

Daiwa Memorandum

International Transactions in Securities (Feb 2026)

- Japanese investors were significant net sellers of foreign bonds
- In particular, sales of long-term bonds by depository institutions made a large negative contribution
- Foreign investors were net buyers of domestic assets for the second consecutive month

FICC Research Dept.

Kenta Tadaide
81-3-5555-8466
kenta.tadaide@daiwa.co.jp
Asuka Ichikawa
81-3-5555-8761
asuka.ichikawa@daiwa.co.jp

Daiwa Securities Co. Ltd.

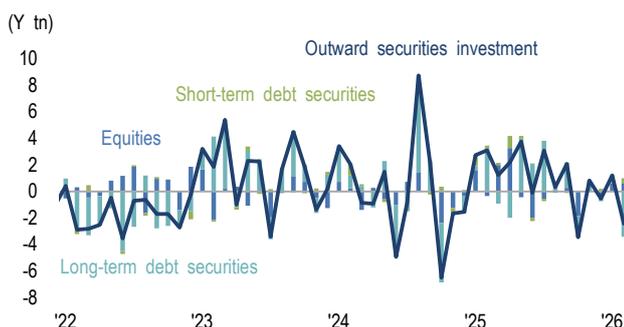
Depository institutions were significant net sellers of foreign bonds

According to the "International Transactions in Securities" data (based on reports from designated major investors) published by the MOF, outward securities investment by Japanese investors in February recorded net selling of Y2,427.4bn, a significant reversal from the net buying of Y1,215.5bn in the previous month (Chart 1). A breakdown shows that for equities (equity and investment fund shares), net buying increased from Y602.0 bn in January to Y642.1bn in February. Short-term debt securities switched from net selling of Y9.9bn in January to net buying of Y352.1bn in February. In contrast, long-term debt securities saw a reversal from net buying of Y623.3bn in January to net selling of Y3,421.6bn in February.

The weekly data for equities and long-term debt securities shows that Japanese investors were minor net sellers of equities in the second week of February, but they were net buyers in the first, third, and fourth weeks. On the other hand, they were net sellers of long-term debt securities in all four weeks. Notably, the net selling amount in the third week reached Y1,900.8bn, the highest level since the first week of April 2025.

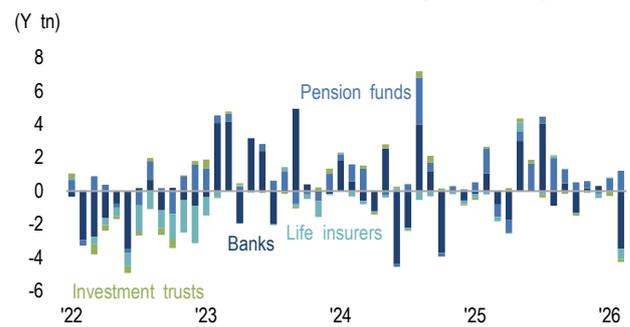
By investor type (Chart 2), outward securities investment by depository institutions saw net selling widen significantly to Y3,523.2bn (-Y301.9bn in Jan). A breakdown reveals that equities switched to net selling (+Y4.8bn in Jan → -Y185.2bn in Feb), while short-term debt securities turned to net buying (-Y241.8bn in Jan → +Y122.4bn in Feb).

Chart 1: Outward Securities Investment

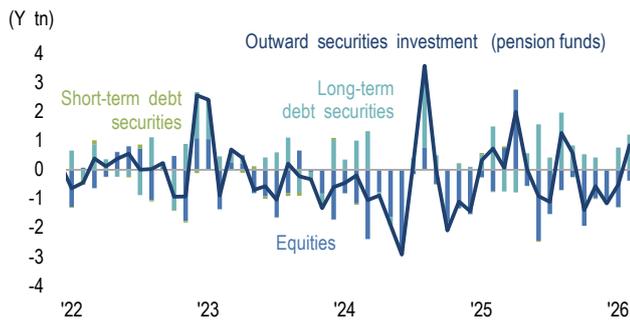


Source: MOF; compiled by Daiwa.

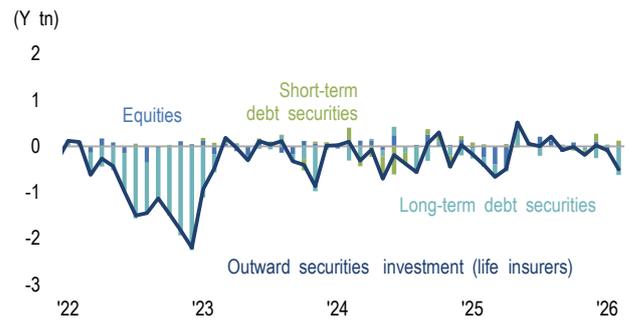
Chart 2: Outward Securities Investment by Investor Type



Source: MOF; compiled by Daiwa.

