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Nikkei rises on weaker yen, steady U.S. consumer sentiment

TOKYO (Reuters) -- Japanese stocks rose on Monday morning as strong U.S. economic indicators pushed the dollar to a more than one-week high against the yen, lifting sentiment and increasing profits for Japan's exporters.

The Nikkei share average sat 0.6 percent higher at 16,285.49 in midmorning trade. Japan's benchmark index backed off from early morning gains as high as 1.7 percent after China's Shanghai composite index tumbled more than 4 percent shortly after its open.

"The Nikkei has held its recent levels of support and will continue to trade within range pending a new catalyst or tailwind large enough to shift its current course," said Martin King, co-managing director at Tyton Capital Advisors.

"Wednesday's figures on foreign equity investment should give an objective picture of investor sentiment overseas. The elephant in the room remains the Fed."

Data released on Friday in the U.S. showed that consumer spending rose solidly in January while underlying inflation picked up by the most in four years, keeping an interest rate hike by the U.S. Federal Reserve on the table for 2016.

The data, released at the weekend in Japan, strengthened the dollar against the yen and further burnished the outlook for Japan's exporters by showing that consumer sentiment in the U.S. remained steady in February, despite a sell-off in equities.

Nissan Motor Co Ltd shares climbed more than 12 percent to a 3-1/2 week high after announcing a plan to spend up to 400 billion yen (\$3.53 billion) to buy back as much as 6.7 percent of its own shares.

Nintendo Co Ltd shares bucked the morning's strength, slipping as much as 5.4 percent after the video game company slashed its full-year profit forecast due to recent strength in the yen and weaker-than-expected sales of its 3DS handheld gaming consoles and games.

Shares of Sharp Corp slid as much as 4.6 percent in midmorning trade as Foxconn's bid to takeover the loss-making electronics firm remained stalled amid discussions over potential liabilities.

Saturday's conclusion of the Group of 20 meeting of finance ministers and central bankers offered no surprises, with G20 ministers agreeing to use "all policy tools - monetary, fiscal and structural - individually and collectively" to reach the group's economic goals.

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Market data

Nikkei 225	16,974.45	-142.62	-0.83%
DJIA	17,251.53	+22.40	+0.13%
Hang Seng	20,257.70	-31.07	-0.15%
USD/JPY	113.66	+0.60	+0.53%
USD/CNY	6.51	±0.00	±0.00%

Data delayed by at least 15 minutes.

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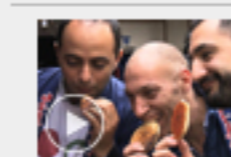
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