



# MacroSpotlight

Japan's Hidden Regime Trade:  
What MSR is Flagging Across TOPIX

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## Japan's Hidden Regime Trade: What MSR is Flagging Across TOPIX

*The Takaichi trade is lifting defence and energy. Qi flags some laggards that may present the next upside opportunities.*

### **BOTTOM LINE**

Macro Share of Risk (MSR) across TOPIX sectors is pointing to two standout opportunities. Transportation Equipment is flashing a post-shock setup that looks familiar. TOPIX Retail is at a different stage. MSR remains elevated but has yet to inflect. The signal is not there yet.

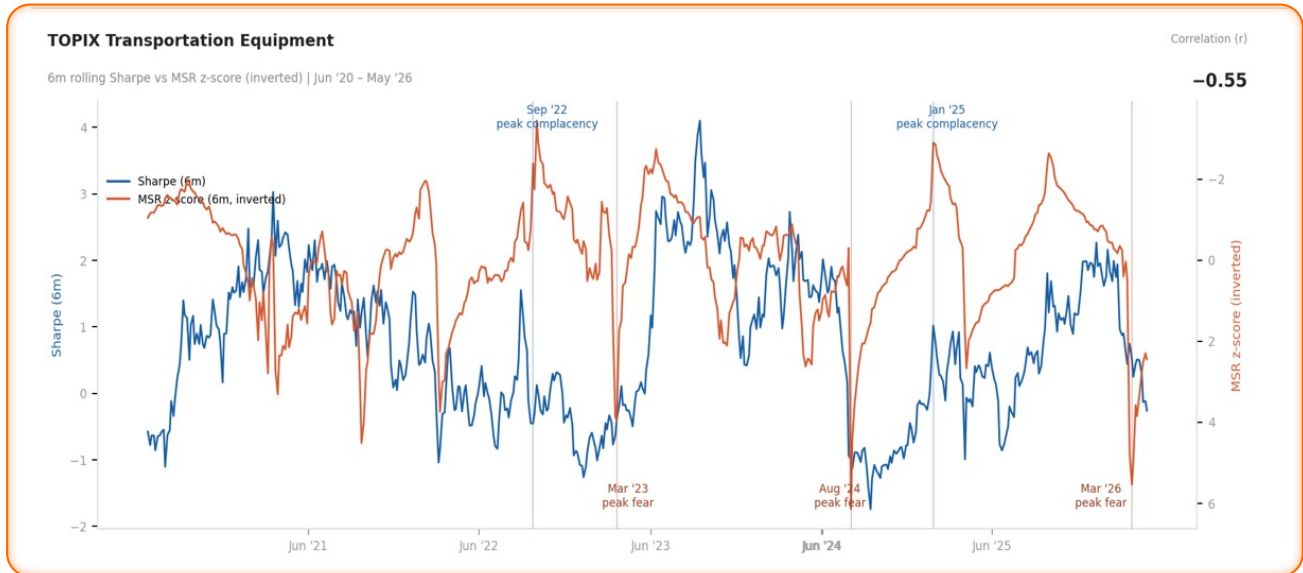
### **WHAT MSR TELLS YOU**

MSR is one number, updated daily. It places any stock, sector, or portfolio on the spectrum between “this is a stock picker’s market” and “everything is the same trade.”

- High MSR signals peak macro fear. It’s akin to correlations hitting 1 with everything being driven by the same exogenous macro shock. When MSR inflects lower, the environment is shifting back toward fundamentals.
- Low MSR signals peak complacency. Markets are overly focused on the bottom-up and blind to macro risks building beneath the surface. Only when low MSR turns higher does the regime begin shifting back toward company fundamentals, and stock pickers get the environment they need.



## TRANSPORTATION EQUIPMENT: BoJ Yen Carry Unwind Repeat?

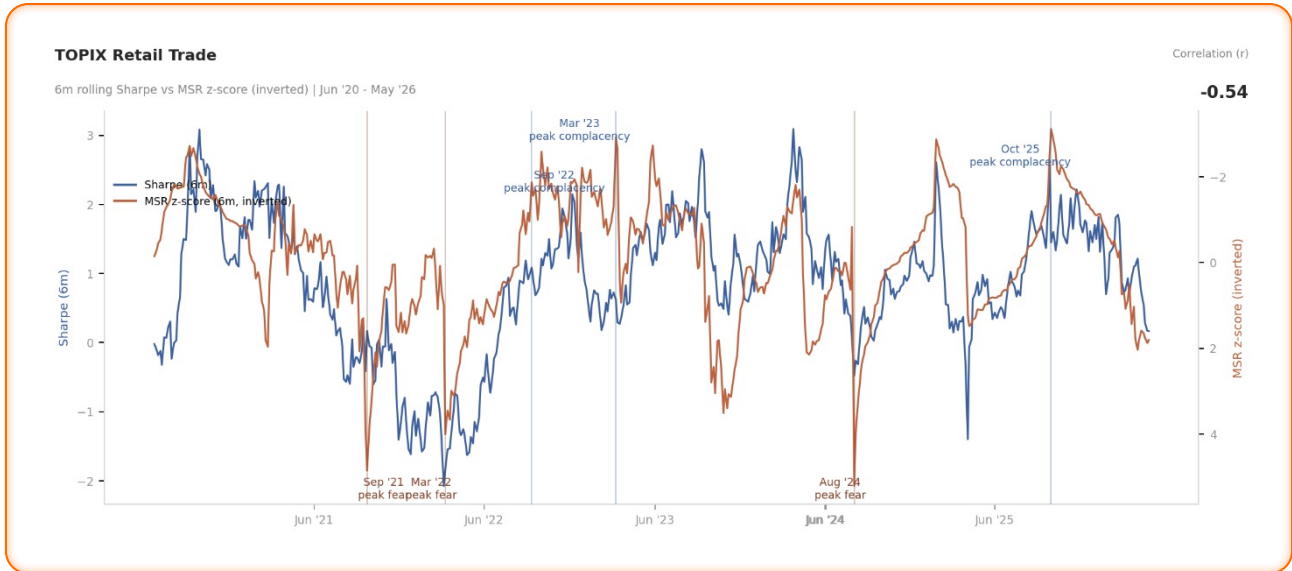


The clear standout across TOPIX is Transportation Equipment. Three data points define the picture.

- MSR z-score currently sits at +2.4. Peak fear registered at +5.5 in late March 2026. MSR is now rolling over, but Sharpe remains in negative territory at -0.26. The performance hasn't caught up with the regime shift yet.
- The parallel is August 2024, when the BoJ shock triggered the yen carry unwind. Same sequence: macro spike, MSR peak, rolling over, Sharpe lagging.
- The consensus Takaichi trade is defence, aerospace, energy. Qi's suggests Logistics and Transport Infrastructure look like the current laggard and the next potential beneficiary.



## TOPIX RETAIL: A DIFFERENT STAGE



The second standout is TOPIX Retail. The MSR dynamic here is distinct from Transportation Equipment. MSR remains elevated – macro is still a pollutant – but has yet to inflect. The signal is not there yet.

MSR is live across all TOPIX sectors. The next step is to see where the signal sits on your specific book.



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