Japan Weekly · Week 39, 2026 (Sep 21–Sep 25) · 2 trading days

Over two trading days the Nikkei 225 rose 2.1%, TOPIX 0.9%, and the TSE Growth 250 fell 0.8% **Index gains exceeded the broader market, led by semiconductors and banks**

The Bank of Japan raised its policy rate from 1.0% to 1.25% on September 18, effective the 24th. Over the following two trading days the 10-year JGB yield rose to 3.071%, while the yen fell 1.7% against the dollar to 158.81. The Nikkei 225 rose 2.1%, with Tokyo Electron and Advantest each gaining more than 6%; TOPIX rose 0.9% and the TSE Growth 250 fell 0.8%. The rate increase did not support the yen, and the Nikkei's gain came mainly from semiconductor stocks.

Nikkei 225	TOPIX	TSE Growth Market 250	10-year JGB	USD/JPY
+2.1%	+0.9%	-0.8%	3.071%	158.81
closed at 66,364.20	via 1306 ETF	via 2516 ETF	+9bp	+1.7% on the week (weaker yen)

Nikkei Volatility Index
20.30
-3.93 on the week

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Key themes this week

The Nikkei outperformed TOPIX by 1.2 percentage points, driven by a small number of semiconductor stocks

Markets were closed for three days from September 21 to 23, leaving two trading days, the 24th and 25th. The Nikkei 225 rose from 65,018.95 to 66,364.20, up 1,345 points (+2.1%) for a fifth straight gain; TOPIX went from 4,091.14 to 4,128.59, up only 0.9% (Zaikei, Sep 18 close; Nikkei, Sep 25 close). The ratio of the Nikkei to TOPIX (the NT ratio) rose from 15.89 to 16.07.

The performance gap was concentrated in a few stocks: Tokyo Electron +6.4%, Advantest +6.1%, Keyence +3.9%, and the electric and precision sector ETF +3.9%. Nikkei's market wrap says Tokyo Electron and Advantest accelerated in the morning session on the 25th and lifted the index. The Nikkei is price-weighted, so high-priced chip stocks count for far more in it than their market value would in TOPIX.

On Thursday the two indices moved in opposite directions: the Nikkei gained 0.8% while TOPIX slipped 0.4%. Breadth improved on Friday, with 1,118 Prime stocks up and 382 down. At the other end, Recruit fell 5.9%, Nintendo 2.9% and SoftBank Group 2.6%, and the TSE Growth 250 ETF lost 0.8%. **The Nikkei's gain this week overstates the performance of the Japanese market as a whole.** The weakness in small-cap growth stocks after the hike is consistent with higher rates discounting distant cash flows more heavily (inference).

The BOJ raised rates by 25 basis points, yet the yen weakened to 158.8

The BOJ voted 7–2 on September 18 to raise its target for the uncollateralized overnight call rate from 1.0% to 1.25%, effective September 24, with board members Asada and Sato dissenting (BOJ statement). The statement says underlying inflation is nearing 2% with a risk of overshooting, and that the bank will **continue to raise the policy rate** as conditions warrant.

The bond market priced in this guidance. This week the 2-year yield rose 9.9 basis points to 1.948%, the 5-year 11.8 bp to 2.423% and the 10-year 9.0 bp to 3.071%, 100 bp above the end of last year.

The yen did not strengthen. The dollar rose from 156.13 yen to 158.81, a 1.7% weekly loss for the yen. The main driver was US monetary policy: the Fed also hiked by 25 bp on September 16, to 3.75%–4.00% (Fed statement), and a stronger-than-expected US PMI on the 24th raised market expectations of another Fed hike in October; by the 24th the yen had fallen for eight straight days (Nikkei). The 10-year Treasury yield rose 16 bp to 5.17%, and the US–Japan 10-year spread widened from 203 to 210 bp. Although both central banks raised rates, the differential continued to move in the dollar's favour. The BOJ lists the weak yen as one of the forces pushing up prices, so further yen weakness would strengthen the case for the next hike (inference).

Banks rose 1.9% and utilities fell 3.1%; foreign investors were net sellers for a second consecutive week

Higher rates led to divergent sector performance. The bank ETF gained 1.9% and MUFG 2.6%, taking it to +49% this year; electric power and gas fell 3.1%, financials ex banks 2.5% and trading companies 1.7%. Nikkei also points to dividend-capture buying on the 25th: September 28 was the last day to hold shares for the September-end interim dividend.

