

Chart of the Day
Japan is breaking out \$EWJ

February 3, 2026

Scott highlighted a significant divergence in the global markets for early February 2026: while the S&P 500 struggles with sideways "chopulation" and tests its 50-day moving average, the iShares MSCI Japan ETF (\$EWJ) has broken out to new highs on strong volume. This relative strength in Japanese equities is being driven by "Sanaenomics" (pro-growth policies under Prime Minister Sanae Takaichi) and robust factory activity, which returned to growth in January for the first time in seven months. Scott views Japan as a primary destination for momentum traders looking to escape the volatility of U.S. big tech, recommending a tactical entry on any pullback to the 8-day exponential moving average (EMA).

Next Steps:

1. Set Price Alerts for \$EWJ: Monitor for a move through and a daily close above the recent intraday high of \$86.75 to confirm continued momentum.
2. Identify Entry Zones: Look to buy the dip near the 8-day EMA (currently trending near \$84.50–\$85.00); Scott notes that every touch of this moving average over the past several sessions has provided a viable entry point.
3. Watch the Snap Election (Feb 8): Be prepared for potential volatility or a "sell the news" event following the Japanese general election this coming Sunday.
4. Monitor U.S./Japan Divergence: If the S&P 500 continues to chop around its 50-day moving average, consider shifting capital toward \$EWJ as a relative strength hedge.
5. Track Individual Leaders: For more aggressive plays, watch \$EWJ's semiconductor components like Advantest (recently up 7%+) and Tokyo Electron, which are benefiting from the broader AI infrastructure supercycle.

Transcript:

0:00: Hey everyone, good evening.

0:02: It's Scott at Scott Trades on X with Stockmarket Mor.com.

0:07: And your chart of the day.

0:08: Want to take a look at what's happening in Japan with the iShares MSCI Japan ETF.

0:15: Now, while the S&P 500 chops around and tests.

0:19: 50-day moving average, EWJ, the Japan ETF is breaking out and making new highs and doing it on a decent volume.

0:29: And so I certainly want to look overseas to see what's happening here with this chart, and I think you could actually buy it with a pullback to the 8-day exponential period moving average.

0:39: As you can see over the past couple of days, every pullback to the 8-day has pretty much been viable.

0:45: So keep an eye on Japan.

0:47: I could set an alert rate at today's intraday high for a potential momentum trade.

0:53: And look for a move through and a close above today's high at around 8675.

1:00: So consider setting an alert here on EWJ.



1:02: Look for a move through and a close above, coming on volume and take part in what's happening in Japan, in the Japanese stock market right now.

1:11: So that's just one of many things we're watching tonight over at Stockmarketmentor.com.

1:16: I hope that video is helpful.

1:17: I'll see you next time.