

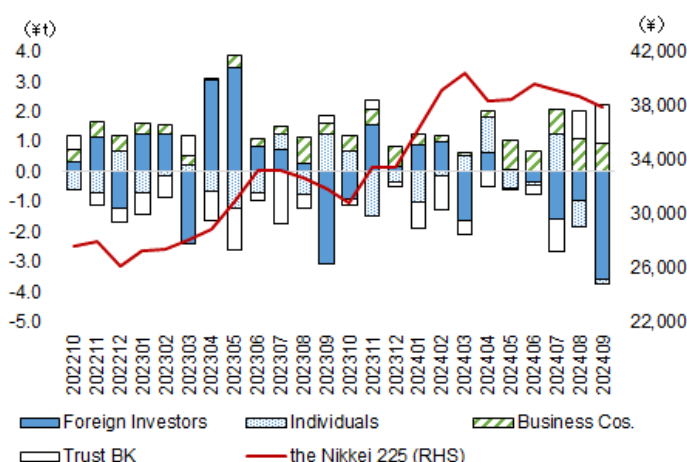
Researcher's Eyes

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

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In the first half of September, the Nikkei Stock Average was impacted by U.S. economic indicators, which heightened uncertainty about the economic outlook. The yen appreciated due to expectations of a rate cut in the U.S., which was seen negatively. As a result, the Nikkei fell for seven consecutive days, dropping from 38,700 on the 2nd to 35,619 on the 11th. In the second half, while the FOMC decided on a 0.50% rate cut on the evening of the 18th, optimism about a soft landing for the U.S. economy grew, causing the yen to weaken. This led to the Nikkei rebounding to 37,155 on the 19th. Towards the end of the month, the Nikkei surged to 39,829 on the 27th, fueled by the anticipation that Sanae Takaichi, who supported monetary easing policies, was in a favorable position ahead of the Liberal Democratic Party leadership election on the 27th. However, in the runoff election, Shigeru Ishiba, who had expressed support for tightening taxation on financial income, was elected as the party leader. This resulted in the Nikkei dropping on the 30th, closing the month at 37,919. Amid these fluctuations, trust banks and business corporations were net buyers, while foreign investors and individuals were net sellers (as shown in Figure 1).

Figure 1: Trading Trends by Major Types of Investors

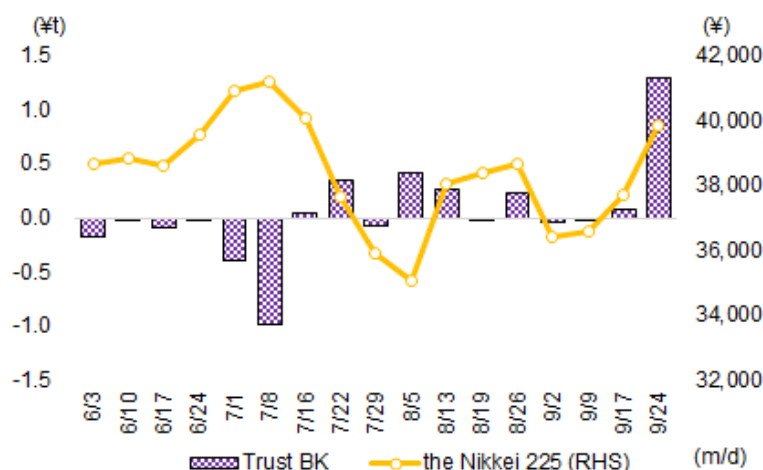


Note: Total of cash equities for two markets and futures including the total of Nikkei 225 futures, Nikkei 225 mini, TOPIX futures, mini TOPIX futures, and JPX Nikkei 400 futures.

Source: NLI Research Institute, based on TSE

The trading by type of investors on September 2024, spanning from September 2 to September 27, show that trust banks were the largest net buyers, with a total of 1.297 trillion yen in cash equities and futures. In particular, during the fourth week of September (September 24 to 27), trust banks made substantial purchases, with a total net buy of 1.300 trillion yen in cash equities and futures. The fourth week of September included the ex-dividend date on September 26 and the ex-rights date on September 27, which is believed to have driven buying activity related to dividend reinvestments by pension funds and other institutional investors(as shown in Figure 2).

