

February 19, 2006

## In Japan, Day-Trading Like It's 1999

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TOKYO

YUKA YAMAMOTO dutifully quit work to assume her expected role as suburban homemaker when she married six years ago. But she quickly grew bored at home, and when she saw a television program about online stock investing, she took \$2,000 in savings and gave it a try.

Today, Ms. Yamamoto says she has turned her initial investment into more than \$1 million as a day trader, scanning her home computer for price movements in stocks, futures and foreign currencies that could lead to quick profits. And by writing books and holding seminars on trading strategies, she has also become a celebrity among homemakers who are investors. She says she has met thousands of other married women who now play the stock market online, many without their husbands' full knowledge.

Having overcome the country's sluggishness in embracing cyberspace and deregulating discount brokerage firms, day-trading has taken off in Japan, the world's second-largest financial market, after the United States. The number of accounts at Japan's electronic brokerage firms reached 7.9 million last September, up from 296,941 in 1999, when the first such firm opened, according to the Japan Security Dealers Association. That is an impressive gain, even after considering that some traders hold more than one account.

While Japan's business establishment still frowns on this new, rough-and-tumble style of trading, it has exploded in popularity among many who previously played only minor roles in Japan's corporate-dominated economy, particularly young people and women.

"Day-trading is great because everyone is equal, even housewives," said Mrs. Yamamoto, an energetic woman in her late 30's who declined to reveal her exact age or to document her trading profits. "Success or failure depends entirely on how clever you are, and nothing else."

ANALYSTS say online investors are driving the soaring volume — and volatility — in Japan's resurgent stock markets. Internet trading, which did not exist before 1999, accounted for almost 29 percent of all equity trades in the six months that ended last September, according to the dealers association.

That more than accounts for all the increased trading during the Japanese market's rally. The leading Japanese stock index, the Nikkei 225, has risen about 40 percent since August. While all the short-term money sloshing around has helped Japanese stocks snap out of their decade-long slump, it is also creating new dangers, say analysts. Many recall how a similar fad in the United States in the late 1990's ended with many traders suffering substantial losses when the telecom and dot-com bubble burst. As the bull market turned, overleveraged speculators dumped their holdings, accelerating and exaggerating the decline in prices.

Something similar happened here last month, though on a much smaller scale, when prosecutors started an investigation of Livedoor, a Web portal company that had been a darling of Internet investors. The news set off an avalanche of sale orders — most placed online, according to securities companies — that shut down the computers at the Tokyo Stock Exchange, the world's second-largest bourse, after the New York Stock Exchange.

Since the Tokyo exchange reopened, Livedoor's share price has been in free fall, dropping more than 90 percent in three weeks. The authorities in Tokyo filed charges last week against Livedoor's founder, Takafumi Horie, and three other former executives of his company, accusing them of spreading false information to inflate a subsidiary's stock price.

The exchange is racing to update its computers, but many analysts fear similar waves of panicked selling in the future. They also say that the rising popularity of online trading has coincided with an almost three-year rally in Japan's stock markets. It is easy to make money when prices are rising, they say. But day-trading may lose some of its luster in the next bear market.

"The real test will come when the market goes down," said Yukihiro Yabuki, a managing director for marketing at Matsui Securities, one of Japan's largest online brokerage firms. "Will they abandon day-trading as soon as things get tough? Do they really understand the risks?"

So far, Livedoor's fall has failed to dampen enthusiasm for online trading. That popularity is seen in the appearance of televised day-trading competitions and in books with titles like "How a University Student Like Me Made 300 Million Yen in Internet Trading."

Looking to win more clients, online brokerage firms have begun setting up trading sites that offer cellphone access, with price charts shrunk to fit palm-sized screens. Brokerage firms say that these sites have allowed trading even from taxis or restaurants.

The surge in day-trading has even created celebrities, including its own "stock idol," a young woman named Maiko Asaba who poses in miniskirts for photographs in day-trading and stock investing magazines next to captions describing her fondness for ice cream and index futures.

"In Japan, every true subculture has celebrities," said Ms. Asaba, 28, a financial researcher and part-time day trader who keeps a giant teddy bear next to her trading terminal in her cramped Tokyo apartment.

