

GHT FLIGHT SPECIAL II

DOMESTIC ROUTE

STOCK PRICES MAY BE

“RECONNAISSANCE AIRCRAFT”

ADVANCED ROUTE

Advanced / General Knowledge Level

How Far Ahead Can the Stock Market See the Future of Japan's Economy?



TAKEOFF

Our Final Radar Screen

We have travelled a long way.

We began with:

¥4,158 TRILLION IN ASSETS.

Then we followed:

Japan earning money around the world.

Domestic capital investment.

Gross profit at SMEs.

Wages.

Inflation.

And now, in true NIGHT FLIGHT fashion, we arrive at our final radar screen:

THE STOCK MARKET.

Nikkei 225.

TOPIX.

Trading volume.

Trading value.

Semiconductors.

Heavy industry.

Banks.

Electric cables.

Construction.

Trading companies.

These are not merely records of stock prices.

Sometimes—

they may show us:

WHERE MONEY COULD BE HEADING NEXT.

So on our final Advanced Route, we treat stock prices as:

RECONNAISSANCE AIRCRAFT.



WHY CAN STOCK PRICES MOVE BEFORE THE ECONOMY?

Stock prices are not determined only by today's earnings.

Investors constantly ask:

“WHAT WILL SALES LOOK LIKE NEXT YEAR?”

“WILL PROFITS INCREASE?”

“WILL A NEW FACTORY BE BUILT?”

“WILL ORDERS INCREASE?”

Imagine a new semiconductor factory is announced.

The factory has not been completed.

Corporate profits have not increased yet.

But investors begin thinking:

“Semiconductor–equipment makers may receive more orders.”

“Demand for electric cables may increase.”

“Construction companies may become busier.”

Then the share prices of those related companies may move first.

In other words:

**EXPECTATIONS OF FUTURE PROFITS
CAN BE PRICED INTO STOCKS
BEFORE THE PROFITS ACTUALLY
ARRIVE.**



**STOCK PRICES CAN BECOME
A LEADING INDICATOR**

Economic indicators can tell us different things.

Some describe:

THE PRESENT.

Some confirm:

THE PAST.

And some may give us clues about:

THE FUTURE.

Stock prices sometimes belong to that third group.

They can behave as:

LEADING INDICATORS.

But—

this does **not** mean:

STOCK PRICE ↑

=

**THE FUTURE WILL DEFINITELY
IMPROVE.**

Stock prices represent expectations.

And expectations can be wrong.

That distinction is essential.



RECONNAISSANCE AIRCRAFT SOMETIMES SEND FALSE REPORTS

Investors expect:

“This company will grow!”

The stock rises.

But then:

Factory completion is delayed.

Demand fails to grow.

Competition intensifies.

Raw-material costs rise.

Profit margins deteriorate.

Expectations are revised.

And the stock price falls.

So:

STOCK PRICE

≠

FUTURE FACT.

A better interpretation is:

“WHAT KIND OF FUTURE ARE MARKET PARTICIPANTS IMAGINING RIGHT NOW?”

That is what the stock price can help us observe.

The reconnaissance aircraft is useful—

but it can make mistakes.



THE NIKKEI 225

DOES NOT REPRESENT EVERY COMPANY EQUALLY

News reports often say:

“THE NIKKEI SURGED TODAY.”

But:

NIKKEI ↑

≠

EVERY JAPANESE COMPANY ↑.

The Nikkei 225 consists of 225 stocks and can be strongly affected by certain high-priced constituents.

If a small number of major semiconductor-related stocks rise sharply—

the Nikkei can move much more strongly than the broader market.

So the headline number alone is not enough.

We need another instrument:

TOPIX.



NIKKEI 225 vs. TOPIX

WATCH THE DIFFERENCE

TOPIX reflects a much broader range of stocks in the Tokyo market.

Suppose:

NIKKEI 225 +2%

while:

TOPIX +0.5%.

One possibility is that a relatively small number of high-priced stocks are strongly lifting the Nikkei.