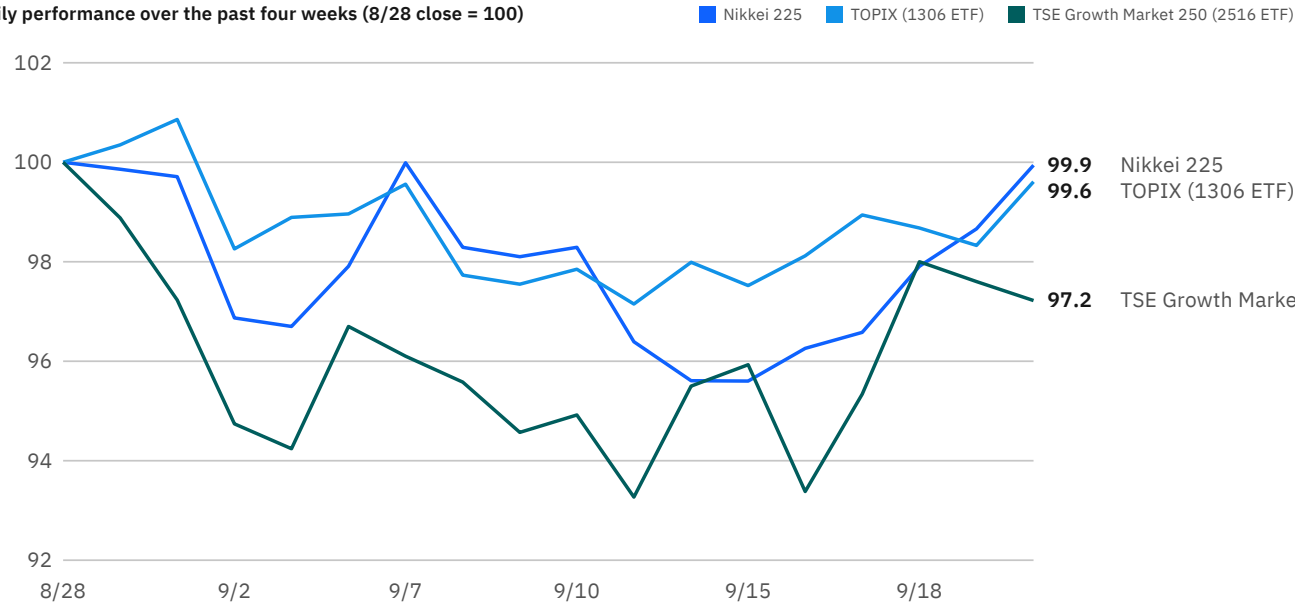
On investor flows, JPX investor-type data only extend to the week of September 14–18; this week's are not out yet. That week foreign investors sold a net ¥642.5bn, their second straight week of net selling after ¥303.7bn the week before (Nikkei). Individuals sold a net ¥311.7bn and trust banks ¥294.3bn; business companies bought a net ¥166.3bn and have been net buyers in each of the past six weeks, likely reflecting share buybacks (inference).

> The yen is driven more by the direction of the US–Japan rate differential than by the size of individual BOJ rate increases.

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Market performance

Daily performance over the past four weeks (8/28 close = 100)



With only two trading days this week (9/24, 9/25), the window is extended to four weeks.

Index	Week	1M	YTD	Close
Nikkei 225	+2.1%	+0.2%	+31.8%	66,364.20
TOPIX (1306 ETF)	+0.9%	+0.5%	+20.2%	430.30
JPX-Nikkei 400 (1591 ETF)	+0.8%	-0.3%	+20.5%	37,180.00
TSE Growth Market 250 (2516 ETF)	-0.8%	+2.6%	+20.2%	635.80

Rows marked ETF use an ETF as a proxy for the index (Yahoo Finance does not carry these indices); the close is the ETF price.

