

Monthly Report

September Market Outlook

September 2012

Daiwa Asset Management Co.Ltd.

【Japanese Equity Market Outlook】

“Tug-of-war between policy expectations and weak real economy”

Nikkei 225 Average	August end	MoM
	8839.91	1.67%

【Market review in August】

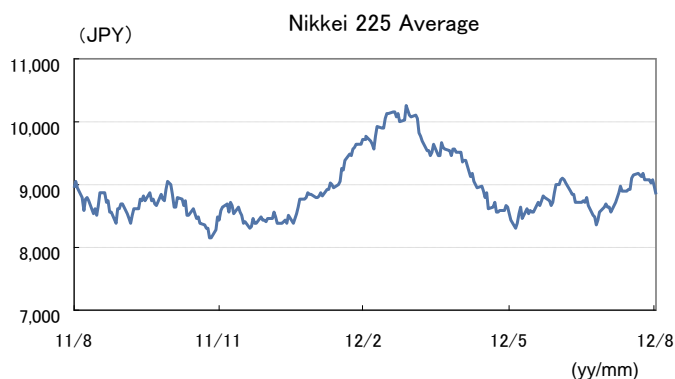
In August, equity markets rose in the beginning to middle of the month, but dropped later. In early August, equity prices rose due to such factors as improvement in U.S. employment statistics and increasing expectations for a policy response by the European Central Bank (ECB). Mid-August saw a rise in equity prices, following a pause in the rising trend of the yen against the backdrop of the solid economic indicators in the U.S. Concern about the European debt problems receded to some extent, as German Chancellor Merkel expressed her support for the ECB policy. In late August, equity markets were initially stalled ahead of the scheduled speech by Federal Reserve Board (FRB) Chairman Bernanke at the end of the month; however, equity prices started to drop gradually with heightened concerns about the global economic slowdown, and the like.

【Outlook】

As for September, equity markets are likely to show somewhat unstable development, reflecting conflicting factors such as policy expectations and vigilance against the real economy. At the ECB Governing Council meeting scheduled on the 6th, a new framework for purchasing government bonds such as those of Spain could be introduced. In addition, it is now widely believed that some additional monetary easing measures will be taken at the U.S. Federal Open Market Committee (FOMC) to be held on the 12th and 13th. On the other hand, while economic indicators show a sign of recovery in the U.S., in other areas including Japan, mostly-lower-than-expected indicators are gradually heightening concerns over the future. It will be a month to assess whether positive or negative factors will prevail.

【Points】

Positive Factors	Negative Factors
<ul style="list-style-type: none"> Receding concerns about debt problem due to policy response by European authorities. Active monetary easing and firming economic recovery in the U.S. 	<ul style="list-style-type: none"> Prolonged economic slowdown in other areas including Japan Concerns about the fall of corporate earnings in Jul-Sep period.



*Source: data from Nikkei Inc. Daiwa Asset Management

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