. But the markets we want to focus on in 2023 are the countries that have succeeded in controlling inflation, such as Indonesia, South Africa and Brazil, which had a positive return year-to-date, and India and Taiwan, which declined. These countries have lower inflation rates than Western countries, and their real interest rates, which take inflation into account, are higher. The conventional image of emerging economies is that of relatively high inflation, but the fact that some of them raised interest rates early on and did not implement massive economic stimulus measures during the pandemic contributed to their success in controlling inflation. With capacity to implement supportive monetary and fiscal policies, such as interest rate cuts and/or increased fiscal expenditures, we believe these countries are likely to extend their economic recovery in 2023 with strong stock market returns.

Last but not least, Eastern Europe, especially the Central European markets excluding Russia (i.e. Poland, Czech Republic, etc.), is another market to watch. High inflation and a slowdown in the Eurozone, the main economic partner for the region, are still a cause for concern, but the regional stock markets fell sharply following Russia's military invasion of Ukraine due to their proximity to the conflict. Indications, that the conflict has stabilized and the risk of escalation has eased, could help the Central European stock markets in 2023.





Source:Source: Created by Nomura Asset Management based on Bloomberg data
Inflation: The latest CPI (consumer price index) inflation rate released as of December 15, 2022 (year-on-year)
Real interest rate: A measure of a country's central bank's key interest rate (as of December 15, 2022) minus the inflation rate

J-REIT Market Outlook

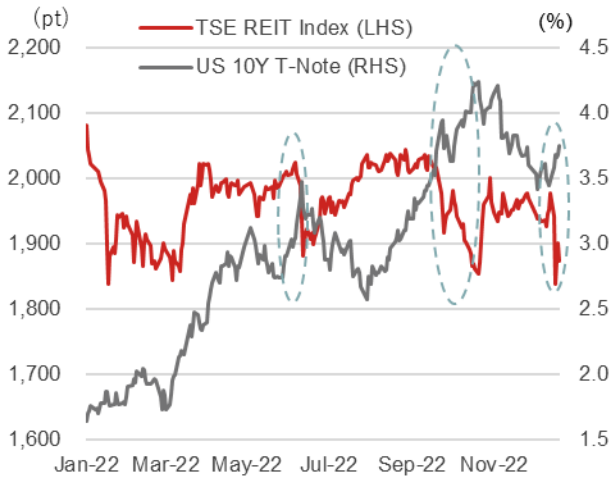
Amid expectations of a post-pandemic growth recovery, the J-REIT market will also be susceptible to developments in domestic and foreign interest rates

Tomoyuki Nobuhara
Senior Equity Analyst

The J-REIT Market likely to be driven by interest rate trends in Japan and overseas

Volatility in the J-REIT market increased in 2022, as it was indirectly affected by rising interest rates in overseas markets. The timing of the rise in US 10-year Treasury yields in June and the subsequent sustained rise in interest rates from August to October triggered a temporary correction in the J-REIT market. On the other hand, the negative ongoing impact on the J-REIT market has been minimal compared to overseas REIT markets given the subdued level of domestic long-term interest rates and lower inflation rates. Volatility in the J-REIT market has risen again, however, after the Bank of Japan adopted a wider trading range for long-term JGB yields at its December policy meeting. The J-REIT market is likely to remain under the influence of domestic and foreign interest rate trends in the near term.

TSE REIT Index and US 10Y T-Note Yield
(January 4, 2022 – December 23, 2022, daily)



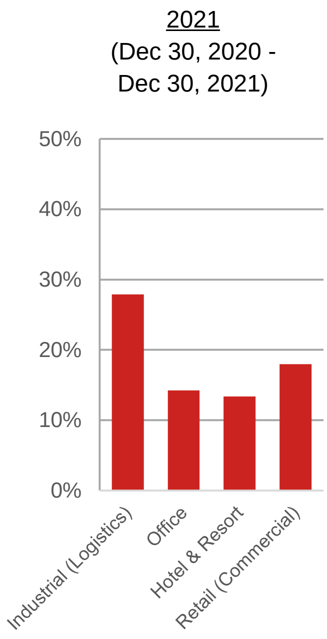
Note: US 10Y T-Note yield is Bloomberg Generic.
Source: Nomura Asset Management based on Bloomberg data

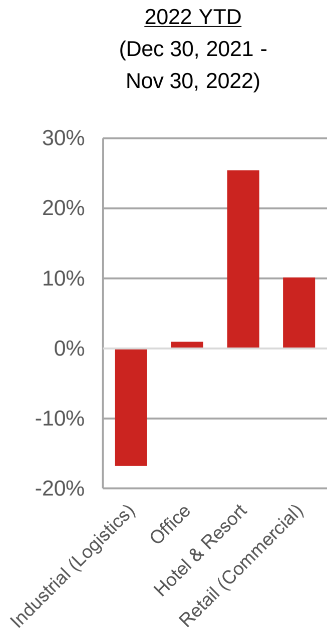
Hotel sector firm on expectations of inbound recovery

Returns in the office, hotel and commercial sectors were positive in 2021, factoring in a post-pandemic recovery in economic activity. On the other hand, returns in the logistics sector were also strong on expectations that demand for e-commerce and logistics facilities will continue to grow due to the intermittent spread of Covid-19 infections and the expansion of telecommuting.

In 2022, as interest rates in overseas markets rose, returns in the logistics sector turned negative due to low dividend yields despite high growth potential. In addition to measures to stimulate demand, such as nationwide travel assistance, the hotel sector has seen a significant increase in demand due to the expected recovery in tourist traffic since the lifting of the inbound travel ban.

TSE REIT Index Sector Based Return





Note: Market capitalization weighted average, industry classification is GICS industrial subsector classification.
Source: Nomura Asset Management based on Bloomberg data

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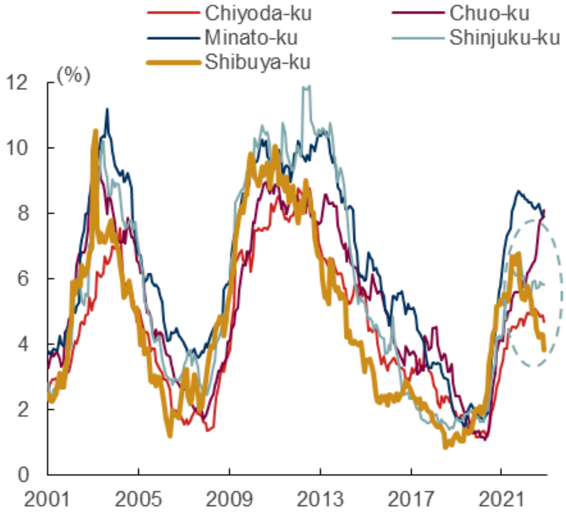
Office market remains flat

Since the pandemic, the office vacancy rate has continued to rise, but has recently started to level off. In the immediate aftermath of the pandemic, the vacancy rate rose quickly in the Shibuya district, where IT-related companies are concentrated, as those tenants are well adapted to telework and tend to make rapid business decisions. Recently the vacancy rate in the district has started to decline as falling rents have stimulated demand. There are concerns that the supply of new office buildings will continue beyond 2023, making it difficult to project a positive outlook, but attention is being paid to whether areas such as the Shibuya district, where supply and demand will improve, will expand as a post-pandemic recovery in economic activity looms.

