

Japanese Equities

Equity Markets Remain Firm Though Investors Feel Cautious with Current High Prices

Nikkei Stock Average	September end	MoM
	23,185.12Yen	0.20%

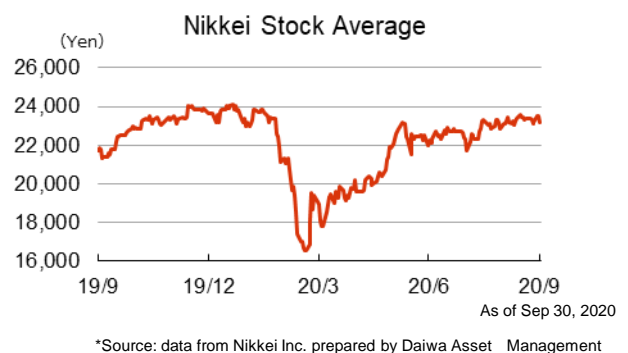
[Market review in September]

Equity prices in Japan rose. The focus at the beginning of September was on a leadership election of the ruling Liberal Democratic Party, but a view that Yoshihide Suga, the then Cabinet Chief Secretary, was likely to be elected prevailed and reassured the equity markets as he had promised to leave economic policy unchanged. Equity prices stayed firm until mid-September as there was strong speculation that the Diet would soon be dissolved for a general election and also as hopes for a COVID-19 vaccine continued. At the end of the month, the 2020 US presidential debates began. Equity prices dropped after some polls found that Democratic candidate Joe Biden, who plans to increase taxes if elected, was ahead of Republican incumbent Donald Trump. On the whole, however, equities ended the month higher.

[Outlook]

We expect the markets to stand firm with investors cautious of the rally. There is not much news in Japan impacting on the equity markets, but we consider that major factors, if any, include the US presidential election, and progress and prospect for COVID-19 vaccine development. Most noticeable are another two debates between the presidential candidates scheduled for this year. Meanwhile, front runners in the COVID-19 vaccine development race plan to publish interim reports on their phase 3 clinical trials by the end of this year. It is expected that promising results will turn around the market sentiment.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> ● Progress of COVID-19 vaccine development ● 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"> ● Setback to COVID-19 vaccine development ● Reimposed restraint on economic activities due to increased cases of COVID-19 infection ● Deterioration of the domestic employment environment



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