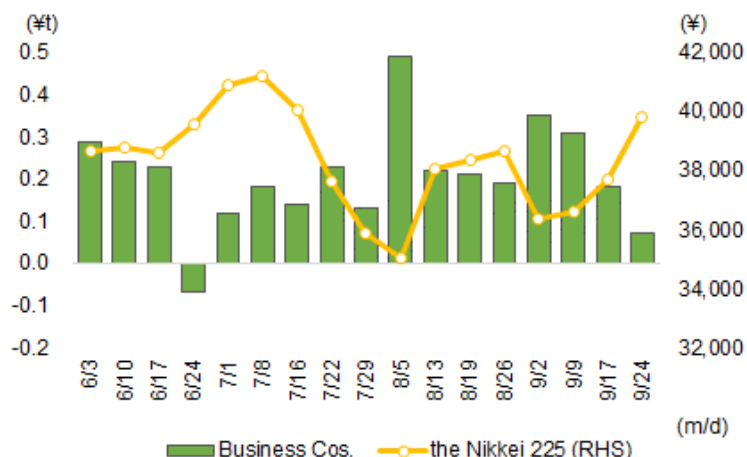
Figure 2 Trust banks net buyers for two consecutive months



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

In September, business corporations were also net buyers of a total of 931.6 billion yen in both cash equities and futures, marking the 40th consecutive month of net buying (as shown in Figure 3). The total amount allocated for stock buybacks by TOPIX-listed companies from January to September 2024 has reached 12 trillion yen.

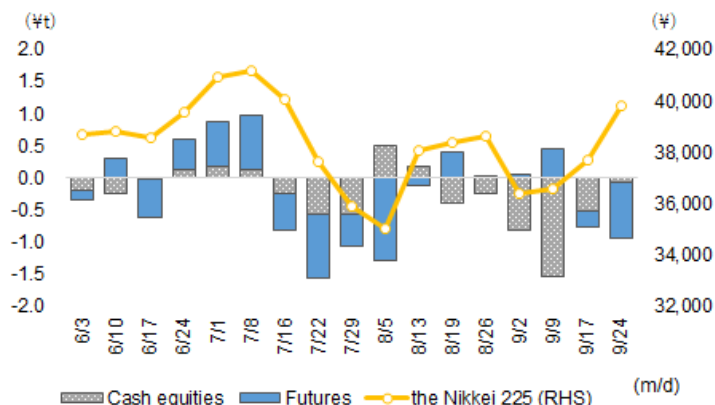
Figure 3 Business cos. net buying for 40 months



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

On the other hand, foreign investors were the largest net sellers in September, with a total net sale of 3.566 trillion yen in both cash equities and futures. Notably, in the second week of September (from September 9 to September 13), there was a significant net sale of 1.542 trillion yen in cash equities (as shown in Figure 4).

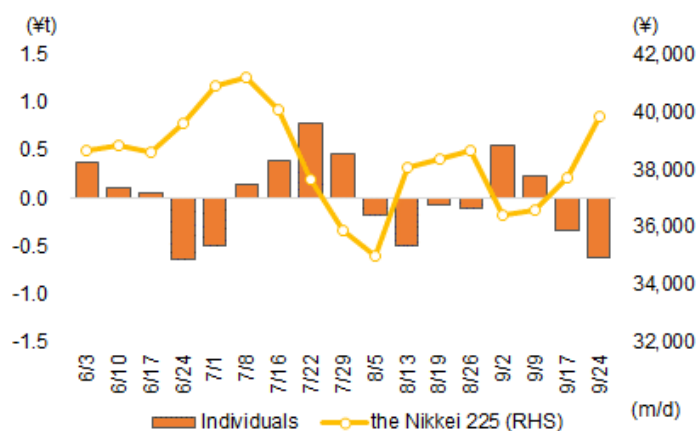
Figure 4: Foreign investors were net sellers



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

Additionally, in September, individuals were also net sellers, with a total net sale of 181.5 billion yen in both cash equities and futures. Similar to August, both foreign investors and individuals showed the same directional movement by being net sellers in September. However, on a weekly basis, there was a contrast: while foreign investors were net sellers throughout the month, individuals were net buyers during the first week of September (from September 2 to September 6), when the Nikkei dropped by about 2,000 yen. Conversely, they were net sellers during the third and fourth weeks (from September 17 to September 27), when the Nikkei rose by approximately 3,000 yen, demonstrating a continued contrarian trading approach (as shown in Figure 5)."

Figure 5: Individuals were net sellers



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

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