The dream of many day traders — in Japan and in the United States — is to earn enough to make a living by trading full time. Analysts and traders estimate that only a few thousand people have reached that mark.

One is Yuta Mimura, a 22-year-old university senior. During the four-and-a-half hours each weekday that the Tokyo Stock Exchange is open, Mr. Mimura sits in his bedroom monitoring stock prices on three computer screens. He said he became hooked two years ago, after he put all his savings, \$25,400, into shares trading at about 25 cents, and then watched the price jump to 45 cents in just two days. He said his parents, who are farmers, were opposed to his day-trading, but he appeased them by earning \$127,000 in a month and using the money to renovate their home outside Nagoya.

Over all, he said, he has made \$2.54 million by trading stocks at home, enough to be invited to a New Year's party attended by a few dozen of Japan's biggest day traders. He said the group swapped trading tips at a hostess bar in Tokyo where \$2,000 bottles of French liquor flowed, though he said he didn't know what kind it was.

Mr. Mimura says that he wants to use his earnings to start his own investment company after college but that the allure of the stock market was more than the prospect of quick riches. Trading stocks, he said, offers freedoms that he wouldn't have had in a more traditional career path in Japan's rigidly hierarchical corporations: the independence to be his own boss, and to succeed or fail based on his own efforts.

"Day-trading gives me a chance to stand on my own two feet," he said. "Everything I do is up to me. That's a chance you don't often get in Japan."

The rise of online traders, as well as their go-it-alone ethic, has its critics. Many business leaders disdain the stock market as an unsavory money game, for example, while many others dislike stock trading

because of a traditional dislike for greed and the bitter memories from the collapse of Japan's equity bubble in the early 1990's.

"The sight of housewives trading stocks on personal computers undermines the education of children," said Shunzo Morishita, the chief executive of NTT West, a phone company. "Making money without sweating for it undermines the work ethic."

Against such attitudes, the biggest reason for the success of online trading here has been its anonymity, analysts say. Traditional brokerage firms scared away potential clients because orders had to be placed by phone, or face to face. The Internet allows the Japanese — particularly women — to trade in the privacy of their own homes hidden from the possibly disapproving gaze of neighbors and friends. People "can trade without being embarrassed," said Mr. Yabuki of Matsui Securities.

Mrs. Yamamoto says that her husband, a university professor, has not objected to her trading, but she says she still has to walk a fine line between her desire to trade and her role as wife and mother. To spend more time with her two small daughters, she has started using trading programs to buy or sell shares automatically at certain prices and has hired a secretary to handle her speaking schedule and appointments with publishers. (She says she has already written or contributed to 17 books on Internet trading.)

Despite the public attention she has received, Mrs. Yamamoto said that she still hadn't revealed the full extent of her earnings to her husband, who insists on paying the family's bills from his modest university salary. "He still thinks he's in charge," she said. "He just thinks I'm going to lose all my earnings, or blow it on clothes."

Analysts and traders say that greater financial uncertainty, resulting from sweeping change in the Japanese economy, has also led to changing attitudes about stock investing. Years of deregulation and reforms have created a more competitive economy and eroded traditional social guarantees like lifelong corporate jobs. That may help explain why most account holders at online brokerage firms range in age from their 20's to early 40's, according to the Kinzai Research Institute, a financial research company.

"We learn more about the real economy in our trading club than we do in class," said Kazuhiko Makita, a sophomore at Keio University who founded the Genesis Student Investing Club with five classmates a year ago. "In the old days, when you could join a company for life, you didn't need to learn any real skills."

ONE online brokerage firm, Monex Beans Holdings, has even held after-school classes in stock trading for elementary and junior high school students who are accompanied by their parents. Monex said that about 2,300 students in that age group had already opened accounts at the brokerage firm, after getting their parents' permission.

Analysts say young Japanese, as opposed to many of their elders, are starting to view the stock market in a much more positive light: as a legitimate way to make money.

"This is a real turning point for Japan," said Yoshiyuki Sayama, a researcher at the Kinzai Research Institute who has studied online trading. "Japanese are learning how to take care of themselves financially. They are finally getting a real taste of capitalism."