Vacancy Rate in Tokyo Disctricts
(January 2001 to November 2022, monthly)

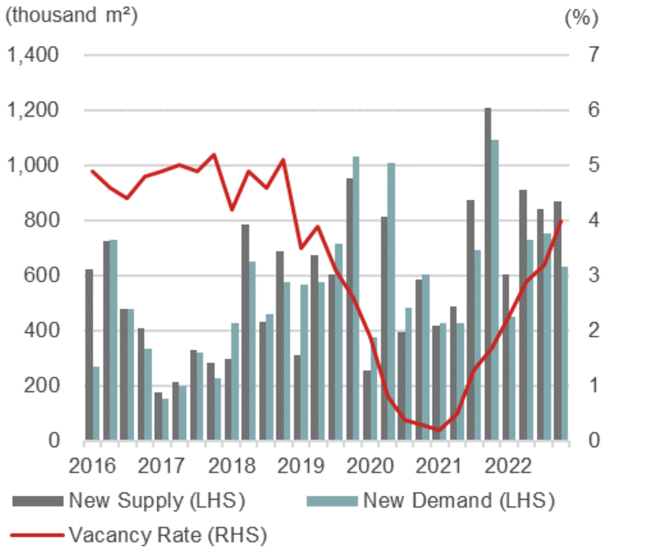


Source: Nomura Asset Management based on Miki Shoji data.

Logistics facilities continue to see significant increases in both supply and demand

Although the supply of new logistics facilities has been increasing significantly in recent years due to the growing need for advanced logistics facilities as e-commerce has expanded, the supply-demand balance has been maintained as demand has also grown significantly. Although the vacancy rate is currently rising, this issue will have the biggest impact on properties with high rents for tenancy due to rising land prices and costs associated with intensified development competition. Properties developed with specifications that are out of step with tenant needs will also remain vacant. Demand is expected to continue rising, but the market will only remain in balance if developers of logistics facilities can meet tenant needs and specifications.

Logistics Facilities Market
(January 2016 to October 2022, quarterly)



Source: Nomura Asset Management based on Ichigo Real Estate Services data

Bond and Currency Market Outlook

Bond and currency markets will enter a phase in which inflation and economic trends will both become increasingly important

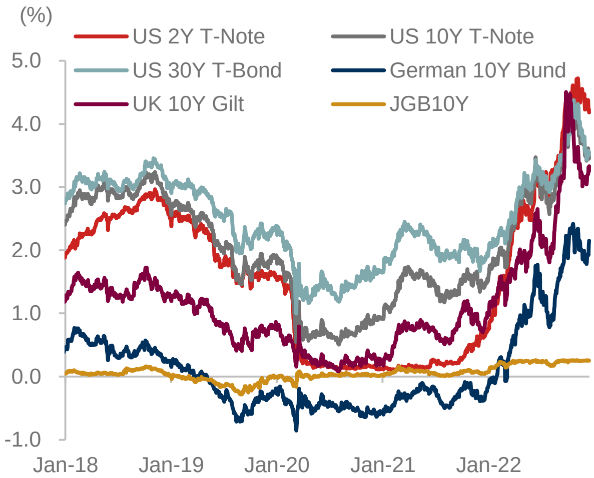
Wataru Kato
Senior Portfolio Manager

Yuji Maeda
Head of Fixed Income,
Nomura Asset Management UK

Bond yields rose sharply in 2022

Bond market yields rose significantly in 2022 amid accelerating inflation and aggressive monetary tightening by major central banks. The Federal Reserve raised interest rates by a cumulative 4.25% in 2022, the largest increase in policy interest rates for single a calendar year on record. Federal Reserve Chairman Jerome Powell, who about a year ago rated the current jump in inflation as likely to be transitory, was forced to adopt aggressive monetary tightening policies to curb inflation.

Changes in Government Bond Yields
(January 2, 2018 – December 16 2022, daily)



Note: Yield is Bloomberg Generic
Source: Nomura Asset Management based on Bloomberg data

Fed must pay attention to Jobs too, not just inflation

With inflation at the highest level for decades, fighting inflation has become the main theme and priority of central bank policymaking in 2022. Looking ahead to 2023, we expect the inflation trend to have a significant impact on monetary policy decisions and therefore the bond market too. In addition, we assume that economic growth trends will become increasingly important alongside inflation in our outlook for monetary policy in 2023. The Fed is sure to focus on fighting inflation at a time like this, when unemployment is at historic lows in the mid- 3% range. But when the economy slows and the job market deteriorates, the Fed will have a more difficult time steering the economy given its dual mandate of price stability and maximizing employment.

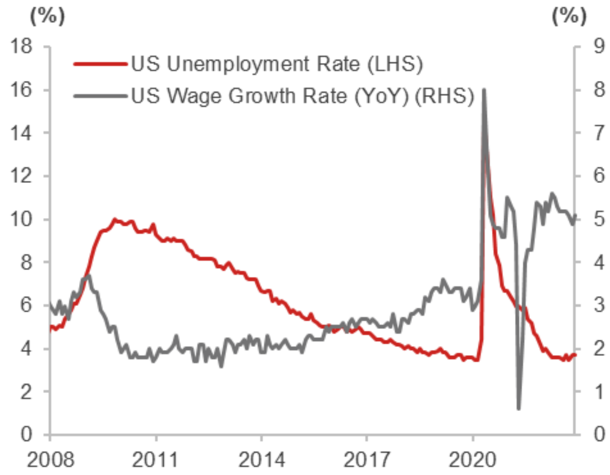
In the United States, the policy rate reached 4.25 - 4.5%, which will have a negative impact on consumer spending as well as the housing market, which has already been adversely affected by the interest rate hikes. In addition, we believe the unemployment rate will gradually increase as the economy slows, although the job market is currently holding steady. A slowdown in the job market is necessary for inflation to subside. However, if the economy moves into recession, which is likely to cause a significant rise in the unemployment rate, it will be more difficult to assess the Fed's policy position amid uncertainty about the future of inflation. The Fed may be able to reverse policy and start cutting interest rate, as it has done during the low inflation period since the 2000s, or it may be hesitant to cut rates for fear of another surge in inflation.

