
Japan's Nikkei Hit 29-Year High as Buyers Look Past U.S. Vote
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By Shoko Oda and Komaki Ito

(Bloomberg) -- Japanese stocks rose, with the Nikkei 225 Stock Average closing at its highest level since November 1991, as investors saw a likely Joe Biden presidency and a divided U.S. Congress as positive for markets.

Machinery makers were the biggest boost to the benchmark Topix index after strong earnings reports from companies including Daikin Industries Ltd. The strength in equities defied gains in the yen overnight to March levels of around 103.5 per dollar. The Japanese currency was slightly stronger Friday afternoon.

The Nikkei 225 remains 37% below its all-time high set at the end of 1989 in the height of the country's bubble era. But the blue-chip gauge has recovered from the coronavirus hit more quickly than the broader market, up 2.8% this year while the Topix is still in the red. Online health company M3 Inc. and game maker Nexon Co. have both doubled in 2020, leading Nikkei's gains, while tech giant SoftBank Group. has been the biggest contributor to the measure's advance.

The vote tally for the U.S. election continues, with Biden steadily chipping away at President Donald Trump's early lead in a pair of crucial swing states. It's still unclear when results will be final as the president's campaign peppered courts with legal complaints and Trump complained the election is being stolen from him. While Republicans appeared poised to retain control of the Senate, both seats in Georgia were headed for run-offs.

Despite the American election turmoil, both of Japan's major stock gauges posted their best weekly gains since May. "Since 1980s, if you look at U.S. Presidential election and stocks, you see that stocks will price in any risks before the election, like we saw in September and October when technology stocks corrected," said Norihiro Fujito, chief investment strategist at Mitsubishi UFJ Morgan Stanley Securities Co. "Once the election is over, there's a trend for equities to rise with expectations for the next administration."

Fujito sees a chance for the Nikkei 225 to reach 25,000, as central banks globally eye additional easing measures to stimulate economies. The Federal Reserve left its rates in hold

Thursday but opened the door to a possible shift in its bond purchases in coming months, saying that more fiscal and monetary support are needed amid rising Covid-19 infections.

Summary

- * Topix +0.5% to close at 1,658.49 in Tokyo; up 5% on week
- * Nikkei 225 +0.9% to 24,325.23
- * Yen +0.1% at 103.42 per dollar after gaining about 1% Thursday
- * Machinery: Daikin +5.4%, Kubota +7.3%, Komatsu +3.3%

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