

NIGHT FLIGHT SPECIAL II

DOMESTIC ROUTE

STOCK PRICES MAY BE

“RECONNAISSANCE AIRCRAFT”

BEGINNER ROUTE

Can the Stock Market Give Us an Early Glimpse of Where Money May Flow Next?



TAKEOFF

Let's Look at the Stock-Market Radar

Now it is time to look at a radar screen that feels especially appropriate for NIGHT FLIGHT:

THE STOCK MARKET.

You may hear names such as:

Nikkei 225.

TOPIX.

Semiconductors.

Heavy industry.

Banks.

Electric wires and cables.

Construction.

Trading companies.

There are many numbers.

Many companies.

Many industries.

But at Beginner altitude—

YOU DON' T NEED TO REMEMBER THEM ALL.

First, we need only one question:

“WHY DO WE WATCH STOCK PRICES?”

That is where today' s flight begins.



AN AIRCRAFT THAT FLIES AHEAD OF THE MAIN FORCE

In the past, before a main force moved forward—

a:

RECONNAISSANCE AIRCRAFT

might fly ahead.

Its job was to look around and report:

“Something may be over there.”

Or:

“That route may be dangerous.”

The stock market can behave a little like that.

Before a company’s sales increase dramatically—

before a new factory is completed—

before large profits actually appear—

investors may think:

“This company could receive a lot more work in the future.”

And they may buy the stock.

Then:

THE STOCK PRICE MOVES FIRST.

That is why we can think of stock prices as:

RECONNAISSANCE AIRCRAFT

**FLYING A LITTLE AHEAD
TO LOOK INTO THE FUTURE.**



**SUPPOSE A SEMICONDUCTOR
FACTORY
IS GOING TO BE BUILT**

Imagine a huge semiconductor factory is planned in Japan.

What will that factory need?

BUILDINGS

MANUFACTURING EQUIPMENT

ELECTRICITY

ELECTRIC WIRES & CABLES

MATERIALS

WATER

LOGISTICS

PEOPLE

A lot of things.

Now imagine an investor looking at this list.

The investor thinks:

“Wait a minute.”

“Maybe it isn’t only the semiconductor company that will benefit.”

Perhaps:

Electric-cable companies will receive more work.

Construction companies will become busier.

Materials companies will receive more orders.

And so—

some investors may buy those stocks:

BEFORE THE ACTUAL ORDERS ARRIVE.

That is the reconnaissance aircraft moving ahead again.



CONTACT ON THE RADAR!

Now NIGHT FLIGHT watches the market like a radar screen.

First:

SEMICONDUCTOR STOCKS MOVE.

Then:

ELECTRIC CABLE STOCKS MOVE.

Then:

CONSTRUCTION STOCKS MOVE.

Then:

BANK STOCKS MOVE.

Hmm...

Something interesting may be happening.

(笑)

We might ask:

**“IS MONEY BEGINNING TO SPREAD
INTO DIFFERENT PARTS OF THE
ECONOMY?”**

But another situation is possible.

Semiconductor stocks rise strongly—

while:

Electric cables do nothing.

Construction does nothing.

Banks do nothing.

Then the story may be different.

That is why NIGHT FLIGHT does not look only at:

“DID THE NIKKEI GO UP?”

We ask:

**“WHICH COMPANIES AND INDUSTRIES
ARE ATTRACTING MONEY?”**

 **VERY IMPORTANT:**

STOCK PRICE ↑

DOES NOT MEAN

**THE COMPANY ALREADY MADE MORE
MONEY**

This distinction is essential.

Suppose a company's stock price rises today.

Does that mean the company suddenly earned a huge profit today?

NO.

Stock prices can rise simply because investors expect:

“THINGS MAY GET BETTER.”

That expectation may eventually prove correct.

But it may also prove wrong.

So:

STOCK PRICES ARE FORECASTS.

THEY ARE NOT THE FINAL ANSWER.



**RECONNAISSANCE AIRCRAFT
CAN BE WRONG TOO**

Imagine our reconnaissance aircraft returns and reports:

“I think there's something over there!”

So everyone goes to investigate.

And then:

“Huh?”

“There’s nothing here.”

(笑)

The stock market can do exactly the same thing.

