

Monthly Report

August Market Outlook

August 2019
Daiwa Asset Management Co.Ltd.

•**Japanese Equities:** Dispelling uncertainty is likely to take some more time

Nikkei Stock Average	July end	MoM
	21,521.53 Yen	1.15%

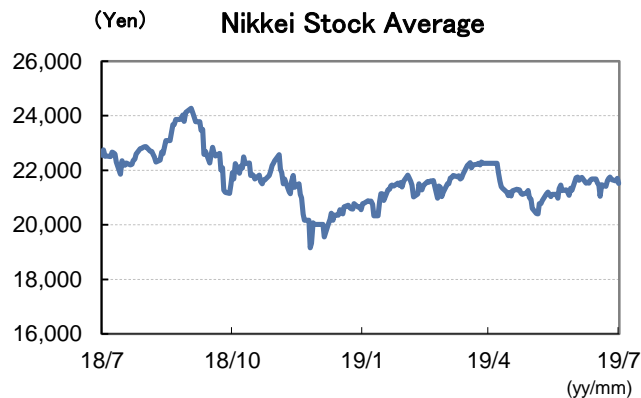
[Market review in July]

Equity prices in Japan rose slightly. Equity prices rose at the beginning of the month, in favorable response to the postponement of the fourth additional customs tariffs on imports from China as decided at the U.S.–China summit meeting at the end of June. Afterwards, however, while expectations about a cut in interest rates at the FOMC (U.S. Federal Open Market Committee) to be held in July supported equity prices, their movements were almost flat mainly because announced financial results of Japanese companies were weak, among others.

[Outlook]

Financial results of Japanese companies announced by July were weak, with many of them conspicuously showing a lower profit. With uncertainty about the second half of the fiscal year remaining, it is likely to take some more time to confirm the bottoming out of financial results. We deem it a situation to judge the future direction on some important points, including developments in the U.S. economy after the preventive cuts in interest rates and progress in the U.S.–China trade talks in the midst of mixed strong and weak economic indicators.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> ● A 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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