U.S. economy shows continued strength

The U.S. economy has remained solid even against the backdrop of rising prices and the Fed's monetary tightening. The U.S. Institute of Supply Management (ISM) Manufacturing Sentiment Index fell below the expansion-contraction threshold of 50, and the interest-rate sensitive housing market is slowing. However, the labor market remains tight, and consumer spending remains solid thanks to excess savings accumulated during the pandemic. This is helping to keep the overall economy strong.

While the pace of economic expansion in the United States has slowed, we expect the recovery to continue tenaciously for the foreseeable future.

US Labor Market
(January 2008 to November 2022, Monthly)



Source: Nomura Asset Management based on Bloomberg data.

Bond yields will turn downwards through the second half of 2023

As the U.S. economy continues to expand and inflation remains high, the Fed will have no choice but to continue raising rates, albeit at a slower pace. We expect the U.S. policy rate to rise eventually to more than 5% for the first time since just before the 2008 financial crisis.

On the other hand, we believe that in the middle of 2023, the negative impact of the Fed's monetary tightening to date will gradually emerge, confirming the modulation of economic indicators in the United States that may signal a recession. Moreover, if the Fed's monetary tightening progresses too far in response to the current strength of the economy, then we could face the risk of a serious recession in the future.

We expect bond yields to continue their upward trend for a while, as long as the Fed continues to tighten policy against a backdrop of high inflation. However, we expect yields to turn lower in the second half of 2023 as the economy shows signs of faltering and awareness of the Fed's shift to lower interest rates.

The timing of when the massive upward trend in bond yields that occurred in 2022 might reach a real turning point is an important focus for financial markets as a whole. In looking ahead to that tipping point, we believe it is vital to catch early indications from various economic indicators that could suggest a fall in inflation towards the Fed’s 2% target. In turn, this will offer vital clues for a careful assessment of when the Fed might tilt to an interest rate cut.

U.S. dollar likely to be range-bound against major currencies for now

In the currency market, the U.S. dollar has appreciated sharply this year in reaction to aggressive monetary tightening by the Fed. More recently, we have seen some of these gains unwinding as U.S. inflation shows signs of easing.

After four consecutive 0.75% rate hikes since June 2022, the Fed chose to slow the pace of monetary tightening with a 0.50% rate hike in December. It will take a while for inflation to subside to a comfortable range, so there is still room for a stronger U.S. dollar as the fed continues to raise its policy rates, even by smaller increments. However, as the U.S. economy slows, we can expect the U.S. dollar to show a lack of direction against the major developed currencies such as the euro and yen for the foreseeable future, as markets become more aware of an eventual peak in interest rates and a subsequent shift to monetary easing. In the second half of 2023, we expect the U.S. dollar to shift to a clear downward trend as the U.S. economy becomes more conscious of a recession and the Fed's shift to lower interest rates becomes more likely.

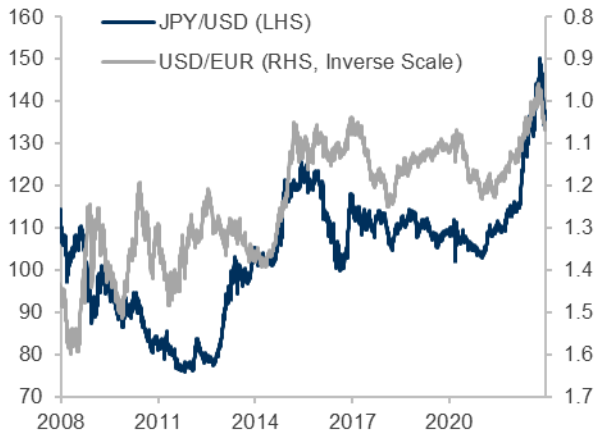
Deterioration in the current account balance due to high energy prices was recognized as one cause of depreciation for the currencies of net energy importers this year. These include the Eurozone and Japan. While it is difficult to expect an early resolution to the Russia-Ukraine conflict, it will be necessary to stay attuned to trends in energy prices, which also reflect global economic trends.

The currencies of resource-rich countries and emerging economies could experience headwinds from the global economic slowdown, but we could also see a rebound in the Chinese economy as the government rolls back its Zero-Covid policies and reopens the domestic economy.

Keep in mind the upward revision of the Fed's rate-hike target

One scenario in which this outlook would not materialize is if the continued unwinding of excess savings delays the onset of a recession in the U.S. economy due to support from continued strong consumer spending. In this scenario, there is a risk that inflation might not slow sufficiently, causing the Fed to raise interest rates beyond the forecast terminal rate that the market is currently pricing in. Bond yields could therefore rise further and the U.S. dollar could appreciate once again. However, any upward shift in the terminal interest rate target can also be expected to exacerbate the subsequent economic downturn and the resulting rate cuts. We could therefore expect a period in which the U.S. dollar ultimately depreciates significantly toward the point when the Fed halts the tightening phase or begins cutting interest rates.

JPY/USD and USD/EUR
(Jan 2, 2008 to Dec 16, 2022, daily)



Source: Nomura Asset Management based on Bloomberg data.

Global Economic Outlook 1 – Base Case Scenario

Economic growth to slow as effects of monetary tightening surface

Effects of monetary tightening to surface with a time lag

The effect of monetary tightening in major countries/regions in 2022 has not led to an economic slowdown that convinces us of the convergence of inflation rate to its target levels. The demand suppression effect of monetary tightening may have been weakened by order backlog arising from stagnant production due to supply constraints under the Covid-19 pandemic and "excess savings" stemming from fiscal transfers from the government under an environment in which service consumption is particularly suppressed. As such buffers will dwindle, we expect that a stronger monetary tightening effect will surface in and after mid-2023.

In the meantime, as supply constraints relax, inflationary pressure is expected to retreat on both demand and supply sides.

