

Monthly Report

August Market Outlook

August 2020
Daiwa Asset Management Co.Ltd.

Japanese Equities

Equities Develop a Weak Tone in Response to Concerns about COVID-19 and Poor Corporate Earnings Results

Nikkei Stock Average	July end	MoM
	21,710.00 Yen	-2.59%

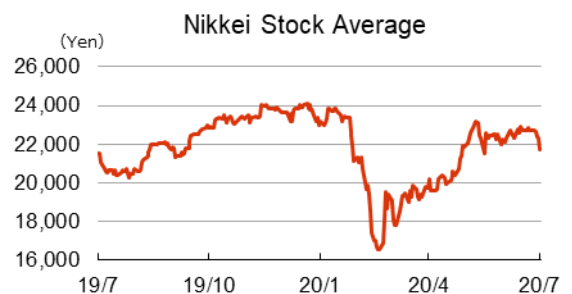
[Market review in July]

Equity prices in Japan dropped. From early to mid-July, equity prices were resilient as the Chinese stock market rallied and there were hopes for a COVID-19 vaccine, though wariness toward an increase in COVID-19 cases in the US persisted. In late July, however, equities developed a weak tone as the markets were hit by growing fears of an increase in infections in Japan and poor April-June earnings results of Japanese companies. Equities ended the month in a decline.

[Outlook]

We expect the markets to be unstable as the trends in confirmed COVID-19 cases at home and abroad and forthcoming corporate earnings reports remain to be risk factors. As for the COVID-19 impact on equities, the key is whether the national and prefectural governments will be forced to impose further restrictions on economic activities and public life. To this end, the focus will be on whether hospitalizations will spike or not across the country as well as in Tokyo and other major urban areas. As for earnings results of Japanese companies, on the other hand, the focus will be on corporate plans for FY2020, as well as whether or not the market consensus for FY2021 will be revised downward.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> ● Improvement in the economic situation due to widespread resumption of economic activities ● Economic measures by governments and central banks 	<ul style="list-style-type: none"> ● Reimposed restraint on economic activities due to increased cases of COVID-19 infection ● Deterioration of the domestic employment environment ● Deterioration of the US-China relationship



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

* Copyright, intellectual property rights and all other rights relating to the Nikkei Stock Average (Nikkei 225) belongs to the Nikkei Inc. The company has the right to change the contents of the Nikkei Stock Average (Nikkei 225) and to stop the publication.

Disclaimer: Warning before handling this material

- This material was prepared by Daiwa Asset Management Co.Ltd to provide reference information for investment. It should not be construed as an offer or a solicitation to purchase or subscribe to any fund products. Potential investors should refer to and read the prospectus of each fund product for more detailed information prior to their investment decision.
- The information, statements, forecasts and projections contained herein, including any expression of opinion, are based upon sources believed to be reliable, but their accuracy, correctness or completeness are not guaranteed. The performance of investments, if referred herein, is based on past data and is neither necessarily an indication nor a guarantee of future performance of investments. Daiwa Asset Management Co.Ltd. made all reasonable efforts to ensure that the information contained herein is current, but it is subject to change without notice. Daiwa Asset Management Co.Ltd., or any of its respective affiliates, accepts no liability whatsoever for any direct or consequential loss arising from any use of this material or its content.