

Japanese Equities

Vaccinations Underway but Concerns Arise over US Monetary Policy

Nikkei Stock Average	June end	MoM
	28791.53 Yen	-0.24%

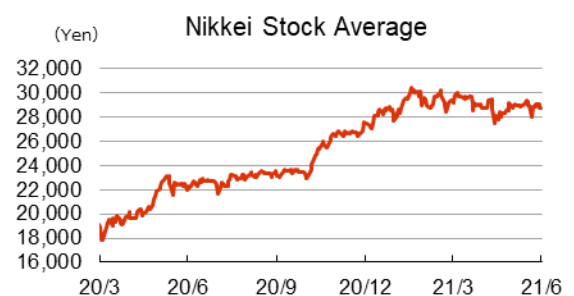
[Market review in June]

Equity prices in Japan rose. Early in June, equity prices rose as hopes grew for the progress of COVID-19 vaccinations in Japan. In the middle of the month, equity prices temporarily weakened as concerns arose after a meeting of the Federal Open Market Committee (FOMC) signaled the potential to bring forward the timing of interest rate hikes, which caused swings in US interest rates. Later in the month, the equity markets turned in a lackluster performance amid growing concerns about the Delta variant of COVID-19, but rose throughout the month.

[Outlook]

We expect the equity markets to remain in a sideways range in the mixed situation. Hopes are growing for the progress of COVID-19 vaccinations, whereas uncertainty remains about the extent to which fears of the Delta variant will increase worldwide and what will become of the infection situation in Japan after the Olympics start. A positive aspect is that many Japanese people are willing to be vaccinated—there are so many applicants that the authorities had to stop accepting applications for mass vaccination at workplaces and universities. On the other hand, the Delta variant is a concern, and we must carefully monitor trends in hospital admissions in the UK and other countries, which have seen an increase in Delta variant cases.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> ● Progress of COVID-19 vaccination program in Japan and abroad ● Improving economic prospects due to resumption of economic activity 	<ul style="list-style-type: none"> ● Setback to COVID-19 vaccination program in Japan and abroad ● Trends in COVID-19 variants in Japan and abroad ● Soaring interest rates in Japan and abroad



As of June 30, 2021

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

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