US Manufacturing ISM Index
(January 2000 - November 2022, Monthly)

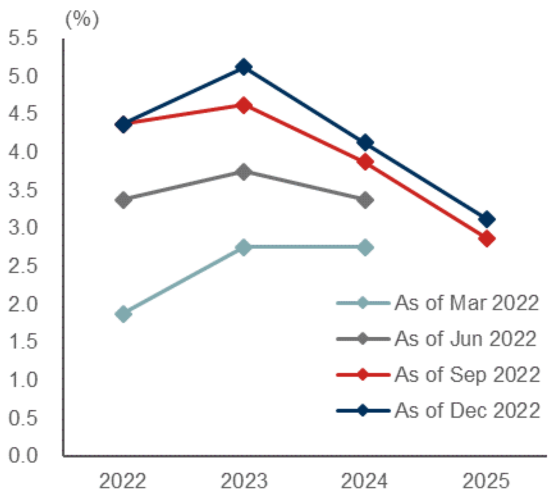
Note: Only the Eurozone data are through December 2022.
Source: Nomura Asset Management based on S&P Global data

Tightening pace is slowing and the terminal rate will be reached in mid-2023

We expect that the FRB will continue to cautiously implement small rate hikes until the effect of monetary tightening will surface in the real economy and prices. We anticipate that the FF rate will be raised to around 5.25% by mid-2023 and maintained at that level thereafter until the end of 2023. After that, the focus is expected to shift from high wariness of high inflation to the worsening of the real economy, and the FRB's policy is expected to flip to rate cuts toward the neutral rate with the intention to adjust the extent of monetary tightening.

It is not very conceivable that the recession will continue for a long time as the balance sheet of the household sector appears to be sound. However, we need to keep an eye on any potential areas that may lead to a systemic financial crisis.

FF Rate Outlook by FOMC Participants (Median)



Source: Nomura Asset Management based on Fed data

Global Economic Outlook 2
– Risk Scenario

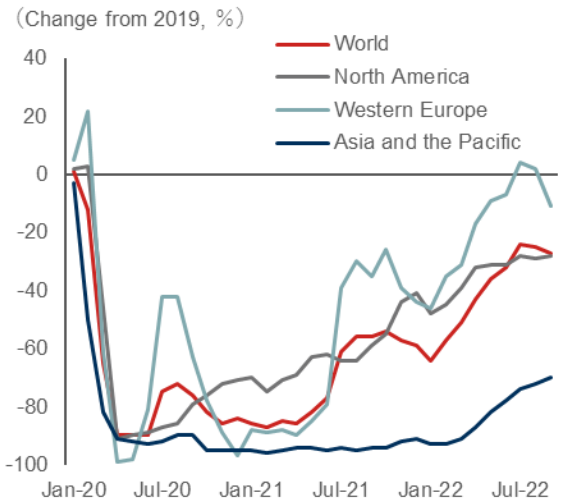
Attention to more-than-expected monetary tightening effect

Upside risk: Strong growth of travel demand and capital investment

As “living with Covid-19” becomes widely accepted, travel demand continues to recover. International tourist arrivals in September 2022 have recovered to about 70% of the levels in the same month in 2019. While the recovery has been driven by Europe, the Asia Pacific region has notably been slow. This means there is significant room for further recovery in travel demand going forward. Travel demand in Asia may recover significantly if China fully relaxes its zero-Covid policy sooner, which may have a positive effect on the entire economy.

If the pace of reconstruction of supply chains is quickened following the Covid-19 pandemic and the Russian invasion of Ukraine, capital investment may increase more than expected.

International Tourist Arrivals
(January 2020 - September 2022, Monthly)



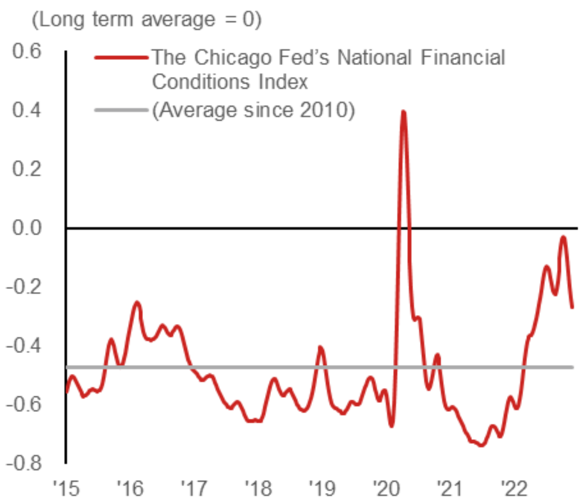
Source: NAM based on data from the World Tourism Organization

Downside risk: More-than-expected monetary tightening effect and another supply shock

Although monetary tightening is well underway in the US and Europe, the labor market remains resilient. However, as the effect of monetary tightening gradually materializes, its demand suppression effect may be larger than expected in 2023. It should be noted in particular that the current monetary tightening has been implemented at a faster pace than in the past, and many of major central banks have raised interest rates almost at the same time. Chicago Fed’s National Financial Conditions Index has remained more dovish than the long-term average, but has risen significantly from typical levels since the global financial crisis. Bank lending surveys in the US and Europe have shown that lending criteria are being tightened, and such a financial environment may suppress economic growth more than expected.

Covid-19 also remains a risk factor. Depending on the responses of China, repeated lockdowns may affect both demand and supply.

The Chicago Fed’s national Financial Condition Index (NFCI)
(January 2015 to December 2022, Weekly)



Source: Nomura Asset Management based on Chicago Fed’s data

Global Economic Outlook 3
– Economic Cycle

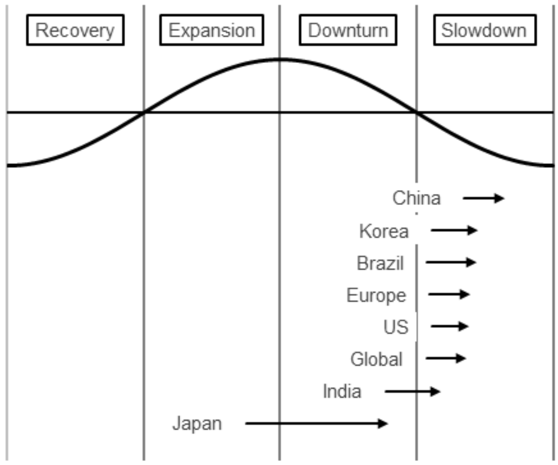
Economic cycle is approaching the recovery phase, but the real economy remains worrisome

The global economy remains in the slowdown phase

The global economy has remained in the slowdown phase, which is the weakest of the four phases of economic cycle. The impact of past slowdown phases varied, including periods in which the real economy was significantly affected by the global financial crisis and the pandemic and also many periods in which it was not significantly affected. That said, even in the latter cases, the real economy is likely to weaken going forward in terms of, for example, economic growth rate.

On the other hand, the Chinese economy is a positive factor in that it is nearing bottom. During the process of transition from the slowdown phase to the recovery phase of the global economy, the Chinese economy has tended to lead the transition almost without exception. Meanwhile, the Japanese economy has remained resilient as compared with other major countries/regions, although it is currently somewhat weaker.

