

Japanese Equities

Equity Prices Are Underpinned by Favorable Supply and Demand Despite Mixed Speculation on Monetary Policy in Japan and the US

TOPIX Total Return Index	July end	MoM
	4,752.72 Points	-0.54%

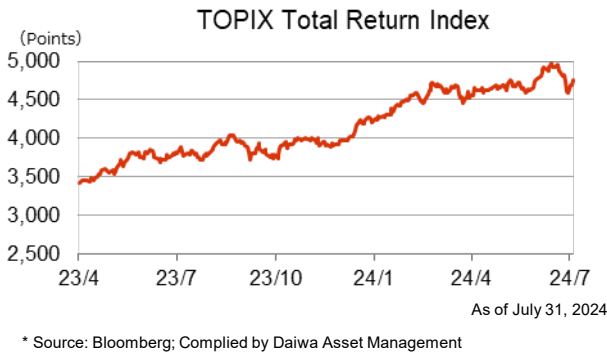
[Market review in July]

Equity prices in Japan fell slightly in July. In the first half of July, Japanese equity prices reached new daily highs along with US equities as expectations of a US interest rate cut rose in response to US employment statistics that suggested an easing in labor supply and demand and a sharp downward swing in the US CPI. In the second half of the month, equity prices fell sharply on the back of the Yen’s appreciation due to positive comments by government officials on the normalization of monetary policy and other factors, and reports of tighter US restrictions on semiconductors in China, before rebounding somewhat supported by rising US equities.

[Outlook]

In the US, interest rate cuts are expected to begin as early as September 2024, while in Japan, the degree of monetary easing is likely to be adjusted in stages if economic and price conditions move in line with the BOJ’s outlook. Thus, we need to pay attention to the risk of further appreciation of the Yen in the foreign exchange market. However, 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 new NISA (Nippon Individual Savings Account) program 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 returnsImproved risk sentiment due to the start of US interest rate cutsImprovement in the situation in Ukraine and Middle East	<ul style="list-style-type: none">Further slowdown of the Chinese economyRapid appreciation of the YenIntensifying US-China conflict



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