Investors may believe:

“THIS COMPANY IS GOING TO GROW!”

The stock price rises.

But then:

Factory construction is delayed.

Orders do not increase.

Material costs rise.

Profits fail to appear.

The reconnaissance aircraft was wrong.

That is why:

**WE NEVER TRUST THE STOCK PRICE
ALONE.**



NOW CHECK

WHAT ACTUALLY HAPPENED

Suppose the stock market tells us:

“This industry looks interesting!”

Good.

Now NIGHT FLIGHT starts checking the real instruments.

DID ORDERS INCREASE?

DID SALES INCREASE?

DID GROSS PROFIT REMAIN?

DID PROFITS INCREASE?

**DID THE COMPANY BUILD ANOTHER
FACTORY?**

DID EMPLOYEES’ WAGES RISE?

If those numbers begin confirming the original stock-market signal—

then we can say:

“AH.”

**“THE RECONNAISSANCE AIRCRAFT
MAY HAVE SEEN SOMETHING REAL.”**

That is how we move from:

EXPECTATION

to:

VERIFICATION.



DON' T LOOK AT ONE TREE.

LOOK AT THE FOREST.

Suppose the stock price of one semiconductor company rises.

Interesting.

But that may simply be caused by:

A new product.

A special contract.

A company-specific announcement.

Now imagine something different.

At the same time:

SEMICONDUCTORS ↑

ELECTRIC CABLES ↑

CONSTRUCTION ↑

BANKS ↑

MATERIALS ↑

LOGISTICS ↑

Now we may be seeing something larger.

Perhaps:

A LARGE FLOW OF MONEY

IS BEGINNING TO SPREAD

**ACROSS AN ENTIRE INDUSTRIAL
NETWORK.**

So NIGHT FLIGHT uses another simple rule:

DON' T WATCH ONLY ONE TREE.

WATCH THE FOREST.

Not one company—

but several connected industries together.

That may tell us much more about where money is beginning to flow.



THEN WHY DO WE WATCH THE NIKKEI 225?

You often hear on the news:

“The Nikkei rose today.”

The Nikkei 225 is one important indicator of Japan’s stock market.

But:

NIKKEI ↑

DOES NOT MEAN

EVERY JAPANESE COMPANY IS DOING WELL.

A relatively small number of large companies can sometimes push the index higher.

So once again:

DON'T LOOK ONLY AT THE BIG NUMBER.

LOOK INSIDE THE NUMBER.

Which industries rose?

Which companies rose?

Where did money gather?

That is much more interesting for our flight.



WAIT A MINUTE...

WE'VE SEEN THIS BEFORE

Remember where this long journey began?

¥4,158 TRILLION.

We asked:

“Japan has ¥4,158 trillion in assets.”

“Then why doesn't everyone feel rich?”

That taught us something important:

A BIG NUMBER ALONE

DOES NOT TELL US THE WHOLE STORY.

Now we have arrived at exactly the same lesson in the stock market.

“THE NIKKEI ROSE!”

Fine.

But what happened inside it?

Which industries rose?

Where did the money go?

Where might it go next?

Once again:

LOOK INSIDE THE NUMBER.

The original Beginner Route deliberately reconnects the stock-market discussion with the ¥4,158 trillion question that began the entire journey.

THE STOCK MARKET IS NOT A “CERTIFICATE OF JAPAN’S REVIVAL”

This is important.

Stock prices rose.

Therefore:

“JAPAN IS BACK!”

No.

The stock market does not prove that.

Instead, it may be telling us:

**“SOMETHING COULD BE
STARTING TO CHANGE HERE.”**

That is the reconnaissance report.

Then we need to check what actually happened to:

FACTORIES

JOB

PROFITS

WAGES

CONSUMPTION

THE NEXT INVESTMENT.

Only then can we decide whether the change was real.

FROM THE RECONNAISSANCE AIRCRAFT

TO THE BLOOD FLOW OF MONEY

Suppose we notice:

**“MONEY IS FLOWING INTO ELECTRIC-
CABLE STOCKS.”**

Interesting.

Now investigate.

Did cable orders actually increase?

Did factories increase production?

Did companies retain profits?

Did wages rise?

Did the companies make new capital investments?