Weekly performance of TOPIX-17 sectors

Electric & precision +3.9% YTD +33.5%	Machinery +2.4% YTD +14.7%	Banks +1.9% YTD +48.9%	Raw materials & chemicals +1.3% YTD +18.1%	Steel & nonferrous +0.8% YTD +42.3%	Foods +0.8% YTD +15.6%
Construction & materials +0.3% YTD +3.6%	Real estate +0.2% YTD -7.8%	Transport & logistics +0.2% YTD +5.3%	Autos & transport equipment +0.1% YTD -4.7%	Retail -0.1% YTD -2.2%	Pharmaceuticals -0.3% YTD +3.5%
Energy resources -0.6% YTD +25.0%	IT & services -1.5% YTD +16.0%	Trading cos. & wholesale -1.7% YTD +20.8%	Financials ex banks -2.5% YTD +25.8%	Electric power & gas -3.1% YTD +8.7%	

NEXT FUNDS TOPIX-17 sector ETFs (1617–1633); thinly traded ETFs can deviate slightly from their indices.

Megacaps	Week	1M	YTD	Close
Tokyo Electron (8035)	+6.4%	+1.8%	+64.7%	¥11,304
Advantest (6857)	+6.1%	-4.8%	+73.2%	¥34,000
Keyence (6861)	+3.9%	-2.3%	+40.4%	¥79,600
MUFG (8306)	+2.6%	+3.8%	+49.0%	¥3,714
Fast Retailing (9983)	+1.4%	-4.9%	+20.5%	¥68,620
Sony Group (6758)	+0.4%	-4.3%	-7.8%	¥3,710
Hitachi (6501)	+0.2%	+4.3%	+12.9%	¥5,536
Toyota (7203)	-1.2%	-2.6%	-10.9%	¥2,990

Megacaps	Week	1M	YTD	Close
Mitsui & Co. (8031)	-1.7%	+3.6%	+9.2%	¥5,071
Mitsubishi Corp. (8058)	-1.8%	+3.0%	+35.5%	¥4,859
SoftBank Group (9984)	-2.6%	+19.1%	+39.8%	¥6,150
Nintendo (7974)	-2.9%	-8.9%	-23.5%	¥8,100
Recruit (6098)	-5.9%	-4.8%	+84.6%	¥16,335

Price change, excluding dividends.

Among the TOPIX-17 sectors, electric and precision (+3.9%), machinery (+2.4%), banks (+1.9%) and raw materials and chemicals (+1.3%) led; electric power and gas (−3.1%), financials ex banks (−2.5%), trading companies (−1.7%) and IT and services (−1.5%) trailed. Ten of 17 sectors rose, but only four by more than 1%.

Performance among large caps diverged further. Tokyo Electron and Advantest each gained over 6% this week and are up 65% and 73% this year; Recruit fell 5.9% but is still up 85% for the year. Toyota (−1.2%) and Sony (+0.4%) were little changed, with Toyota down 10.9% this year and Nintendo down 23.6%. The Nikkei is up 31.8% this year against 20.2% for the TOPIX ETF, a gap that comes mostly from high-priced chip and AI names (inference).

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Rates and FX

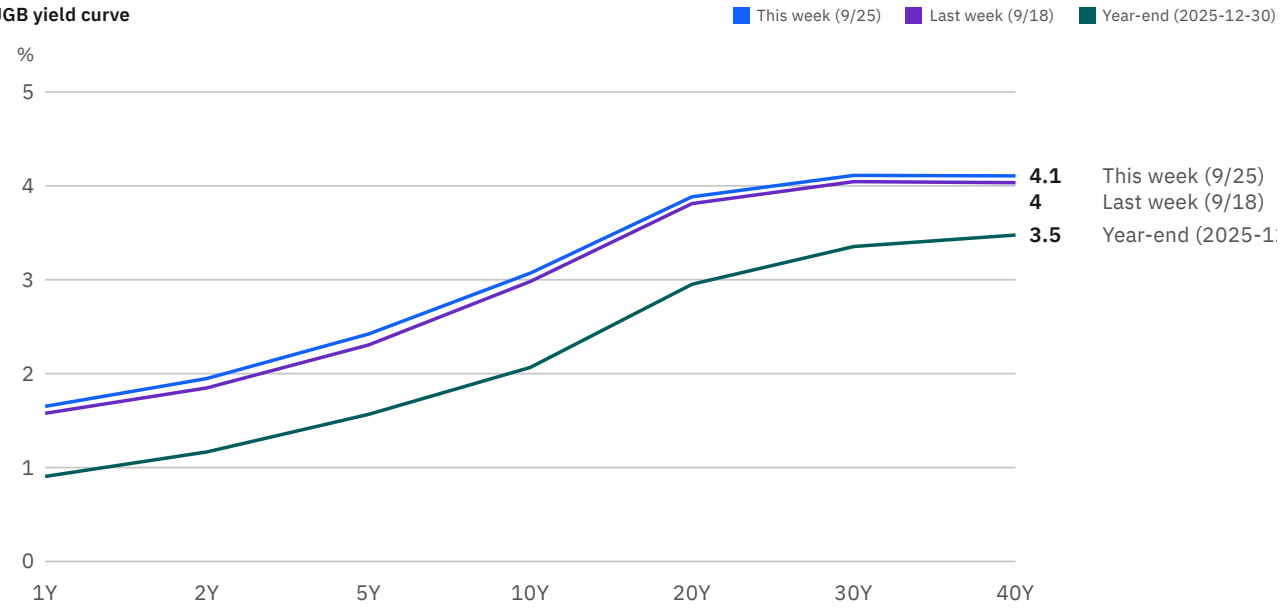
Central bank	Policy rate	Latest decision	Next meeting
Bank of Japan	1.25%	Sep 18: +25 bp (7–2), effective Sep 24	Oct 29–30
Federal Reserve	3.75%–4.00%	Sep 16: +25 bp (12–0)	Oct 27–28

