

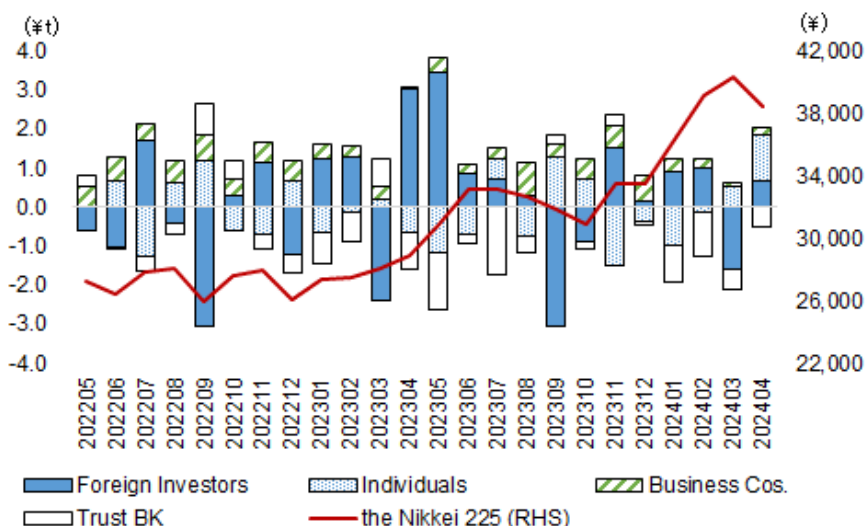
Researcher's Eyes

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

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In April, the Nikkei Stock Average initially fell to 38,992 on the 5th due to concerns about geopolitical risks in the Middle East at the beginning of the month. However, the strong U.S. employment data on the same night led to optimism about the U.S. economic outlook, and the Nikkei recovered to 39,000 on the 6th and rose to 39,773 on the 9th. It then remained in the 39,000 level through mid-month, but as geopolitical risks in the Middle East intensified, investors adopted a risk-off stance, leading to a drop below 38,000 on the 17th and a sharp decline to 37,068 on the 19th. At the end of the month, tensions in the Middle East eased and favorable reception of the Bank of Japan's decision to maintain its monetary policy on the 26th helped narrow the losses, with the Nikkei ending the month at 38,405 yen. Individual investors and foreign investors were net buyers, trust banks were net sellers.

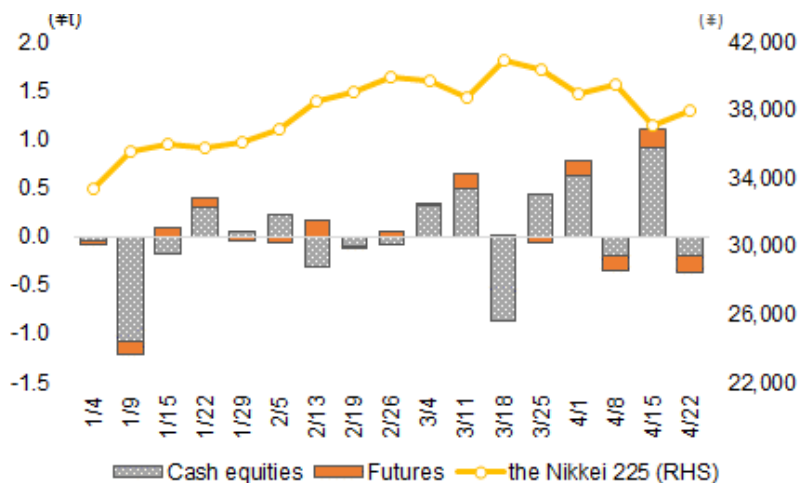
Figure 1: Trading Trends by Major Types of Investors



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 April 2024, spanning from April 1 to April 26, show that individuals were the largest net buyers, with a total of 1.179 trillion yen in cash equities and futures. Figure 2 shows the trading trends of individuals, offering a detailed comparison between cash equities and futures. On a weekly basis, net buying occurred during the 1st and 3rd weeks when the Nikkei Stock Average declined.

