

Monthly Report

June Market Outlook

June 2022
Daiwa Asset Management Co.Ltd.

Japanese Equities

Equity Prices Pick up as US Inflation Fears Recede

Nikkei Stock Average	May end	MoM
	27,279.80 Yen	1.61%

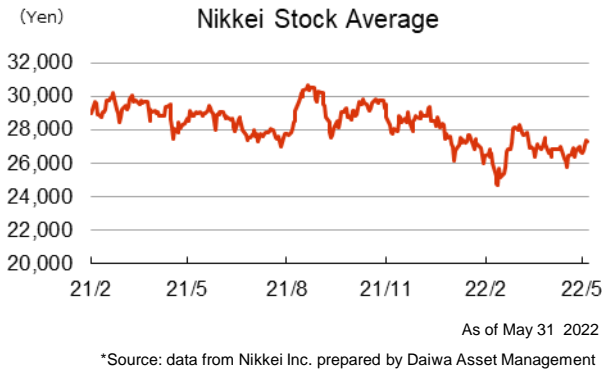
[Market review in May]

Equity prices in Japan rose in May. Early in May, equity prices fell in response to monetary tightening and the subsequent deterioration of the US economy. Late in May, however, equity prices began to rise, buoyed by the receding fears over US inflation as several US housing indicators fell short of market expectations, the indication of direction towards lifting of a lockdown in Shanghai, China, and the gradual easing of Japan’s border restrictions. Equity prices were slightly positive during the month.

[Outlook]

The market is currently hoping for the peak-out of inflation in the US, which boosted equity prices in late May, and the resumption of production activities as a result of lifting of the lockdown in Shanghai, China. The key will be whether these expectations steadily become reality. The equity markets are expected to recover the previous decline if housing price growth slows in the US and production activities in China start to rebound steadily, leading to improvements in, for example, the production of Japanese automakers.

Positive Factors	Negative Factors
<ul style="list-style-type: none">● Manifestation of inflation peak-out in the US● Recovery of production activities as a result of lifting of lockdown in China● Progress in ceasefire talks between Russia and Ukraine	<ul style="list-style-type: none">● Growing concerns about an acceleration of restrictive monetary policy by major central banks● Increasing adverse effects of soaring prices of oil and other factors on the global economy● Intensifying and prolonging conflict in Ukraine



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