Now suppose:

NIKKEI 225 ↑

and:

TOPIX ↑

strongly as well.

Then buying may be spreading across a much broader range of companies.

So we do not look only at:

DIRECTION.

We also look at:

BREADTH.

Our question becomes:

**“HOW WIDELY IS THE RISE
SPREADING?”**



PRICE × QUANTITY

Now add two more instruments:

TRADING VOLUME

and:

TRADING VALUE.

Trading volume tells us:

HOW MUCH STOCK WAS TRADED.

Trading value tells us:

HOW MUCH MONEY MOVED THROUGH THE MARKET.

Suppose a stock rises:

+5%.

But trading volume is extremely low.

Perhaps only a small number of trades moved the price.

Now suppose:

PRICE ↑

•

VOLUME ↑

•

TRADING VALUE ↑ .

That may suggest participation by a larger amount of capital.

So NIGHT FLIGHT watches:

PRICE × QUANTITY.

Not just:

PRICE.



SECTOR ROTATION

MONEY CHANGES SEATS

Money does not always remain in the same industry.

One day:

SEMICONDUCTORS.

The next:

BANKS.

Then:

HEAVY INDUSTRY.

Then:

CONSTRUCTION.

The leading sector changes.

This is:

SECTOR ROTATION.

Suppose semiconductor stocks fall as investors take profits.

But:

Banks rise.

Trading companies rise.

Heavy-industry stocks rise.

Did money disappear from the market?

Not necessarily.

It may simply have:

CHANGED DESTINATIONS

INSIDE THE MARKET.

NIGHT FLIGHT has a better picture:

THE PASSENGERS DIDN' T LEAVE THE AIRCRAFT.

THEY JUST CHANGED SEATS.



NOW WATCH

CAPITAL DIFFUSION

There is another question.

HOW MANY SECTORS

ARE ATTRACTING MONEY?

If only semiconductor stocks rise—

we have:

CONCENTRATION.

But suppose money spreads from semiconductors into:

Banks.

Heavy industry.

Electric cables.

Construction.

Trading companies.

Steel.

Then we may be seeing:

CAPITAL DIFFUSION.

This can help us judge whether the market rally is becoming broader.

But once again:

WE DO NOT REACH A CONCLUSION FROM STOCK PRICES ALONE.

The reconnaissance aircraft has found something.

Now we verify it.



**NOW COMES THE MOST
IMPORTANT PART:**

**VERIFY THE MARKET' S FORECAST
IN THE REAL ECONOMY**

Suppose electric-cable stocks rise.

Perhaps the market expects:

MORE INVESTMENT

IN ELECTRICITY INFRASTRUCTURE.

Fine.

Now NIGHT FLIGHT asks:

DID ORDERS ACTUALLY INCREASE?

DID SALES INCREASE?

DID GROSS PROFIT INCREASE?

DID CAPITAL INVESTMENT INCREASE?

**DID FACTORIES EXPAND
PRODUCTION?**

DID COMPANIES HIRE MORE PEOPLE?

DID WAGES RISE?

Now we connect:

STOCK PRICE

↓

REAL ECONOMY.

This is the most important verification step of the entire G-series.



THE STOCK MARKET

JOINS OUR MONEY PIPELINE

Now connect everything.

STOCK PRICE MOVES



THE MARKET EXPECTS FUTURE DEMAND



ACTUAL ORDERS INCREASE



SALES INCREASE



GROSS PROFIT & PROFIT INCREASE



CAPITAL INVESTMENT & WAGES INCREASE



MONEY FLOWS INTO CONSUMPTION



THE NEXT INVESTMENT BEGINS.

If the entire route connects—

the expectation first seen in the stock market has become:

REAL MONEY FLOW.

The reconnaissance report has become economic reality.



NEVER SAY

“STOCKS ARE HIGH, SO JAPAN IS BACK”

This remains important until the final landing.

The Nikkei reaches a record high.

Therefore:

“JAPAN IS BACK!”

No.

Stock prices are influenced by many factors beyond the real economy:

Monetary policy.