Changes in the Global Economy
(May 2022 - November 2022)



Source: Nomura Asset Management based on OECD data

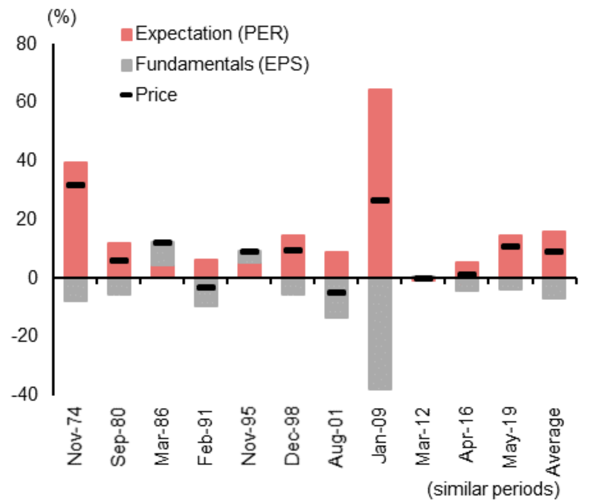
Equity market outlook depends on the future course of monetary policies of major countries/regions

The equity markets in the slowdown phase mostly have shown the same characteristics in that corporate earnings have worsened. Concerns about poor corporate earnings have also increased recently, but this is by no means an exception from the viewpoint of economic cycle.

The current risk is rather that the expectational factor representing the difference between stock prices and earnings may not rise as significantly as in the past. The expectational factor is a change in, for example, price earnings ratio (PER) and tends to rise (fall) if the monetary policy is dovish (hawkish).

The current situation is significantly different from past slowdown phases in that the US and a broad array of other countries/regions are raising interest rates at the same time. In addition to the future course of monetary policies, how much the expectational factor will rise will be a key point to watch.

Stock Prices and Volatility Factors in Six Months for Similar Periods
(Similar Periods in Economic Cycles in and after1973)



Note: Similar periods have been extracted quantitatively based on the global economy. Stock prices are based on Datastream's Global Developed Equity Index.
Source: NAM based on OECD, Refinitiv, and Datasteram data

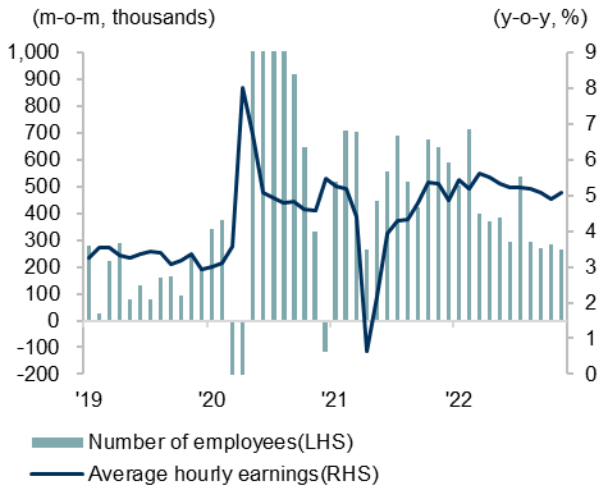
US

While the FRB is approaching a phase to evaluate the effectiveness of rate hikes, rate hikes will continue for the time being

The economy is slowing, but remains resilient

The US economy is slowing, but remains resilient. While indicators of corporate sentiment are weak and indicators related to housing sales and construction are worsening on the back of rising loan interest rates, consumption-related indicators are generally strong. Consumption appears to be supported by the continuation of increases in payrolls and wage growth and the unwinding of "forced savings" that have been accumulated during the Covid-19 pandemic. In such a situation, the inflation rate (year-on-year percentage increase in the consumer price index) in November fell to the 7% level, which is slower than the 9% level in June, suggesting the relaxation of inflationary pressures. However, it remains well above the FRB's target of 2%. Although inflation in prices of goods is slowing as the supply chain disruption issue is being resolved, inflation in prices of services is still accelerating on the back of the strong labor market.

US Employment and Wage Statistics
(2019/1-2022/11, monthly)

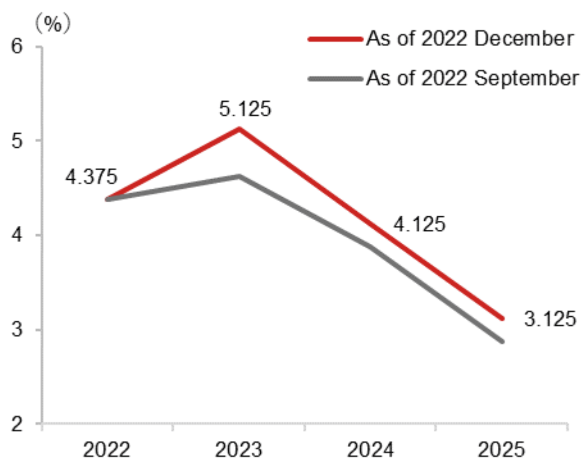


Note: Employees are of non farm. Average hourly earnings are of private sector. Some of data in 2020 are not displayed for visibility of recent data.
Source: Nomura Asset Management based on CEIC data.

FRB approaching a phase to evaluate the effectiveness of rate hikes so far

The FOMC decided to raise the policy rate by 0.75 percentage points in November and by 0.50 percentage points in December. As a result, the total size of rate hikes has reached 4.25 percentage points. As inflationary pressures are moderating, Federal Reserve Chair Jerome Powell explained that "slowing down (the pace of rate hikes) at this point is a good way." The FRB appears to be approaching a phase to evaluate the effectiveness of rate hikes. That said, FOMC members anticipate an additional rate hike totaling 0.75 percentage points in 2023 and do not contemplate immediate discontinuation of rate hikes. We should also pay attention to the possibility that the FRB is forced to raise interest rates more than expected by the FOMC given the existence of a strong upside risk in inflation outlook and a risk that the tightening of the financial environment will be insufficient as the financial market becomes more optimistic.

