

Japanese Equities: While taking the turmoil into account, recovery is anticipated with policy expectations.

Nikkei Average	June end	MoM
	15,575.92 Yen	-9.63%

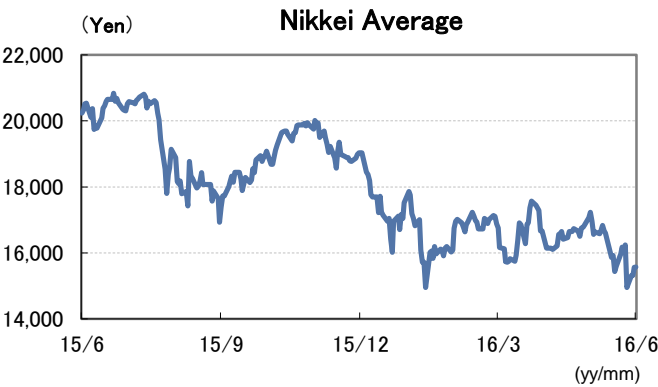
[Market review in June]

Equity markets in Japan dropped substantially. In the first half of the month, equity prices declined due to the heightened expectations for a Brexit from the EU (European Union) and further strengthening of the yen. Postponement of both the interest rate hike in the U.S. and additional monetary-easing in Japan together caused a stronger yen. In the second half of the month, although a temporary receding of expectations for a Brexit from the EU led equity prices to recover at some phase, equity prices declined again because concerns about Europe in the future were heightened after the EU exit camp unexpectedly won the majority in the national referendum.

[Outlook]

Equity markets in Japan are expected to recover gradually against the background of policy expectations. While there remain uncertainties for the time being following the Brexit vote in the U.K., markets are likely to gradually calm down since no immediate negative effects on the real economy are foreseen in countries other than the U.K. At the BOJ Monetary Policy Meeting at the end of July, additional monetary-easing is expected in order to prevent a return to deflation. In addition, with the government intending to launch economic stimulus measures in the fall, policy expectations are expected to support a recovery in equity prices.

Positive Factors	Negative Factors
<ul style="list-style-type: none">● Additional monetary easing measures by BOJ● Government’s economic stimulus measures● Sense of undervaluation for PER	<ul style="list-style-type: none">● Further strengthening of Yen● Defeat of the ruling parties in the upper house election



*Source: data from Nikkei Inc. Daiwa Asset Management

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