

## Monthly Report

### September Market Outlook

September 2018  
Daiwa Asset Management Co.Ltd.

•**Japanese Equities:** With September Possibly Peak of Concerns about Trade Issues, Its Uneventful Passage Hoped

Nikkei Stock Average	August end	MoM
	22,865.15 Yen	1.38%

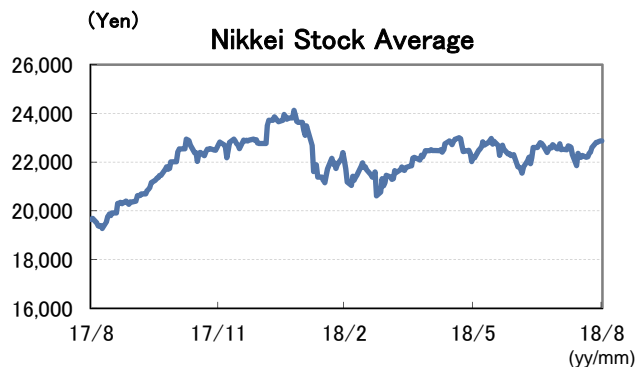
#### [Market review in August]

Equity prices in Japan rose, looking at the Nikkei Stock Average. In the first half of the month, they were soft due to the announcement by the U.S. that it would start to consider increasing the rates of additional customs tariffs on Chinese products of as much as \$200 billion dollars, as well as the Turkish financial markets becoming unstable. However, in the second half of the month, equity prices rose in favorable response to the confirmed increasing trend of domestic companies' earnings as shown in their announced financial results, strong movements of U.S. equities, and a sign of dialogue between the U.S. and China regarding trade issues, among others.

#### [Outlook]

In September, will see a lot of events affecting trade issues such as the scheduled Japan–U.S. trade consultation, in addition to re-negotiations of NAFTA (North American Free Trade Agreement) and developments in additional customs tariffs by the U.S. against China. Accordingly, while the market is expected to be influenced by developments in trade issues, concerns about them could recede temporarily if the month turns out to be an uneventful one. If they do recede, the market is likely to resume its focus on solid corporate earnings, with upside movements of equity prices expected.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> <li>● Solid economic activities and corporate earnings</li> <li>● A lull in or waning of concerns about trade frictions</li> </ul>	<ul style="list-style-type: none"> <li>● Deterioration of U.S.–China trade issues</li> <li>● Stronger protectionism in the U.S.</li> <li>● Heightened geopolitical risks</li> </ul>



\*Source: data from Nikkei Inc. prepared by Daiwa Asset Management

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