Compiled from the BOJ and Fed statements and verified at publication.

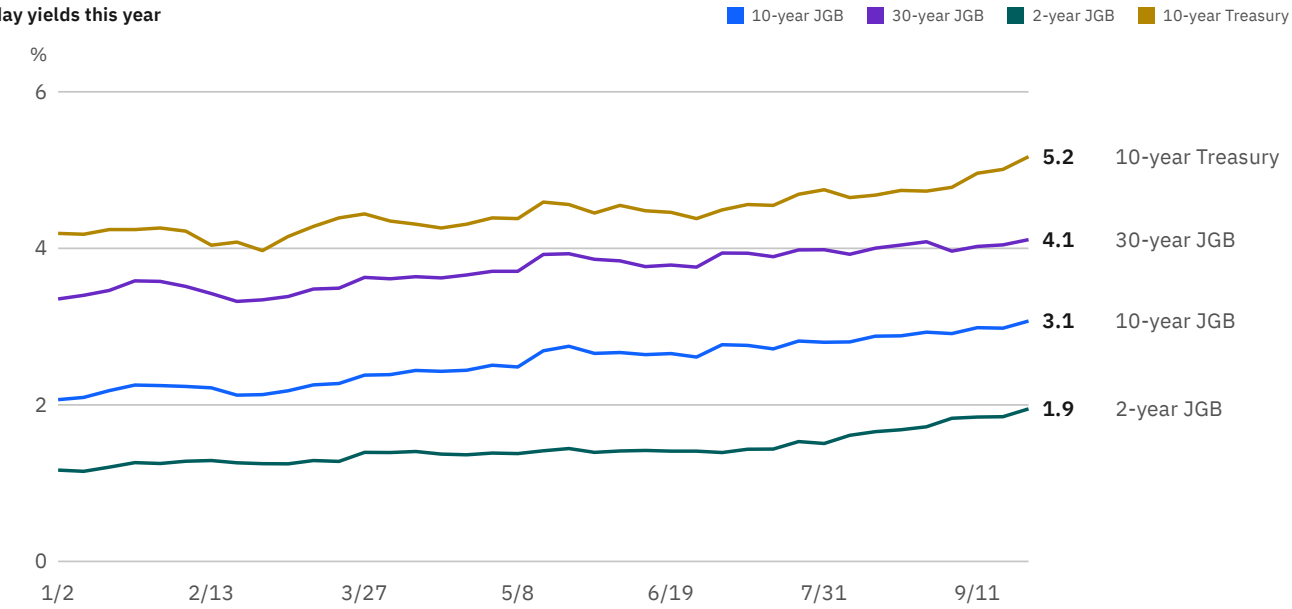
Yield	Week close	Week	YTD
2-year JGB	1.948%	+10bp	+78bp
5-year JGB	2.423%	+12bp	+86bp
10-year JGB	3.071%	+9bp	+100bp
30-year JGB	4.112%	+7bp	+76bp
10-year Treasury	5.17%	+16bp	–
US–Japan 10-year spread	210bp	+7bp	–

JGBs: Ministry of Finance daily constant-maturity yields, 2026-09-18 to 2026-09-25; the YTD base is 2025-12-30. Treasuries: FRED.

