

#### Japanese Equities

Wavering Sentiment over the Trend of US Interest Rates

Nikkei Stock Average	August end	MoM
	32,619.34 Yen	-1.67%

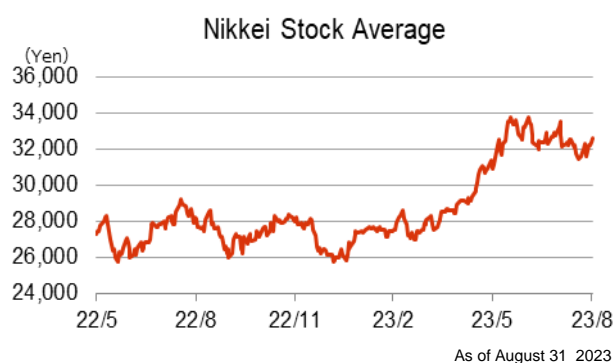
#### [Market review in August]

Equity prices in Japan rose in August. Japanese equities rallied in early to mid-August, buoyed by China's lifting of its ban on group travel to Japan, but fell after a leading credit rating agency lowered the rating of US government bonds and concerns rose over rising US interest rates. Late in August, however, equity prices rebounded as US interest rates fell in response to softer US economic indicators and the high-profile speech by Fed Chair Jerome Powell, which passed without incident.

#### [Outlook]

We believe that a pause in US interest rate hikes has improved sentiment in the equity market, creating room for equity prices to rise even higher. On the other hand, there are also concerns such as whether FOMC participants will raise their policy rate forecasts, which will be presented at the September FOMC meeting, and whether the recovery in the number of Chinese tourists to Japan will be disappointing due to the backlash against the ocean discharge of treated water from the Fukushima Daiichi Nuclear Power Plant, and we consider that these developments require attention.

Positive Factors	Negative Factors
<ul style="list-style-type: none"> <li>● Rising expectations for the beginning of interest rate cuts in the US</li> <li>● Accelerating moves to increase shareholder returns</li> <li>● Improvement in the situation in Ukraine</li> </ul>	<ul style="list-style-type: none"> <li>● Upward revision of forecasted US interest rate hikes</li> <li>● Further economic slowdown in China</li> <li>● Rapid appreciation of the Yen</li> </ul>



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

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