Chart 3: Outward Securities Investment by Pension Funds


Source: MOF; compiled by Daiwa.

Chart 4: Outward Securities Investment by Life Insurers


Source: MOF; compiled by Daiwa.

Meanwhile, net selling of long-term debt securities widened significantly from Y64.8bn in January to Y3,460.5bn in February. In the US bond market in February, the 10-year US yield fell by 29.8bp from the end of the previous month, dropping below 4%. Amid the plunge in US yields, depository institutions appear to have viewed this as a good opportunity for profit-taking.

Outward securities investment by pension funds (trust accounts) switched to net buying of Y856.3bn (-Y515.1bn in Jan). A breakdown shows that the net selling of equities narrowed (-Y1,289.5bn in Jan → -Y370.8bn in Feb), and short-term debt securities switched to net buying (-Y2.6bn in Jan → +Y10.4bn in Feb). Net buying of long-term debt securities increased (+Y777.1bn in Jan → +Y1,216.7bn in Feb, Chart 3).

Outward securities investment by life insurers resulted in net selling of Y497.0bn (-Y89.0bn in Jan). By asset type, both equities (-Y102.7bn in Jan → +Y29.0bn in Feb) and short-term debt securities (-Y26.5bn in Jan → +Y92.8bn in Feb) switched to net buying. In contrast, long-term debt securities turned to net selling (+Y40.2bn in Jan → -Y618.7bn in Feb, Charts 4-5).

Outward securities investment via investment trusts posted a slight decline in net buying to Y1,017.3bn (+Y1,261.8bn in Jan). Net buying of equities decreased (+Y1,463.6bn in Jan → +Y1,094.0bn in Feb). Meanwhile, net selling of long-term debt securities narrowed (-Y231.2bn in Jan → -Y174.7bn in Feb), and net buying of short-term debt securities increased (+Y29.4bn in Jan → +Y98.0bn in Feb, Chart 6). Although the cumulative amount of overseas equity investment by investment trusts for FY25 expanded to +Y7,675.1bn, it remains below the level of FY24 (Chart 7).

Chart 5: Bond Investment by Life Insurers


Source: MOF, Japan Securities Dealers Association; compiled by Daiwa.

Chart 6: Outward Securities Investment by Investment Trusts

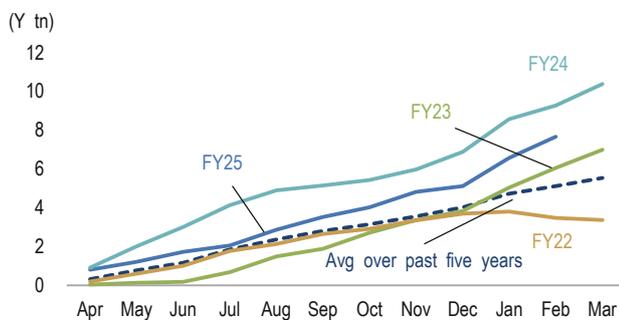

Source: MOF; compiled by Daiwa.

Foreign investors are net buyers of domestic assets for the second consecutive month

Inward securities investment by foreign investors amounted to net buying of Y7,609.6bn. Although the amount of net buying decreased from Y10,324.0bn in the previous month, this marks the second consecutive month of net purchases (Chart 8). A breakdown shows that net buying of equities increased from Y2,841.3bn in January to Y3,393.1bn in February. On the other hand, net buying decreased for both long-term debt securities (+Y4,941.8bn → +Y2,395.8bn) and short-term debt securities (+Y2,540.9bn in Jan → +Y1,820.8bn in Feb).

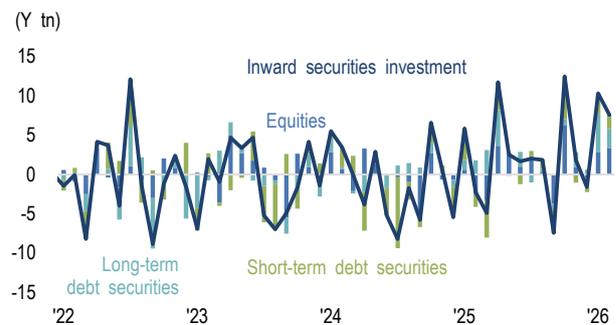
Looking at weekly data for equities and long-term debt securities, foreign investors were net buyers of equities in all weeks. Notably, net buying in the second week was high at Y1,428.0bn. Although long-term debt securities were sold on a net basis in the first and second weeks, they shifted to significant net buying from the third to the fourth week. Following the landslide victory of the Liberal Democratic Party in the Lower House election on 8 February, net buying of equities continued, and long-term debt securities also saw net purchases contrary to initial expectations.

Chart 7: Equity Investment by Investment Trusts



Source: MOF; compiled by Daiwa.

Chart 8: Inward Securities Investment



Source: MOF; compiled by Daiwa.

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