Foreign exchange rates.

Interest rates.

Foreign investor flows.

Market supply and demand.

Expectations.

So:

STOCK PRICES ARE NOT PROOF.

They are:

CLUES.

NIGHT FLIGHT uses the stock market as:

A RADAR THAT TELLS US

WHERE TO LOOK NEXT.



HERE IT IS:

MARKET RADAR

By now, our way of looking at stock prices has changed.

We no longer watch only whether:

ONE STOCK ROSE OR FELL.

Instead, Market Radar combines several dimensions.

INDEX

Nikkei 225 / TOPIX

PRICE

Individual stocks and sectors

QUANTITY

Trading volume / Trading value

BREADTH

How many sectors are rising?

MOVEMENT

From which sector to which sector is capital moving?

PERSISTENCE

Did the movement continue into the following days?

Put them together—

and instead of saying:

“STOCKS ROSE TODAY.”

we can say:

**“TODAY, CAPITAL MOVED
ALONG THIS FLIGHT ROUTE.”**

That is:

MARKET RADAR.



**AFTER THE STOCK PRICE MOVES,
ASK:**

“WHAT WILL BECOME SCARCE NEXT?”

Suppose Market Radar shows:

SEMICONDUCTORS

then:

ELECTRIC CABLES

then:

CONSTRUCTION

then:

ELECTRIC POWER.

Why?

Let's return from stock prices to industrial structure.

More semiconductor factories.

↓

MORE ELECTRICITY NEEDED.

↓

**MORE TRANSMISSION
INFRASTRUCTURE NEEDED.**

↓

MORE ELECTRIC CABLES NEEDED.

↓

MORE CONSTRUCTION NEEDED.

Now we have done something important.

WE RETURNED

FROM STOCK-PRICE MOVEMENTS

TO INDUSTRIAL STRUCTURE.

And then we ask:

“WHAT WILL BECOME SCARCE NEXT?”

Remember that question?

Yes.

We are back at:

THE CLASSROOM SHORTAGE.

The routes have connected.



¥4,158 TRILLION

AND THE STOCK MARKET

WERE ACTUALLY THE SAME PROBLEM

Now return to the beginning.

Our first question was:

“JAPAN HAS ¥4,158 TRILLION IN ASSETS.

THEN WHY...?”

What did we discover?

A huge number alone does not tell us what is happening inside the economy.

And now we discover exactly the same thing with stocks.

“THE NIKKEI IS AT ¥XX,XXX.”

That large number alone is not enough either.

We need to look inside.

Which sectors moved?

How much money entered?

Where did the money move next?

Did it eventually reach corporate earnings?

So from the beginning to the end of NIGHT FLIGHT—

we have actually been doing the same thing:

LOOK AT THE NUMBER.

THEN LOOK BEYOND THE NUMBER.

That is the entire method.



ADVANCED ROUTE

THE KEY POINT

The stock market can be used as:

A RECONNAISSANCE AIRCRAFT

FLYING AHEAD

TO SEARCH FOR THE FUTURE.

But:

NEVER DECIDE THE ENTIRE BATTLE

FROM THE RECONNAISSANCE REPORT ALONE.

Watch:

NIKKEI 225

TOPIX

TRADING VOLUME

TRADING VALUE

SECTOR MOVEMENTS

SECTOR ROTATION

CAPITAL DIFFUSION.

Then ask:

“WHAT FUTURE

IS THE MARKET EXPECTING?”

And afterward—

verify that expectation with:

ORDERS

SALES

GROSS PROFIT

PROFIT

CAPITAL INVESTMENT

WAGES.

That is how NIGHT FLIGHT connects:

MARKET EXPECTATIONS

to:

ECONOMIC REALITY.



FINAL LANDING

Our Long Night Flight Comes Home

This has been a long flight.

Our departure point was:

¥4,158 TRILLION.

A very simple question:

“Does Japan really have that much wealth?”

