

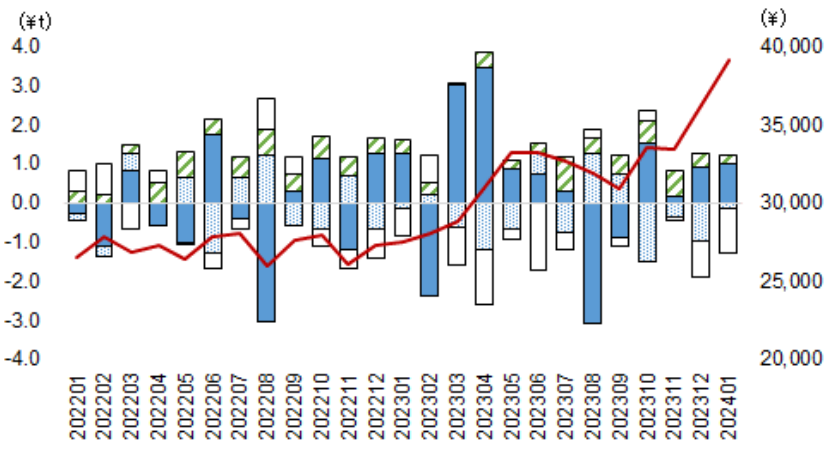
# Researcher's Eyes

## Investors Trading Trends in Japanese Stock Market: An Analysis for February 2024

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In February, the Nikkei Stock Average moved back and forth in the early 36,000 range at the beginning of the month as expectations of an early U.S. interest rate cut receded on the back of solid U.S. economic indicators, but rose to 36,863 on the 8th on speculation that the Bank of Japan would continue its accommodative stance after lifting negative interest rates. Subsequently, buoyed by expectations for growth in the field of artificial intelligence (AI), along with a rise in Japanese and U.S. semiconductor-related stocks and a favorable reaction to the yen's temporary depreciation to around the ¥150/\$ level, the Nikkei 225 climbed to 38,157 by the 15th. Towards the end of the month, the Nikkei 225 hit an all-time high (38,195) at the close of 39,099 on the 22nd, the first time in about 34 years, following the much better-than-expected earnings results of NVIDIA in the U.S. It remained steady at the 39,000 level thereafter, closing at 39,166 at the end of the month. Foreign investors and business corporations were net buyers, while trust banks and individual investors were net sellers.

Figure 1: Trading Trends by Major Types of Investors

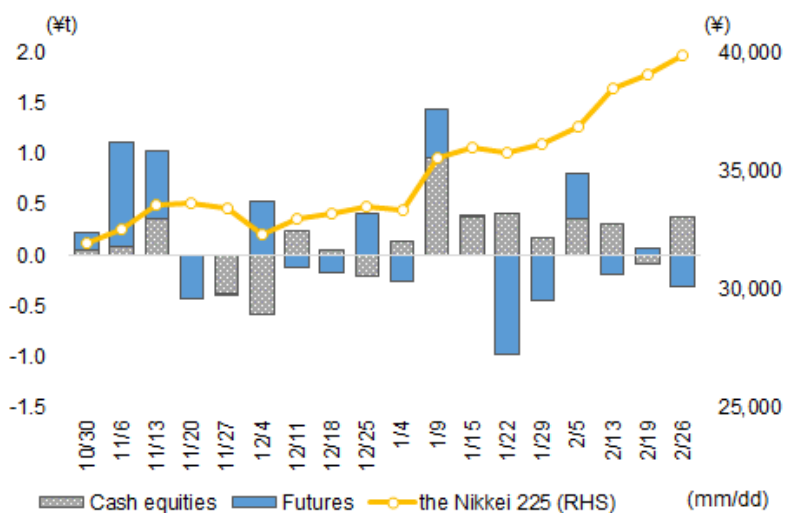


Note: Total of cash equities for two markets and futures including the total of Nikkei 225 futures, Nikkei 225 mini, TOPIX futures, mini TOPIX futures, and JPX Nikkei 400 futures.

Source: NLI Research Institute, based on TSE

The trading by type of investors on February 2024, spanning from February 5 to March 1, show that foreign investors were the largest net buyers, with a total of 993.7 billion yen in cash equities and futures. Chart 2 shows the trading trends of foreign investors, offering a detailed comparison between cash equities and futures. The cash equities, often reflective of a medium- to long-term investment approach, had net purchases every week in January, it shifted to net selling during the week of 19-22 February. The total of cash equities and futures has been net bought for four consecutive months since November 2023, the momentum of cash equities purchases has shown a slight decrease compared to January, suggesting that the inflow of medium- to long-term funds may be gradually becoming more moderate.

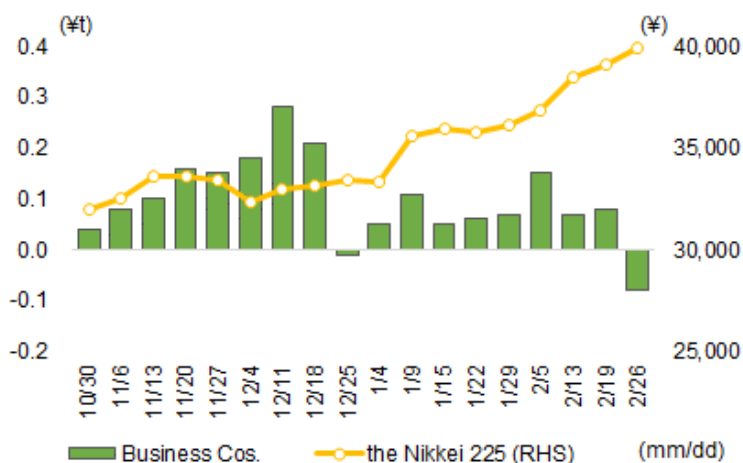
Figure 2: Foreign Investors net buyers for four consecutive months



Note: Total of cash equities and futures for foreign investors, weekly  
Source: NLI Research Institute

Additionally, business corporations also have net bought a total of 232.9 billion yen in cash equities and futures in February.