Interest rate expectation of FOMC members
(Published at the same time as the FOMC meeting in December 2022)



Note: Median of the expectations among the FOMC members (expectation for the mid-point of the target range of the policy rate). The figures above show the expectation as of December.
Source: NAM based on data published by the Fed data

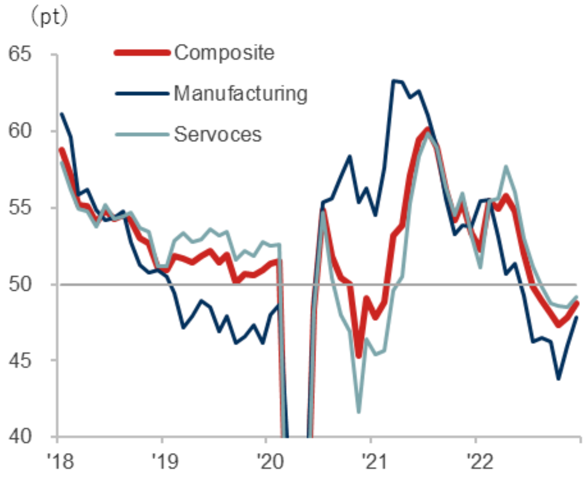
Eurozone

The ECB to continue big rate hikes, increasingly watching out for “second-round effects”

High inflation driven by soaring energy prices is a drag on economic activities

The Eurozone economy is slowing down. The Purchasing Managers’ Index (PMI), which is highly correlated with economic growth, remains below the turning point of 50. Moreover, production and consumption statistics have shown weakness since October. While tailwinds from the relaxation and lifting of Covid-19-related restrictions moderate, high inflation driven by soaring energy prices appears to a drag on economic activities. The inflation rate in the Eurozone for November was in the 10% range (year on year), marking the second consecutive month of two-digit inflation and significantly exceeding the ECB target of 2%. As the rises in energy prices are increasingly passed through, core inflation, which excludes food and energy prices, remains high in the 5% range (year on year). The effect of rate hikes, which is discussed below, is expected to materialize going forward, and the Eurozone economy in 2023 will likely be increasingly sluggish.

Business sentiments in the Eurozone
(From January 2018 to December 2022, monthly)



Note: Some of data in 2020 are not displayed for visibility of recent data.
Source: Nomura Asset Management based on S&P Global data

ECB to continue big rate hikes after the beginning of 2023

At its Governing Council meetings in October and December, the ECB decided to raise the policy rates by 0.75 percentage points and 0.50 percentage points, respectively. Although the pace of rate hikes slowed down in December, the ECB is expected to continue big rate hikes after the beginning of 2023 given that a phrase “interest rates will still have to rise significantly at a steady pace to reach levels that are sufficiently restrictive” has been added to its statement and ECB President Christine Lagarde strongly signaled the possibility of the continuation of rate hikes by 0.50 percentage points. The newly announced economic outlook has revised the inflation forecasts upward through 2024 and indicates that the inflation rate will still not reach the target level of 2% in 2025. In this situation, the ECB appears to be increasingly watching out for “second-round effects” that high inflation will lead to destabilization of inflation expectations and acceleration of wage growth rates.

Economic Outlook by ECB
(Released simultaneously when the ECB Governing Council was held in December 2022)

(Unit: annual percentage changes)

		2022	2023	2024	2025
GDP growth	December 2022	3.4	0.5	1.9	1.8
	September 2022	3.1	0.9	1.9	-
HICP inflation	December 2022	8.4	6.3	3.4	2.3
	September 2022	8.1	5.5	2.3	-

Source: Nomura Asset Management based on ECB materials

Japan

Attention to the new BOJ leadership scheduled to start in spring 2023

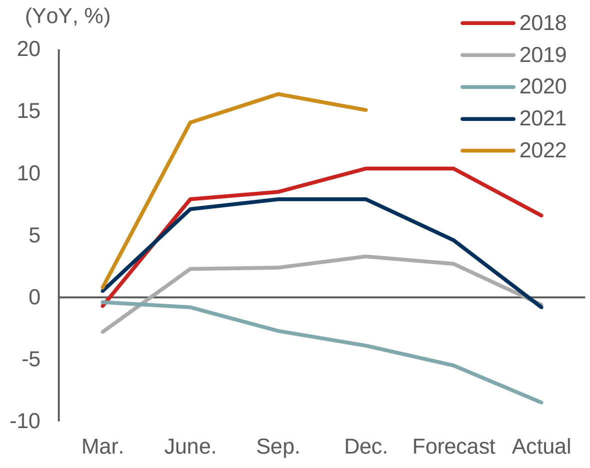
Service consumption and capital investment to support recovery

We predict that the Japanese economy in 2023 will be healthy relative to the economies of major developed countries, supported by the recovery from the Covid-19 pandemic of domestic demand as well as inbound demand, although the slowdown of the global economy will be a drag on the export of goods.

The BOJ Tankan survey in December 2022 has revised capital investment plans downward from the previous survey, but their growth rate remains at higher levels than in the past several years. Capital investment plans appear to be supported mainly by the demand for DX and GX investments and manpower-saving investments to respond to labor shortages as well as investments that have been postponed under supply constraints during the Covid-19 pandemic.

Based on the state of demand-supply in the labor market and the trend of inflation, the wage growth rate at the annual spring wage negotiations is estimated within the range around 3%, which is above the past range around 2%. If real income growth becomes positive, it will continue to support the consumption after the pent-up demand dissipates.

Capital Investment Plans in BOJ Tankan
(FY2018 - FY2022)



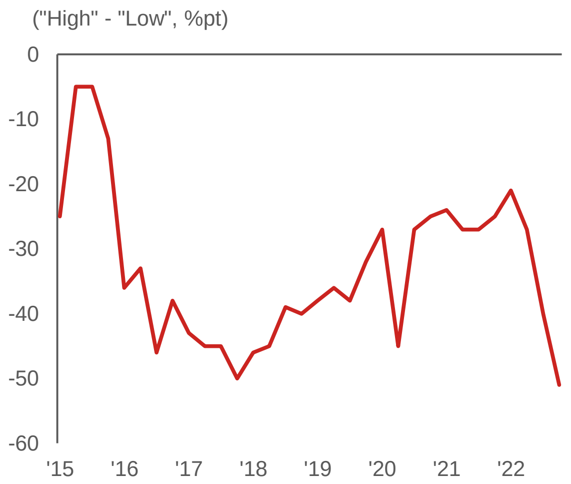
Note: All sizes and all industries
Source: Nomura Asset Management based on BOJ data

Is the BOJ bound for further policy adjustments under the new leadership?

At its monetary policy meeting in December 2022, the Bank of Japan (BOJ) widened the variation range of the long-term interest rate in its yield curve control (YCC) from around ±0.25% to around ±0.50%. The central bank explained that this change is a response to declines in the functioning of the bond market, which could have a negative effect on the financial environment. While it is true that the Bond Market Functioning DI has declined to the lowest levels since 2015, such a policy adjustment at this timing surprised many market participants.

Further policy adjustments may be announced in or after spring 2023 in view of the media report that the BOJ will release a revised statement jointly with the government after the launch of its new leadership. Meanwhile, the BOJ may ponder on the next move, while evaluating the impact of the recent expansion of the variation range on the financial market.