From there we travelled through:

**JAPAN EARNING MONEY AROUND THE
WORLD**



COMPANIES MOVING OVERSEAS



**THE RETURN TO DOMESTIC
INVESTMENT**



FACTORIES



SMEs



GROSS PROFIT



THE “CLASSROOM SHORTAGE”



INFLATION



AND FINALLY...

THE STOCK MARKET.

And after this long journey, something has become visible.

JAPAN' S REVIVAL

CANNOT BE MEASURED

**BY THE ¥4,158 TRILLION ASSET
FIGURE ALONE.**

We need to watch much more than:

ASSETS.

We need to follow:

**THE ABILITY TO EARN AROUND THE
WORLD**



DOMESTIC INVESTMENT



WORK FOR SURROUNDING COMPANIES



GROSS PROFIT



WAGES



CONSUMPTION



THE NEXT CAPITAL INVESTMENT

and flying just a little ahead of that circulation:

THE STOCK MARKET —

OUR RECONNAISSANCE AIRCRAFT.



THE QUESTION CHANGED

DURING THE FLIGHT

At the beginning we asked:

“DOES JAPAN HAVE MONEY?”

Then the question became:

“WHERE IS THAT MONEY FLOWING?”

And finally:

“IS THAT FLOW

BEGINNING TO CREATE

THE NEXT VALUE?”

That is the answer we discovered on this NIGHT FLIGHT SPECIAL.



FINAL RE-FLIGHT

Same Economy. Three Altitudes.



BEGINNER

Follow the reconnaissance aircraft

Which stocks moved?

Which industries moved next?

Did real business follow?

→ Return to  Beginner

INTERMEDIATE

Follow the money

Nikkei 225.

TOPIX.

Volume.

Trading value.

Sector rotation.

Capital diffusion.

Then verify:

Orders.

Sales.

Profits.

Investment.

→ Return to  Intermediate

 **ADVANCED**

Connect the entire system

Assets.

Global earnings.

Domestic investment.

Supply constraints.

Gross profit.

Wages.

Inflation.

Consumption.

Capital investment.

Market expectations.

Real economic results.

This is the altitude we flew today.

→ Return to  Advanced



SELECT YOUR ALTITUDE

● Beginner → ● Intermediate → ● Advanced

Beginner asks:

“WHAT MOVED?”

Intermediate asks:

“WHERE DID THE MONEY MOVE?”

Advanced asks:

**“DID THAT FLOW CREATE
THE NEXT ECONOMIC VALUE?”**

Three altitudes.

One economy.

One very long flight.

Because on NIGHT FLIGHT:

You are the Captain.

You choose your own altitude.



FINAL APPROACH

Below us—

Japan's economy is still moving.

Factories are being built.

Companies are earning overseas.

Workers are receiving wages.

Consumers are spending.

Businesses are investing.

Stock prices are searching a little farther ahead.

Some pipes are wide.

Some are narrow.

Some money stops.

Some money begins moving again.

There is no single number that tells us everything.

Not:

¥4,158 TRILLION.

Not:

THE NIKKEI 225.

Not:

INFLATION.

Not:

CORPORATE PROFITS.

The important thing is:

HOW THEY CONNECT.

And that is why—

we kept following the money.

NIGHT FLIGHT SPECIAL II

DOMESTIC ROUTE

Numbers Take Flight.

You are the Captain.

I am your Co-Pilot.

AI is in the Control Tower.

FINAL FLIGHT COMPLETE.

ASSETS ARE A “STOCK.”

WHAT WE WERE SEARCHING FOR

WAS THE “FLOW.”

And the stock market?

**IT IS THE RECONNAISSANCE
AIRCRAFT**

**FLYING JUST A LITTLE AHEAD
OF THAT FLOW.**

But the answer is not found on the radar alone.

**WE CONFIRM IT
IN THE ACTUAL FLOW OF MONEY.**



NORMAL LANDING

NIGHT FLIGHT SPECIAL II

DOMESTIC ROUTE

FLIGHT COMPLETE.

Thank you for flying with us.

Until our next flight. ✈️