

Monthly Report

July Market Outlook

July 2023
Daiwa Asset Management Co.Ltd.

Japanese Equities

Japanese Equities Remain in an Upward Trend Despite High Prices

Nikkei Stock Average	June end	MoM
	33,189.04 Yen	7.45%

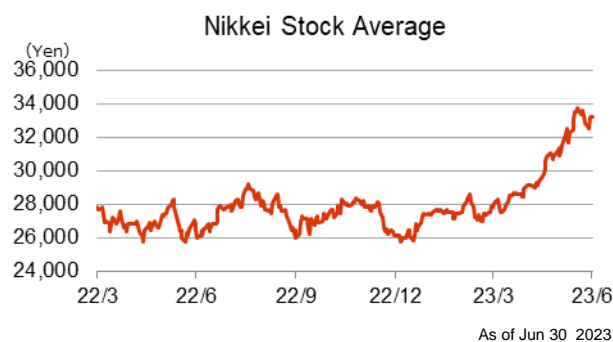
[Market review in June]

Equity prices in Japan rose in June. Equity prices were on an upward trend from early to mid-June after the US debt ceiling issue was resolved and major automakers announced their EV strategies, which were well received by the market, among other factors. In late June, the equity market weakened due to the sense of caution about the high prices seen in the past, and also due to growing uncertainty about the Chinese and European economies. Equity prices, nevertheless, remained in a flat range, backed by the weakening of the Yen.

[Outlook]

The increased attention from foreign investors is positive for Japanese equities, and we expect the market to remain firm. On the other hand, there is a strong sense of caution about the high price of the equity market due to the rally to date, and we expect the market to be lackluster. The main points to watch are the trend of USD/JPY and whether or not the government will intervene in the currency market, and changes in how market players factor in additional US interest rate hikes. Since a rapid appreciation of the Yen due to foreign exchange intervention could pose a risk to the equity market, it will be interesting to see what government officials have to say about the falling Yen.

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"> ● Rapid appreciation of the Yen ● Economic slowdown in China ● Upward revision of forecasted US interest rate hikes



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

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