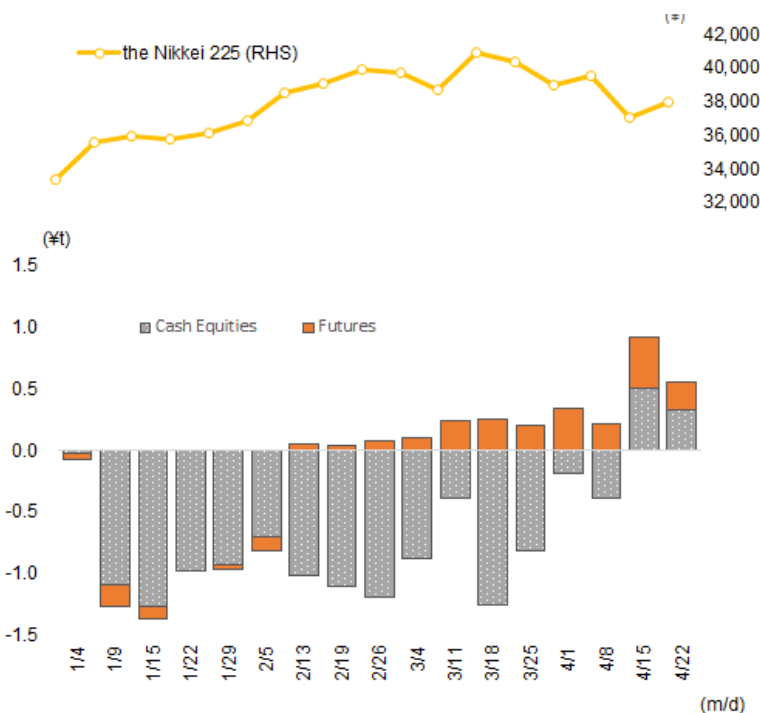
Figure2 Individuals were net buyers



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

Figure 3 represents the cumulative weekly trading trends of individuals in cash equities and futures since January 2024.

Figure3 Cumulative Trading Trends of Individuals

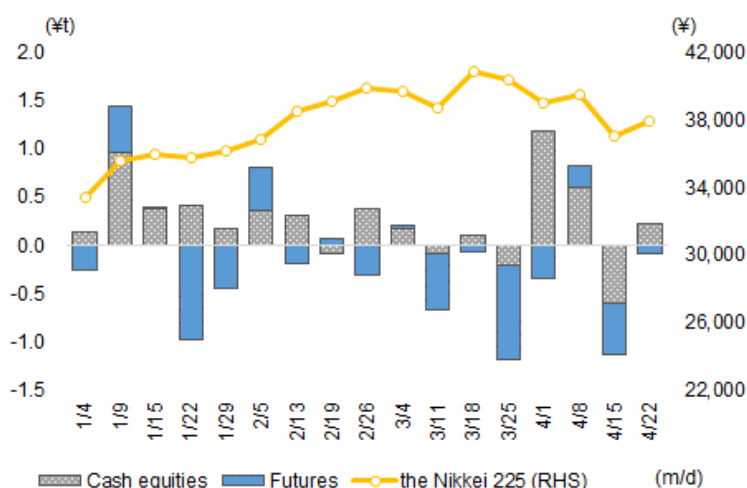


Note: Total of cash equities and futures for individuals, weekly, cumulative trading trends since Jan. 2024.
 Source: NLI Research Institute

Generally, individual investors tend to adopt a contrarian approach, selling when stock prices rise and buying when they fall. During the stock price increase in January and February, while foreign investors significantly net bought, individuals predominantly sold off. However, after the Nikkei surpassed its historic high of 38,915 yen in 1989 on February 22, and broke through 40,000 yen in March, there was a concern about missing out on further gains. Consequently, when stock prices fell from mid-March onward, there appeared to be aggressive buying from individuals.

Additionally, foreign investors also have net bought a total of 660.0 billion yen in cash equities and futures in April. Despite the significant net selling amounting to 1.139 trillion yen in cash equities and futures during the 3rd week of April, when the Nikkei dropped by 2,400 yen, they were net buyers in the 1st, 2nd, and 4th weeks, leading to an overall monthly dominance in buying.

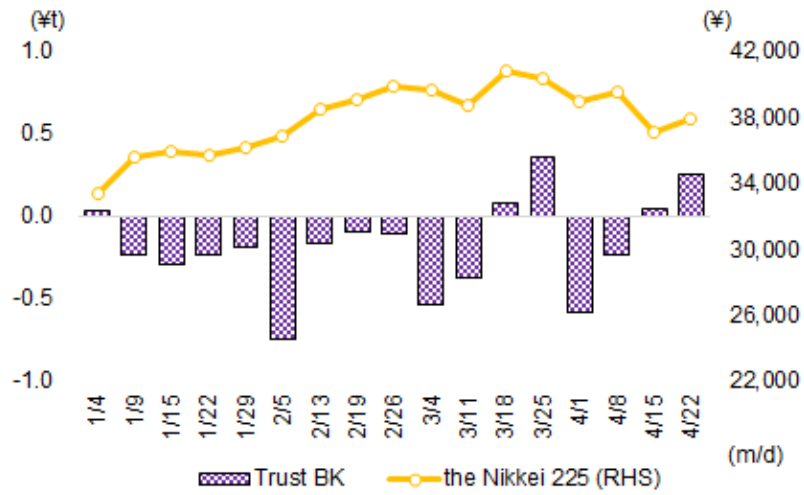
Figure4 Foreign investors were net buyers



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

On the other hand, trust banks were the largest net sellers, with a total of 509.2 billion yen in cash equities and futures.

Figure 5 Trust banks net sellers for five consecutive months



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

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