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Japan's Stocks Rise on Yen, Ratings; Financial Shares Lead Gain
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By Akiko Ikeda

Feb. 16 (Bloomberg) -- Japan's Topix index gained for an eighth day, extending its longest winning streak in 18 months, after the yen weakened and as brokerages raised investment recommendations on some companies.

Sumitomo Mitsui Financial Group Inc., Japan's 2nd-largest bank by market value, climbed 2.3 percent after Nomura Holdings Inc. said the nation's economy will rebound sooner than expected. Sony Corp., Japan's biggest exporter of consumer electronics, advanced 2.6 percent. Toshiba Corp., a nuclear power-plant maker, and Asahi Glass Co. advanced at least 2.2 percent after brokerages increased their ratings on the companies.

"The worst of the economic conditions are behind us," said Junichi Misawa, head of equity investment at Tokyo-based STB Asset Management Co., which oversees about \$14 billion. "If the global economy continues to recover, that should boost Japanese stocks."

The Nikkei 225 Stock Average rose 0.6 percent to 10,808.29 at the close in Tokyo. The broader Topix index gained 0.5 percent to 967.30. The Topix's eight-day advance was the longest winning streak since a 13-day run that ended Aug. 4, 2009.

The value of stocks traded on the Tokyo Stock Exchange's first section totaled 1.84 trillion yen (\$22 billion), the highest level since Jan. 21.

The Topix has gained 7.6 percent this year, the most among the major Asia-Pacific indexes. That has driven the average price of stocks in the gauge to 16.5 times estimated earnings, the highest level since July.

"There's strong buying interest in the market," said Hiroichi Nishi, an equities manager in Tokyo at Nikko Cordial Securities Inc.

Banks, Insurers Climb

Domestic-oriented shares, including banks and insurance companies, extended advances after Nomura said in a report dated Feb. 14 and released yesterday that Japan will "break out of its current lull" in the first half of 2011, instead of the company's earlier prediction of the second half. Also, the Bank of Japan yesterday raised its economic assessment for the first time in nine months.

Sumitomo Mitsui Financial Group rose 2.3 percent to 3,140 yen and was the most-actively traded stock in Japan. Mizuho Financial Group Inc., Japan's No. 3 bank by market value, gained 1.8 percent to 174 yen. Resona Holdings Inc. jumped 5.4 percent to 446 yen.

Insurers had the third-largest increase among the 33 industry groups in the Topix. MS&AD Insurance Group Holdings Inc. climbed 3.4 percent to 2,228 yen, the highest close since June 1. Tokio Marine Holdings Inc. advanced 1.8 percent to 2,739 yen, a level not seen since April 30.

Yen Weakens

Sony advanced 2.6 percent to 2,981 yen. Nintendo Co., the world's largest maker of portable video-game machines and which derives more than 80 percent of its sales abroad, jumped 4.3 percent to 25,460 yen. It was the biggest-single support for the Topix. Tokyo Electron Ltd., a maker of semiconductor equipment that derives more than 60 percent of its revenue outside Japan, rose 2 percent to 5,650 yen.

The yen depreciated to as low as 83.84 against the dollar today, compared with 83.46 at the close of stock trading in Tokyo. Against the euro, Japan's currency weakened to 113.38 from 112.87. A weaker yen boosts the value of overseas income at Japanese companies when converted into their home currency.

"Despite the yen's appreciation, which continued until the third quarter, companies reported strong corporate earnings, so people are now positively reassessing Japanese stocks," STB Asset Management's Misawa said.

Investment Recommendations

Toshiba advanced 3.2 percent to 549 yen after its rating was raised to "outperform" from "neutral" at Nikko Cordial Securities Inc., and Asahi Glass climbed 2.2 percent to 1,137 yen following a rating upgrade by Goldman Sachs Group Inc. to "neutral" from "sell." Renesas Electronics Corp., an electronic-components maker, leapt 9.6 percent to 986 yen after the company had its rating increased to "buy" from "hold" at BNP Paribas.

Consumer lenders had the biggest increase among Topix groups after the Nikkei newspaper reported the cost of credit default swaps of Acom Co. and Promise Co. fell to the lowest since September, as concern eased that more borrowers will seek refunds for overpaid interest. Acom soared 11 percent to 1,712 yen, its highest close since January 2010, while Promise surged 11 percent to 827 yen.

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