

Monthly Report

June Market Outlook

June 2023
Daiwa Asset Management Co.Ltd.

Japanese Equities

Major Indices Hit Post-Bubble Highs

Nikkei Stock Average	May end	MoM
	30,887.88 Yen	7.04%

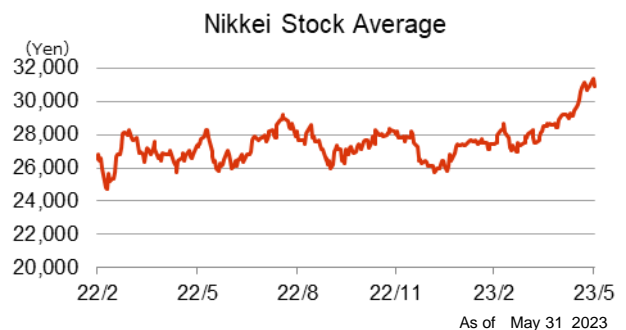
[Market review in May]

Equity prices in Japan rose in May. The Yen weakened as concerns over an early revision of monetary policy receded, and the classification of COVID-19 under the infectious disease control act was lowered to category 5, the same as for seasonal flu, both of which raised expectations for a recovery in the domestic economy and boosted equity prices. The Tokyo Stock Price Index, commonly known as TOPIX, and the Nikkei 225 both reached post-bubble highs (record highs since the bursting of Japan’s economic bubble around 1989), as rising Japanese equity prices attracted foreign investors and they continued to be net buyers.

[Outlook]

The steps and moves of foreign investors and the prospect of the Chinese economy are the main points of interest. The rise in Japanese equities is mainly due to factors unique to Japan, such as hopes that the downgrading of COVID-19 to category 5 will contribute to the domestic economy, and expectations that listed companies are accelerating shareholder returns at the request of the TSE. So, the upward trend in equity prices will likely be maintained and net buying by foreign investors is expected to continue. On the other hand, a downward swing in economic indicators is raising concerns about the Chinese economy, which is worth paying attention to.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> ● Rising expectations for the beginning of interest rate cuts in the US ● Accelerating moves to increase shareholder returns ● Improvement in the situation in Ukraine 	<ul style="list-style-type: none"> ● Rising credit concerns in Europe and the US ● Economic slowdown in China ● Rapid appreciation of the Yen



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

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