The JGB yield curve



Friday yields this year



FX	Week close	Quote, week	Yen, week	Yen, YTD
USD/JPY	158.81	+1.7%	-1.7%	-1.5%
EUR/JPY	180.64	+0.8%	-0.8%	+1.7%
CNY/JPY	23.66	+1.6%	-1.6%	-5.5%

A rising quote means a weaker yen; the yen columns show the yen against that currency, positive meaning a stronger yen. Yahoo Finance daily closes.

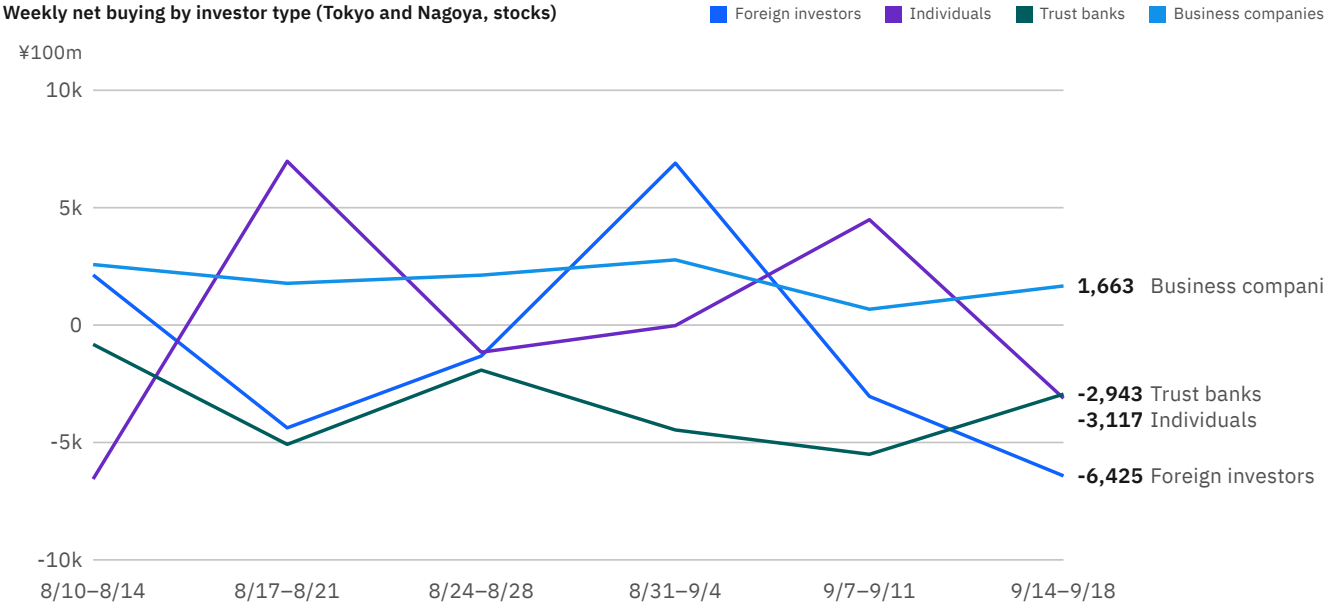
The curve bear-flattened: 2- and 5-year yields rose more than the 30-year (+9.9 and +11.8 against +6.8 bp) as markets priced in more hikes. The 10-year stands at 3.071%, 100 bp above last year's end; the 30-year at 4.112%.

The yen fell against all three currencies: −1.7% against the dollar, −1.6% against the yuan and −0.8% against the euro. Equity volatility declined, with the Nikkei Volatility Index down from 24.2 to 20.3. The BOJ meets next on October 29–30 and the Fed on October 27–28, so the yen's direction hinges on the US jobs and inflation data in between (inference).

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Investor flows

Weekly net buying by investor type (Tokyo and Nagoya, stocks)



The latest week is 9/14–9/18; JPX has not published this week yet. In ¥100m; positive means net buying.

