

Monthly Report

July Market Outlook

July 2024

Daiwa Asset Management Co. Ltd.

Japanese Equities

Equity Prices Underpinned by Favorable Supply and Demand Despite Concerns over Political Factors in Japan and Abroad

TOPIX Total Return Index	June end	MoM
	4,778.56 Points	1.45%

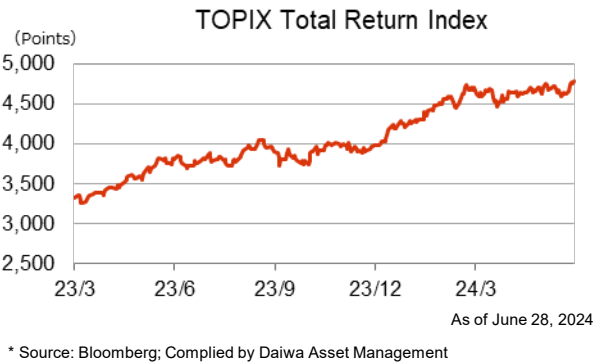
[Market review in June]

Equity prices in Japan rose in June. In the first half of June, equity prices fell against the backdrop of irregularities of certification regulations tests by multiple major automakers, a retreat in expectations for a US rate cut following positive US employment statistics, and caution about the monetary policy meetings in Japan and the US. In the latter half of the month, equity prices temporarily reacted negatively to political unrest in Europe, particularly in France, but moved higher in what appeared to be a reaction to this trend, while also benefiting from the Yen’s depreciation in response to higher overseas interest rates.

[Outlook]

We believe that investors will easily hold off on investing because of concerns about the current soft economic indicators and political uncertainty due to the declining approval rating of the Cabinet in Japan, as well as the upcoming US presidential election in November. However, the BOJ expressed the view that the relaxed monetary environment would continue for the time being, there are also strong expectations that companies will strengthen shareholder returns for more capital cost-conscious management, and that more funds from individual investors will flow into the equity market as a result of the expansion of the NISA investment cap. From all of this, we expect a solid equity price trend.

Positive Factors	Negative Factors
<ul style="list-style-type: none">● Strengthening of shareholder returns● Improved risk sentiment due to the start of US interest rate cuts● Improvement in the situation in Ukraine and Middle East	<ul style="list-style-type: none">● Further slowdown of the Chinese economy● Rapid appreciation of the Yen● Growing political unrest in many countries



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