

## Monthly Report

### October Market Outlook

October 2019  
Daiwa Asset Management Co.Ltd.

•**Japanese Equities:** Market Waits for the Real Economy to Bottom Out

Nikkei Stock Average	September end	MoM
	21,755.84 Yen	5.08%

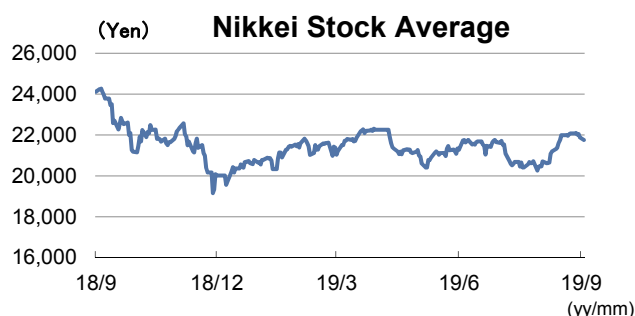
#### [Market review in September]

Equity prices in Japan rose. This was due to heightened expectations for an improvement in the U.S.–China trade friction, resulting from an announcement of China’s Ministry of Commerce in early to mid-September that the U.S. and China would hold another round of high-level trade negotiations in early October, as well as the U.S.’s decision to postpone the introduction of additional tariffs on some Chinese Imports. The month on the whole saw steady growth in equity prices although they declined at the end of the month due to impeachment-related issues of the U.S. President Donald Trump as well as in negative response to reports that the U.S. government was considering placing investment restrictions on China.

#### [Outlook]

Reports say that senior officials from the two countries will hold talks in the week starting October 7, to which we will pay attention. Meanwhile, economic statistics remain weak globally. U.S.–China trade deal hopes will boost equity prices further only after we confirm the real economy has bottomed out. We believe, however, that it will take a while for equity prices to move above the current trading range.

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



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

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