Week	Foreign investors	Individuals	Trust banks	Business companies
8/10–8/14	+¥213.5bn	−¥655.8bn	−¥82.4bn	+¥257.8bn
8/17–8/21	−¥437.8bn	+¥697.8bn	−¥508.3bn	+¥177.8bn
8/24–8/28	−¥131.9bn	−¥115.6bn	−¥191.6bn	+¥212.5bn
8/31–9/4	+¥689.3bn	−¥1.9bn	−¥446.9bn	+¥278.0bn
9/7–9/11	−¥303.7bn	+¥449.1bn	−¥550.7bn	+¥67.4bn
9/14–9/18	−¥642.5bn	−¥311.7bn	−¥294.3bn	+¥166.3bn

Source: JPX weekly trading by investor type, Tokyo and Nagoya combined, purchases minus sales. Foreign investors include institutions and individuals; individuals include cash and margin trading.

Over the past six weeks foreign investors were net buyers in three and net sellers in three, for net selling of ¥613.1bn, including the last two weeks in a row. Trust banks were net sellers in all six weeks, ¥2.07tn in total, consistent with pension funds trimming equities after a rally to stay on their target weights (inference). Business companies were net buyers in all six weeks, ¥1.16tn in total. Individuals alternated between buying and selling and were roughly flat overall (+¥61.9bn). This week's data (September 24–25) are due around October 1.

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Covered stocks

Company	Our rating	Week	vs Nikkei	YTD
Mitsui & Co. (8031)	Report coming soon	-1.7%	-3.8%	+9.2%

Mitsui & Co. fell 1.7% this week, 3.8 points behind the Nikkei, alongside Mitsubishi Corp. (−1.8%) among the weakest performers; trading companies as a sector lost 1.7%. Mitsui

is up 9.2% this year, far behind Mitsubishi Corp.'s 35.5%. Our Mitsui & Co. report is coming soon and will carry the rating; no assessment is given here.

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Week ahead

Date	Event	Significance
Sep 30	September quarter-end, and the end of the first half for most Japanese companies	Shares went ex interim dividend on Sep
Oct 1	BOJ Tankan (September survey) at 8:50, with the Summary of Opinions from the September meeting	The QUICK consensus has large manufa
Oct 2	US September payrolls (21:30), after Tokyo September CPI at 8:30	Whether the Fed hikes again in October
Oct 8	Minutes of the Fed's September meeting (3:00)	The extent to which officials discussed
Oct 8	Fast Retailing full-year results; BOJ regional economic report (Sakura Report)	Fast Retailing carries heavy weight in th
Oct 9	Yaskawa Electric first-half results	One of the first reports of Japan's earni

Times are Japan time.

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Methodology and sources

Weekly change = last close of this week ÷ last close of the previous week − 1 (2026-09-21 to 2026-09-25), on closes not adjusted for dividends (price change only). Markets were closed on 9/21, 9/22, 9/23, leaving 2 trading days.

Prices and FX from Yahoo Finance (delayed). Indices Yahoo does not carry are replaced by ETFs: TOPIX → NEXT FUNDS TOPIX 連動型上場投信（1306）; JPX-Nikkei 400 → NEXT FUNDS JPX日経インデックス400連動型（1591）; TSE Growth Market 250 → 東証グロース市場250指数連動型 ETF（2516）. Sectors are the NEXT FUNDS TOPIX-17 sector ETFs.

JGB yields from the Ministry of Finance's daily constant-maturity table; the 10-year Treasury from FRED.

Trading by investor type from JPX's weekly release (Tokyo and Nagoya combined), usually published on the fourth business day of the following week.

BOJ and Fed policy rates and meeting dates from the two central banks' statements.

Sources cited this week:

Bank of Japan: change in the guideline for market operations (2026-09-18)

Federal Reserve FOMC statement (2026-09-16)

Nikkei: Nikkei rises for a fifth day to close at 66,364 (2026-09-25)

Nikkei: market wrap on chips and dividend buying (2026-09-25)

Zaikei: Sep 18 close, Nikkei back above 65,000 after the BOJ hike (2026-09-18)

Nikkei: yen falls for an eighth day, briefly mid-158s (2026-09-24)

Nikkei: foreigners net sellers of ¥642.5bn for a second week (2026-09-29)

JPX: trading by investor type

Ministry of Finance: JGB interest rates

Nikkei: September Tankan forecasts (2026-09-29)

BOJ release calendar, Fed meeting calendar, BLS release schedule

Fast Retailing IR calendar, Yaskawa: first-half results date

Bloomberg: US September jobs report preview (2026-09-26)

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Data as of 2026-09-25 · 雅虎财经（行情、汇率）；财务省（日本国债收益率）；JPX（投资者类别买卖）；FRED（美债收益率）；日银、美联储公告

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