

Japanese Equities

Equity Prices Rise for the Month While a Mix of Bullish and Bearish Factors Is at Play

Nikkei Stock Average	Aug end	MoM
	28,089.54 Yen	2.95%

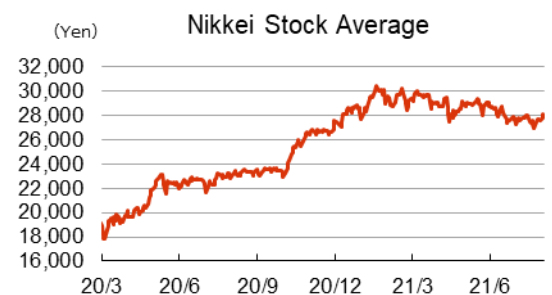
[Market review in August]

Equity prices in Japan rose. Early in August, the equity markets moved sideways due to a tug of war between concerns about COVID-19 variants in Japan and abroad and solid corporate earnings. Equity prices fell in mid-August in response to a series of downbeat economic indicators in the US and China, but rebounded after the US Food and Drug Administration approved the first COVID-19 vaccine and Federal Reserve Chairman Jerome Powell finished his speech without incident later in the month. Accordingly, equities ended the month higher.

[Outlook]

We believe that equity prices are likely to hold a strong tone after the much-anticipated speech by Federal Reserve Chairman Jerome Powell passed without incident. Growing uncertainty in domestic politics and weakness in some economic indicators in the US and China are risk factors, which thus require attention. On the other hand, Japan's COVID-19 vaccinations have been steadily progressing, and we consider that investors are beginning to become aware that Japan's low vaccination rate is catching up with the rates of the US and Europe, and that Japanese equities are lagging behind.

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 ● Soaring interest rates in Japan and abroad ● Even more uncertainty in domestic politics



As of Aug 31 2021

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

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