

Monthly Report

August Market Outlook

August 2015
Daiwa Asset Management Co.Ltd.

【Japanese Equity Market Outlook】

•Phase to consolidate a foothold from autumn

Nikkei Average	July end	MoM
	20,585.24 yen	1.73%

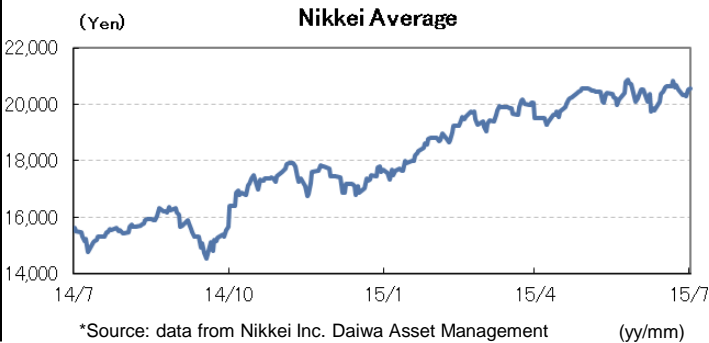
[Market review in July]

In July, equity markets temporarily dropped substantially but recovered afterwards. In the early part of the month, Japanese equities experienced a large temporary drop due to the continuing rapid fall of Chinese equities despite the various measures taken by the government, in addition to the heightened concerns about Greece’s default and possible exit from the euro. From mid-month, however, equity prices recovered gradually because investors became less risk-averse in response to the decision to continue assistance to Greece as well as the rebound of Chinese equities.

[Outlook]

In August, equity markets are expected to enter a phase of consolidating a foothold starting in the autumn. Companies’ financial results for the April-June period are likely to be favorable partly owing to the effects of a weaker yen and cheaper oil, contributing to expanding room for the rise in equity prices going forward. Nonetheless, buying is likely to be restrained by such factors as political uncertainty arising from national security related bills and the statement on the 70th anniversary of the end of World War II, as well as speculation on when to start raising US interest rates. While taking these into consideration, the markets are likely to continue exploring the next developments.

Positive Factors	Negative Factors
<ul style="list-style-type: none">• Recovery and expansion of economic activities and earnings due to a weaker yen and cheaper oil• Strengthened attitude of companies to place more importance on shareholders• Favorable supply and demand of Japanese equities with backdrop of purchases by BOJ and public pension funds.	<ul style="list-style-type: none">• Economic downturn for China and Asian countries.• Heightened geopolitical risks including those in the Middle East



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