Now connect the route:

STOCK PRICE

↓

WORK



PROFIT



WAGES



NEXT INVESTMENT.

This is how the stock-market radar connects with our:

MONEY BLOODSTREAM.

And that is NIGHT FLIGHT observation.



BEGINNER ROUTE

THE KEY POINT

Think of stock prices as:

RECONNAISSANCE AIRCRAFT

THAT FLY A LITTLE AHEAD

TO LOOK INTO THE FUTURE.

But—

reconnaissance aircraft sometimes make mistakes.

So:

STOCK PRICE ↑

alone is never enough.

Afterward, we check:

DID WORK INCREASE?

DID PROFITS INCREASE?

DID THE MONEY REACH WAGES?

DID NEW INVESTMENT BEGIN?

And we do not watch only one company.

We ask:

“FROM WHICH INDUSTRY

TO WHICH INDUSTRY

IS THE MONEY FLYING?”

That is:

THE NIGHT FLIGHT RADAR.



LANDING

The Reconnaissance Aircraft Is Not the Answer

We have travelled a long way.

¥4,158 TRILLION



**JAPAN EARNING MONEY AROUND THE
WORLD**



MONEY RETURNING TO JAPAN



FACTORIES



SMEs

↓

GROSS PROFIT

↓

WAGES

↓

INFLATION

↓

THE STOCK MARKET.

And now—

we return to the question that started everything:

“JAPAN HAS ¥4,158 TRILLION.

THEN WHY...?”

We can begin to see the answer.

The important thing is not only:

HOW MUCH MONEY JAPAN HAS.

It is:

WHERE THAT MONEY FLOWS

and:

WHAT THAT MONEY CREATES NEXT.

So the amount of assets alone cannot measure Japan's revival.

And stock prices?

They may fly ahead—

searching for signs of that larger change.

THE STOCK MARKET IS

NIGHT FLIGHT'S RECONNAISSANCE AIRCRAFT.

But the final answer comes only after:

WE CHECK THE REAL NUMBERS.



RE-FLIGHT

Same Market. Three Altitudes.



BEGINNER

What did the reconnaissance aircraft see?

A stock moved.

Why?

Did work follow?

Did profits follow?

Did wages follow?

Did investment follow?

This is the altitude we flew today.

→ Return to  Beginner

INTERMEDIATE

Watch the flow of money

Nikkei 225.

TOPIX.

Trading volume.

Trading value.

Sector performance.

Where is money entering?

Where is it leaving?

Where might it move next?

→ Continue to  Intermediate

 **ADVANCED**

Test the market's hypothesis

Market expectations.

Earnings.

Valuation.

Capital expenditure.

Sector rotation.

Liquidity.

Fund flows.

Can stock prices tell us something about future changes in the real economy?

→ Continue to  Advanced



SELECT YOUR ALTITUDE

 **Beginner** →  **Intermediate** →  **Advanced**

Beginner asks:

**“WHAT DID THE STOCK MARKET
NOTICE?”**

Intermediate asks:

“WHERE IS THE MONEY MOVING?”

Advanced asks:

**“WAS THE MARKET’ S FORECAST
CORRECT?”**

Same market.

Three altitudes.

One radar screen.

Because on NIGHT FLIGHT:

You are the Captain.

You choose your own altitude.



AND NOW...

THE FINAL “?” APPEARS

The Nikkei rose.

But—

was the whole market really strong?

Or did only a few large companies rise?

Semiconductors moved.

But—

did money spread into:

Electric cables?

Construction?

Banks?

Materials?

Logistics?

And how can we actually measure that?

Now new instruments appear on our cockpit panel:

NIKKEI 225

TOPIX

TRADING VOLUME

TRADING VALUE

SECTOR-BY-SECTOR MONEY FLOWS.

This is exactly where the Japanese Beginner Route points next.

NIGHT FLIGHT SPECIAL II

Numbers Take Flight.

You are the Captain.

I am your Co-Pilot.

AI is in the Control Tower.

DOMESTIC ROUTE — BEGINNER

RE-FLIGHT COMPLETE.

NEXT FLIGHT:

WHERE IS THE MONEY MOVING?

Nikkei 225 / TOPIX / Volume / Trading Value / Sector Flows

CLEARED FOR TAKEOFF. 