

大和住銀投信投資顧問

Daiwa SB Investments

Market Focus – “Japanese Stocks Continue To Rise”

Today, the Market Focus will discuss about the upward trend of Japanese Stock Market.

Q1 What are the reasons lead to the stock market rise since yesterday?

(A1-1) Many people think that the renegotiation between US and China but this is not the main cause because there is neither solid discussion nor reach an agreement. Thus, it is difficult to say it leads to the Japanese market goes up.

(A1-2) I think it is mainly due to the decline of Trump’s approval rate. The US people oppose to the trade policy causing Trump facing so much pressure. The Japanese market is benefited from this negative sentiment which the US people worry about economic growth may be affected.

Q2 What pressure is Trump facing right now?

(A2-1) A series of negative news such as finding on the Trump-Russia Investigation, the anonymous article published by New York Times as well as the new book published by the famous journalist Bob Woodward that reveals the dissatisfactions of Trump’s cabinet towards his policy and administration are the reasons of his declining approval rate. Nikkei News on 13th Sep also reveals that “Trump’s Approval Rate in every survey is declining even the tradition conservative media CNN also shows his supporting rate declined from 42% to 36%”

(A2-2) Private sector begins to oppose Trump’s policy. The Japanese version Newsweek on 12th Sep reported that an association named “Americans for Free Trade” which members including Amazon, Walmart, IBM, Facebook and etc industry giants was founded to oppose Trump’s trade policy and started a series of lobbying target on the Republicans.

Q3. Why the opposition of Trump’s lead to a rise in Japanese Stock market ?

(A3-1) Apart from the prosperous Japanese economic outlook and sounds company earnings, investors who are bearish on the Japanese stock market is mainly because they worry about the global economy in the backdrop of trade war.

(A3-2) Trump and his followers provoke the trade dispute, to end this; Trump has to change his policy.

(A3-3) If the approval rate is high means his policy is supported by the US people and Trump will not make any change. However, the decline of his approval rate means it is not supported by the Americans that may lead to Trump make some changes.

(A3-4) Private sectors and citizens are the majority who oppose to his policy. Although Trump does not care in the beginning, if the opposition voice is growing up, he must need to change policy and this is the reason causing the Japanese market goes up.

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Q4. Will low approval rate and opposition from the private sector let Trump to end the trade war?

(A4-1) China and US both want to reach an agreement to end the trade war so they plan to have another round of negotiation. Although US wants China to fulfil their request and terms, it represents Trump wants to end the trade war in his mind.

Q5. What is your forecast on Japanese stock market next week?

(A5-1) The focus next week is about the news related to Trump, and the reaction of the Americans and the corporations. It is good news to Japan and other markets if there is opposition voice on his policy.

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