Bond Market Functioning DI (Current)
(February 2015 - November 2022, Quarterly)



Note: The survey scope was expanded in and after February 2018.
Source: Nomura Asset Management based on BOJ data

China

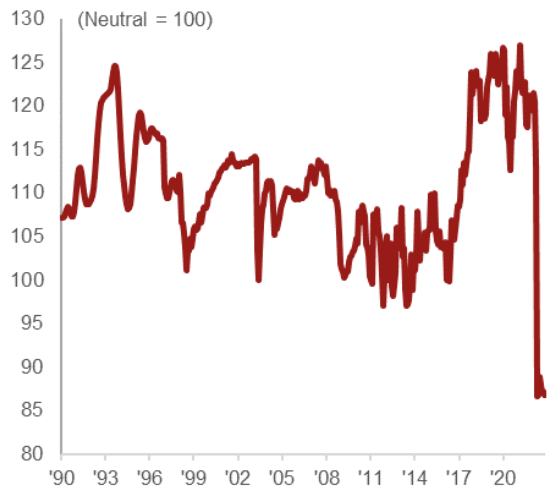
With a bumpy path to economic reopening, full-fledged recovery expected only in and after 2023/2H

The relaxation of the zero-Covid policy to cause a near-term turmoil before economic reopening accelerates in and after 2023/2H

Following the conclusion of the National People's Congress of the Communist Party, which is the most important political event, the zero-Covid policy, which had been a drag on the Chinese economy for about three years, started to be relaxed. As infection must be rapidly expanding following the relaxation of restrictions, we rather expect a near-term downturn in economic activities due to people's reluctance to go out, labor shortages driven by infection, and supply chain disruptions. We expect a full-fledged economic reopening in and after spring as senior citizens are increasingly vaccinated, following some big events like the Chinese New Year holidays and the National Congress.

Although an economic recovery is expected driven mainly by consumption, which has been hit hard, we predict that the recovery process will take time given the struggling employment and income environment and weak household sentiment. As the global economy slows down, the county's export, which has been strong, is expected to become a drag on recovery.

Consumer Confidence Index
(January 1990 - October 2022, Monthly)



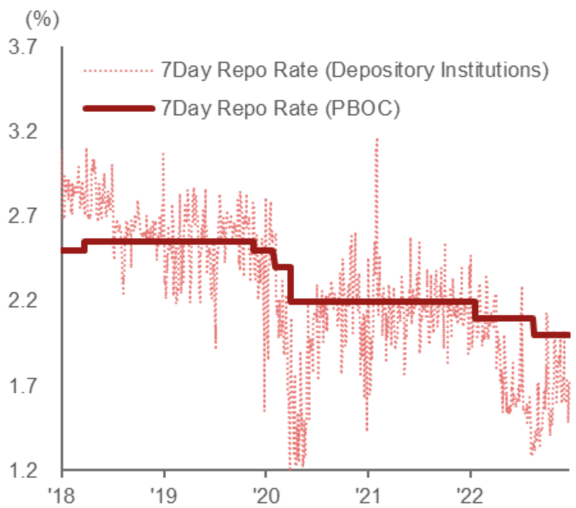
Source: Nomura Asset Management based on CEIC data

The easing stance will be maintained, but with limited room for further easing

As the country's economic recovery lacks strength, the leaders will likely maintain an accommodative policy stance. However, room for further easing is limited both in the monetary and fiscal policies. As for monetary policies, as there is not much room for further cuts in policy rates and reserve requirement ratio, targeted liquidity supply by the People's Bank of China (PBOC) and the expansion of lending facilities of policy banks will be the main policy tools. As for fiscal policies, while the budget deficit and bond issuance quota of local governments will likely remain at high levels, the budget size may effectively be reduced if the carryover of unused balance can be eliminated.

The progress of economic reopening will also influence policy effects. If economic reopening progresses steadily, capital needs will increase. In this situation, the effect of past monetary easing will be easier to materialize, and it is also easier for the government to push forward with infrastructure investment projects.

7-Day Repo Rates
(January 2, 2018 - December 16, 2022, Daily)



Source: Nomura Asset Management based on CEIC data

Emerging

Central banks to explore paths to monetary easing in 2023, while weighing the balance between economy and inflation

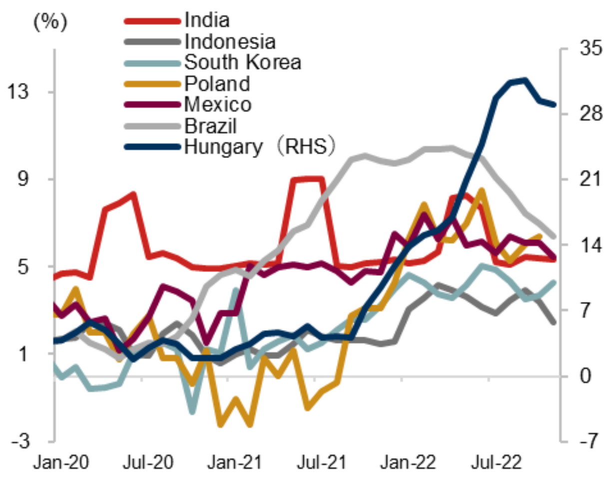
As economic slowdown continues, inflation is expected to revert to the target range

The emerging economies in 2022 remained on a slowing trend on the back of monetary tightening and a decline in foreign demand, and economic slowdown is expected to continue in 2023. In particular, we expect that these economies will slow down further later 2023 partly due to the economic slowdown in major developed countries.

Despite the economic slowdown, underlying inflation gauge currently remains at high levels. However, once these economies slow down further in 2023, underlying inflation gauge will also likely slow down. In some emerging countries, inflation rates will likely revert to the target range of central banks.

Some of the emerging countries have already started maintaining policy rates at the current level, considering the economic slowdown. If there is a sign of slowing inflation, the number of central banks that take a wait-and-see stance will increase further in 2023.

Trends in Underlying Inflation Gauges
(January 2020 - November 2022, Monthly)



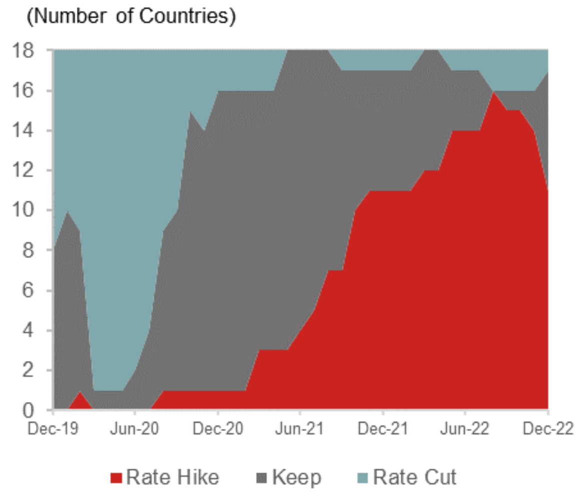
Note: Underlying inflation gauges are measured in terms of the seasonally adjusted three-month moving average of month-over-month percentage changes (annualized). Only Poland data are through October 2022.
Source: Nomura Asset Management based on CEIC data

Central banks to explore paths to monetary easing

In addition, those central banks that have already raised interest rates to restrictive levels will try to find the right time to shift their monetary policies to easing as there will be increasing concerns about economic slowdown. We predict that, by mid-2023, a slowdown in underlying inflation gauge will be clear and the FRB and other major central banks will stop raising interest rates. Therefore, some of the central banks, particularly among those central banks that have aggressively been raising interest rates, such as those of Brazil and Mexico, will start lowering interest rates.