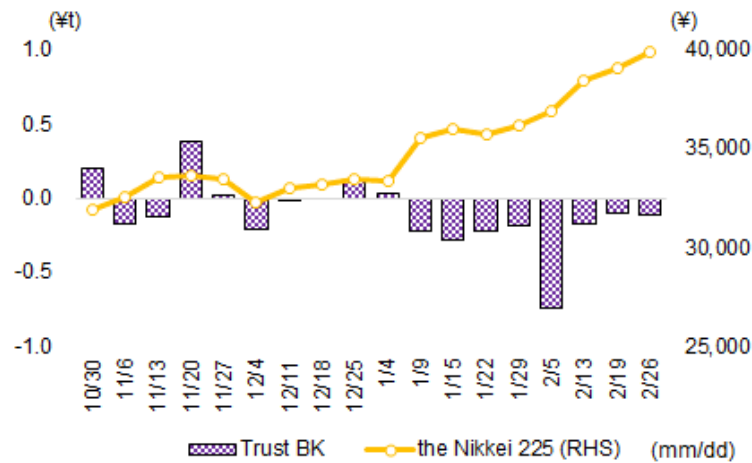
Figure 3: Business Corporations net buyers for 33 consecutive months



Note: Total of cash equities and futures for individuals, weekly  
Source: NLI Research Institute

On the other hand, trust banks were the largest net sellers, with a total of 1,149.4 billion yen in cash equities and futures. This marks the second consecutive month of net sellers since January 2024, indicating that profit-taking sales dominated as the Nikkei 225 rose. However, it is typically observed that towards the end of the fiscal year, there tends to be a trend of net buying, driven by reinvestment of dividends. Therefore, it is likely that buying will prevail in March, especially towards the last week of the month.

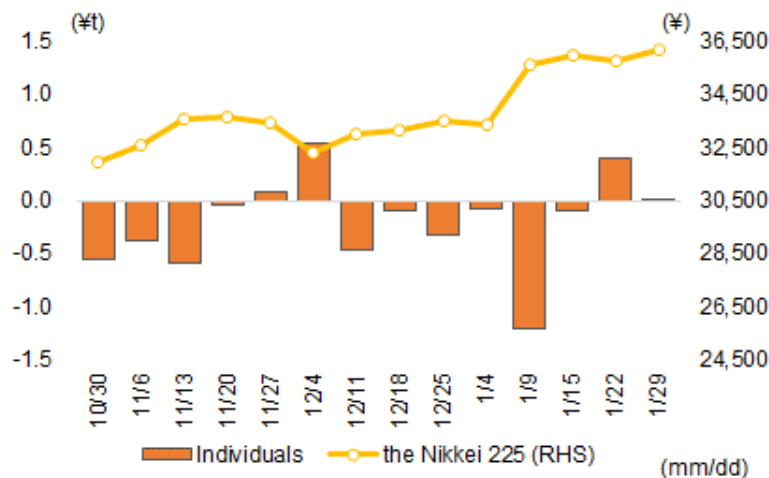
Figure 4: Trust banks net sellers for two consecutive months



Note: Total of cash equities and futures for trust banks, weekly  
Source: NLI Research Institute

Individuals also became net sellers with a total of 144.8 billion yen in both cash equities and futures. This marks four consecutive months of net selling since November 2023. However, the amount sold in February, a month in which the Nikkei 225 continued to rise and reached a new all-time high, was less compared to the months before January. In the market, there appears to be a mix of individuals taking profits and concerns about missing out on buying opportunities, resulting in a crosscurrent of selling and buying activity.

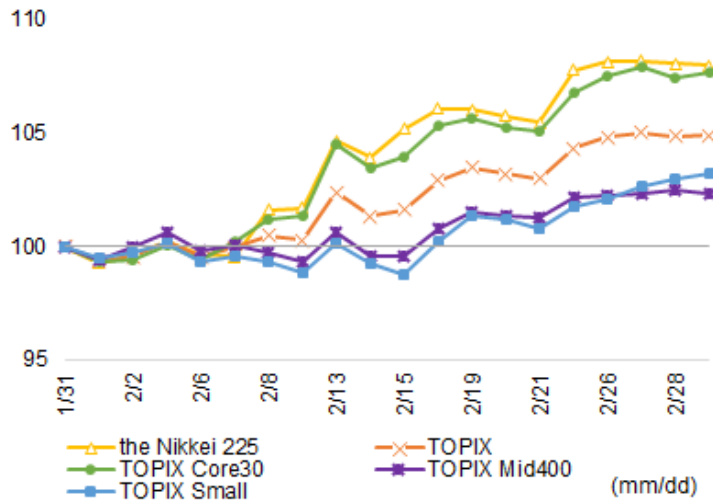
Figure 5: Individuals also net sellers for four consecutive months



Note: Total of cash equities and futures for Individuals, weekly  
Source: NLI Research Institute

Chart 6 presents the performance trends of key indices in February, using the base value of 100 at the end of January 2023. While the TOPIX Core 30, consisting of large-cap stocks, outperformed the TOPIX, mid and small-cap stocks such as the TOPIX Mid 400 and TOPIX Small underperformed. It seems that, following January, foreign investors continued to favor large-cap stocks, net buying primarily in that segment.

Chart 6: Large cap stocks outperform the index



Note: Indexed with the end of January 2023 as the base value of 100, daily  
 Source: Bloomberg

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