

#### 【Japanese Equity Market Outlook】 Expected to rebound from volatile ups and downs

Nikkei Average	September end	MoM
	17,388.15 yen	-7.95%

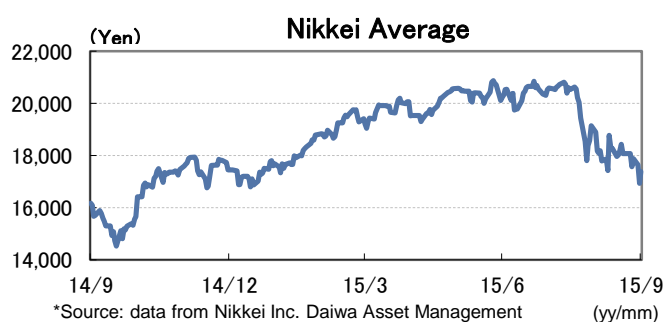
#### 【Market review in September】

In September, equity markets dropped substantially. Equity prices fell from the beginning of the month, due to unfavorable economic indicators in China and concerns about the U.S. interest rate increase. While there was a phase of self-sustained rebounding, an atmosphere of concern over the future world economy was rather strengthened, after the interest rate increase was postponed at the FOMC (Federal Open Market Committee) due to overseas factors and for other reasons. Moreover, equity prices declined considerably toward the end of the month, because of concurrent negative factors such as the emission test scandal of a major German automaker and concerns about the business of a major Swiss natural resource trading company.

#### 【Outlook】

Whereas equity markets in October may continue seeing volatile ups and downs for the time being, they are expected to rebound afterwards. Concerns about the future world economy, in particular China, were the main causes for the drop in equity prices after August, but economic indicators for the U.S. and Europe have been stable. China is also starting to implement economic stimulus measures in earnest, raising hopes for its recovery going forward. In Japan, the BOJ may make a decision on additional monetary-easing. With the PER increasingly being seen as undervalued, there appears to be enough room for rebounding.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> <li>• Swing back from excessive concerns about China</li> <li>• Confirmation of the steady U.S. economy</li> <li>• A sense of under valuation</li> </ul>	<ul style="list-style-type: none"> <li>• Moves to reduce volatile assets</li> <li>• Deepening of the economic stagnation in some emerging countries</li> </ul>



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