Any such rate cuts that take into consideration the slowdown in underlying inflation gauge and the moves of major central banks will likely be implemented cautiously with a sufficient positive margin in real interest rates being maintained. Therefore, even with such rate cuts, emerging currencies are likely to appreciate amid the correction of the strong dollar.

Monetary Policy Trends in Major Emerging Countries
(December 2019 - August 2022, Monthly)



Note: Monetary policy trends are measured in terms of three-month changes in policy rates.
Source: Nomura Asset Management based on CEIC data

Globl Financial Market Forecast

Major Economic and Market Forecast

			2022				2023		2020	2021	2022	2023
			Q1	Q2	Q3	Q4	Q1	Q2				
					F	F	F	F			F	F
Real GDP	World	*1,*4	4.4	2.7	2.9	1.4	1.5	2.1	-3.1	6.0	2.8	1.6
(qoq, ann, %)	Developed	*2	0.1	1.3	1.9	1.1	0.5	0.2	-4.6	5.3	2.6	0.6
	Emerging	*1,*3	4.5	2.5	3.9	2.0	1.9	3.8	-0.8	7.0	3.2	3.2
	United States		-1.6	-0.6	2.9	1.7	0.9	0.4	-3.4	5.9	2.0	0.8
	Eurozone		2.5	3.2	1.3	-0.2	0.3	0.2	-6.5	5.3	3.4	0.2
	Japan		-1.8	4.5	-0.8	4.2	1.9	1.2	-4.3	2.1	1.3	1.8
	China	*1	4.8	0.4	3.9	2.0	2.5	6.7	2.2	8.1	2.7	4.8
CPI	World	*4	5.9	7.3	7.8	7.3	5.9	4.4	1.6	3.2	7.1	4.3
(yoy, %)	Developed	*2	6.4	7.7	8.1	8.1	6.2	4.5	0.8	3.3	7.6	4.3
	Emerging	*3	5.0	6.6	7.2	6.2	5.4	4.3	3.0	3.0	6.3	4.3
	United States		8.0	8.6	8.3	7.4	5.5	4.0	1.2	4.7	8.1	3.9
	Eurozone		6.1	8.0	9.3	10.0	7.2	5.2	0.3	2.6	8.4	4.6
	Japan	*5	0.6	2.1	2.7	3.7	2.7	2.2	-0.2	-0.2	2.3	2.1
	China		1.1	2.2	2.7	1.9	1.9	1.7	2.5	0.9	2.0	1.8
Policy Interest Rate	United States	*6	0.50	1.75	3.25	4.50	5.00	5.25	0.25	0.25	4.50	5.25
(%)	Eurozone	*6	-0.50	-0.50	0.75	2.00	3.00	3.25	-0.50	-0.50	2.00	3.25
	Japan	*6	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
	China	*6	3.70	3.70	3.65	3.65	3.60	3.60	3.85	3.80	3.65	3.60
10-Year GB Yield	United States		2.34	3.01	3.83	3.87	3.90	3.60	0.91	1.51	3.87	3.00
(End of Period, %)	Germany		0.55	1.34	2.11	2.57	2.60	2.40	-0.57	-0.18	2.57	2.00
	Japan		0.22	0.23	0.24	0.42	0.45	0.45	0.02	0.07	0.42	0.45
Equity Index	S&P500		4,530	3,785	3,586	3,840	3,730	3,730	3,756	4,766	3,840	3,990
(End of Period, Point)	EURO300		1,783	1,604	1,537	1,678	1,630	1,610	1,537	1,890	1,678	1,700
	TOPIX		1,946	1,871	1,836	1,892	1,850	1,840	1,805	1,992	1,892	1,970
	MSCI EM ($)		1,142	1,001	876	956	940	940	1,291	1,232	956	1,000
Currency	USD/EUR		1.11	1.05	0.98	1.07	1.02	1.05	1.22	1.14	1.07	1.10
(End of Period)	JPY/USD		121.4	135.9	144.7	131.9	130.0	125.0	103.2	115.2	131.9	120.0
	JPY/EUR		135.0	142.0	141.8	140.8	133.0	131.0	126.3	131.0	140.8	132.0
	RMB/USD		6.34	6.69	7.09	6.95	7.00	7.00	6.54	6.37	6.95	6.70

Emerging FX and Policy Interest Rate Forecast

		2020	2021	2022	2023
					F
Currency	INR	73.1	74.3	82.7	78.0
(Per USD,	IDR	14,050	14,253	15,568	14,800
End of Period)	BRL	5.2	5.6	5.3	5.0
	MXP	19.9	20.5	19.5	19.5
	RUB	74.0	75.0	73.0	65.0
	TUR	7.4	13.3	18.7	31.0
Policy Interest Rate	India	4.00	4.00	6.25	6.50
(%)	Indonesia	3.75	3.50	5.50	5.50
	Brazil	2.00	9.25	13.75	10.00
	Mexico	4.25	5.50	10.50	9.00
	Russia	4.25	8.50	7.50	7.00
	Turkey *6	17.03	14.00	9.04	30.00

Note: Forecast as of December 20, 2022. 1) YoY, 2) GDP weighted average of US, Eurozone, Japan, UK, Canada, Australia, 3) GDP weighted average of China, India, Brazil, Korea, Taiwan, Indonesia, Thailand, Malaysia, the Philippines, Hungary, Poland, Russia, Turkey, Mexico, and South Africa, 4) GDP weighted average of 2) and 3), 5) core consumer price, 6) for Japan the policy interest rate imposed on the current account deposits held by financial institutions at the Bank of Japan, for the US the upper limit of the FF target range, for the Eurozone the central bank deposit interest rate, for China the 1-year loan prime rate, for Turkey, weighted average funding ratio of the central bank,
*As for forecast columns, actuals are prioritized if available.
Source: Oxford Economics, Bloomberg, and Nomura Asset Management

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