

Japan Stocks Rise on Optimism Over Restart of Economic Activity 2020-05-11 06:40:54.673 GMT

By Min Jeong Lee and Ayaka Maki

(Bloomberg) -- Japanese stocks climbed, with the Topix index inching closer to bull territory amid growing optimism over the restart of parts of the economy that have been shuttered due to the coronavirus.

Auto and electronics makers provided the biggest boosts to the benchmark gauge, which closed just shy of the 20% gain from its March low needed to meet the technical definition of a bull market. Both the Topix and the Nikkei 225 Stock Average, which entered bull zone last month, are still down more than 13% year to date on the impact of the pandemic.

The Yomiuri Shimbun reported Japan plans to remove 34 prefectures from its nationwide state of emergency. The government had extended the emergency state until May 31, but last week Prime Minister Shinzo Abe said experts would reexamine the situation around May 14. The number of confirmed coronavirus cases in Japan stood at 15,663 as of 7:30 a.m. Monday.

"We can't let our guards down, but the numbers of new infection cases are falling, allowing people to formulate some sort of outlook, which is being welcomed by the market," said Naoki Fujiwara, chief fund manager at Shinkin Asset Management Co. "The market is moving based on a scenario that the June quarter will be a bottom for the economy, followed by a recovery from the September quarter."

Optimism that economic stimulus measures will help cushion the blow from the virus also buoyed sentiment. The government and the ruling party aim to finalize plans for a second supplementary budget for fiscal 2020 during the current Diet session, the Yomiuri reported.

"The 2 trillion yen being touted is sizable and the government is taking action faster than expected," said Shoji Hirakawa, chief global strategist at Tokai Tokyo Research Institute.

Summary

- * Topix +1.5% to 1,480.62 at the close in Tokyo
- * Nikkei 225 +1.1% to 20,390.66
- * Yen -0.2% to 106.88 per U.S. dollar, weakening for third session
- * Autos: Toyota +2.6%, Honda +3%, Suzuki +7.7%
- * Electronics: Sony +1.6%, Keyence +1.3%, Canon +3.1%

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