

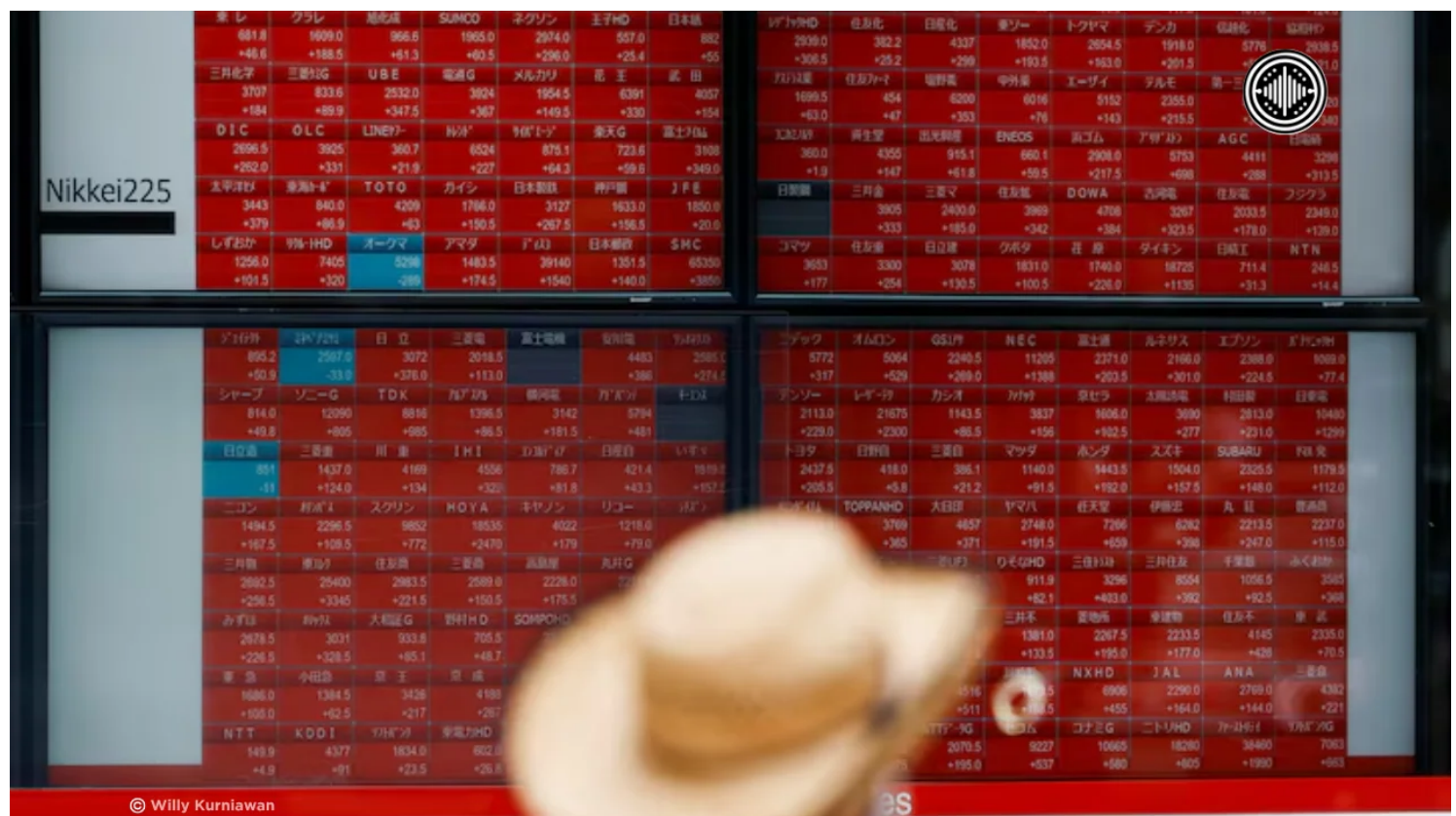
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## Japanese Investors Shift Amid US Economic Fears

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Japanese investors are pulling back from foreign equities, with growing concern over the direction of the US economy and rising trade tensions driving a sharp change in strategy.

Recent figures from Japan's Ministry of Finance show that Japanese investors sold a net ¥1.3 trillion (£6.5 billion) in overseas shares during the final week of July, marking one of the

largest weekly sell-offs since the start of the year. The move reflects heightened caution around US economic conditions, as well as the impact of tariffs and political uncertainty.

Investors in Japan are increasingly wary of developments in the United States, where signals of economic slowdown and trade policy shifts, particularly under former President Donald Trump's influence, have created volatility in global markets. Trump's recent statements supporting significant tariff increases, including a proposed 100% tariff on certain imports, have amplified investor anxiety across Asia.

Trade-sensitive sectors such as technology and manufacturing have been hit hardest by the sell-off. Many Japanese institutional investors are now redirecting capital towards domestic bonds and assets viewed as safer in the current climate.

While Japan remains one of the world's largest holders of US Treasury securities, the sharp reduction in equity exposure indicates growing concerns that Washington's economic trajectory could pose risks to global investment portfolios. Analysts note that these shifts are not solely driven by economic indicators but also by rising geopolitical tension and uncertainty around upcoming US policy decisions.

Market analysts in Tokyo have suggested that if current trends continue, further capital retreat from foreign markets may follow, particularly if the US maintains a protectionist stance and interest rate policies remain unclear. Japan's economic outlook remains relatively stable, which has further encouraged investors to refocus on domestic opportunities.

Although the Japanese yen has seen modest strengthening in recent weeks, concerns over the long-term impact of US fiscal decisions continue to influence foreign exchange markets as well.

The shift marks a significant moment in Asia's financial landscape, as confidence in the United States as a stable investment destination appears to be wavering among key regional players.