

## Monthly Report

### June Market Outlook

June 2018

Daiwa Asset Management Co.Ltd.

•**Japanese Equities:** Better Wait for the Timing of Various Uncertain Factors to Clear

Nikkei Stock Average	May end	MoM
	22,201.82 Yen	-1.18%

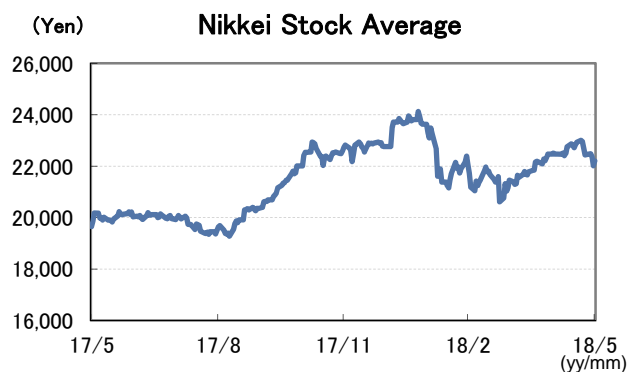
#### [Market review in May]

Equity prices in Japan dropped. In the middle of the month, the Nikkei Stock Average temporarily recovered to over 23,000 yen in positive response to the fact that Japanese companies announced financial results without major incidents and lower concerns about U.S.-China trade friction with China's reduction of customs tariffs on some products. Subsequently, however, equity prices dropped due to concerns about the start of an investigation by the U.S. to consider increasing customs tariffs on automobiles and their parts, heightened political uncertainty in Italy, and seesaw developments in the U.S.-North Korea talks.

#### [Outlook]

Developments in the U.S. customs tariff policy, directions of the U.S.-Korea meeting, political developments in Italy, etc. are expected to remain key issues. At the moment, there will be ups and downs according to their developments, while equity prices are likely to be lackluster until the passing of events, there is a favorable turn to the situation, or there are other developments. On the other hand, there is poised to be a recovery in economy-sensitive markets with the elapse of time because global economic activities are solid and corporate earnings by Japanese companies seem to be able to maintain an increasing trend this fiscal year given the recent level of foreign exchange.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> <li>● Solid economic activities and corporate earnings</li> <li>● Passage of political events in Japan and abroad without incidents</li> </ul>	<ul style="list-style-type: none"> <li>● Deterioration of trade issues between the U.S. and China.</li> <li>● Stronger protectionism in the U.S.</li> <li>● Heightened geopolitical risks</li> </ul>



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