

Monthly Report

July Market Outlook

July 2019
Daiwa Asset Management Co.Ltd.

• **Japanese Equities:** Market to Pay Attention to Economic and Earnings Trends Again

Nikkei Stock Average	June end	MoM
	21,275.92 Yen	3.28%

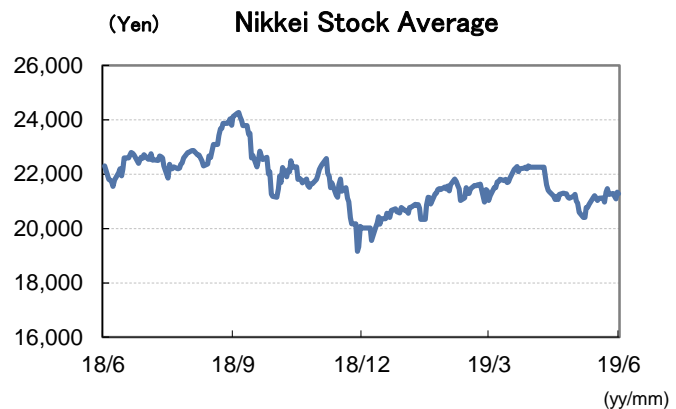
[Market review in June] Rise in equity prices due to waning concerns and expectations for interest rate cuts

Equity prices in Japan rose. While equity prices dropped at the beginning of the month due to a concern about the U.S.'s intention to impose new customs tariffs on imports from Mexico, U.S. President Trump later announced he would postpone the imposition indefinitely, reducing the concern. Moreover, in response to the statement by the FRB (U.S. Federal Reserve Board) Chairman Powell, markets had higher expectations for cuts in U.S. interest rates, which also contributed to pushing up equity prices.

[Outlook]

The market sentiment is expected to improve, as concerns about the trade friction between the U.S. and China have subsided for the time-being after the U.S. indicated it would shelve the expansion of additional customs tariffs on imports from China at the U.S.-China summit meeting held at the end of last month. On the other hand, financial results for the April–June period are planned to be announced in earnest from late in the month and likely to show a decrease in profit in many cases mainly in manufacturing. Whether announcements of financial results are deemed to have exhausted negative news or not substantially depends on economic indicators and central bank policies in developed countries to be announced this month, which we will pay attention to.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> ● Further waning of concerns about trade frictions ● Accommodative policies of central banks ● Economic stimulus package and recovery of economic activities in China 	<ul style="list-style-type: none"> ● Global economic slowdown ● Further strengthening of U.S. protectionism ● Confusion due to Brexit



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

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