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Nikkei tumbles to 3 1/2-month low on China worries, Wall St sell-off



Aug 21 Japan's Nikkei fell below the 20,000 mark for a fourth consecutive day to a 3-1/2 month closing low on yet more signs of deceleration in the Chinese economy.

The Nikkei share average dropped 3.0 percent to 19,435.83 late Friday, its lowest close since May 8, for a weekly loss of 5.3 percent, the biggest weekly decline since April 2014.

Concern about the Chinese economy intensified after a survey showed business conditions in Chinese industry contracted at their fastest pace since the depth of the global financial crisis in 2009.

The financial sector led the decline with Mitsubishi UFJ FG, shedding 4.1 percent.

Shares in major Japanese exporters were also hard-hit as the yen strengthened against the dollar, with Bridgestone losing 3.2 percent and Toyota shares falling 3 percent.

The broader Topix fell 3.1 percent to close at 1,573.01, ending the week down by 5.5 percent.

U.S. stocks tumbled overnight on fears the slowing Chinese economy threatened global economic growth.

As Apple lost 2 percent after a Gartner report showed falling smartphone sales in China, share prices for the tech giant's Japan suppliers followed suit.

Alps Electric fell 7.1 percent while Nidec lost 4.9 percent, each hitting 6-week lows.

"Clearly that sharp sell-off that we've seen in overseas equities has been rationally reflected in Asian markets as well," said Stefan Worrall, director of equity at Credit Suisse.

Slowdown in China came as Japan's own economy also stagnated, with April-June GDP contracting an annualised 1.6 percent due to weak domestic demand.

"The Nikkei shedding value and testing old support levels isn't unusual given Japan's current economic scenario," said Martin King, co-managing director of Tyton Capital Advisors in Tokyo.

The turnover was a hefty 3.191 trillion yen (\$25.96 billion), almost 20 percent above the average in the past 100 days. (\$1 = 122.9300 yen) (Reporting by Joshua Hunt, Additional reporting by Ayai Tomisawa, Editing by Eric Meijer)



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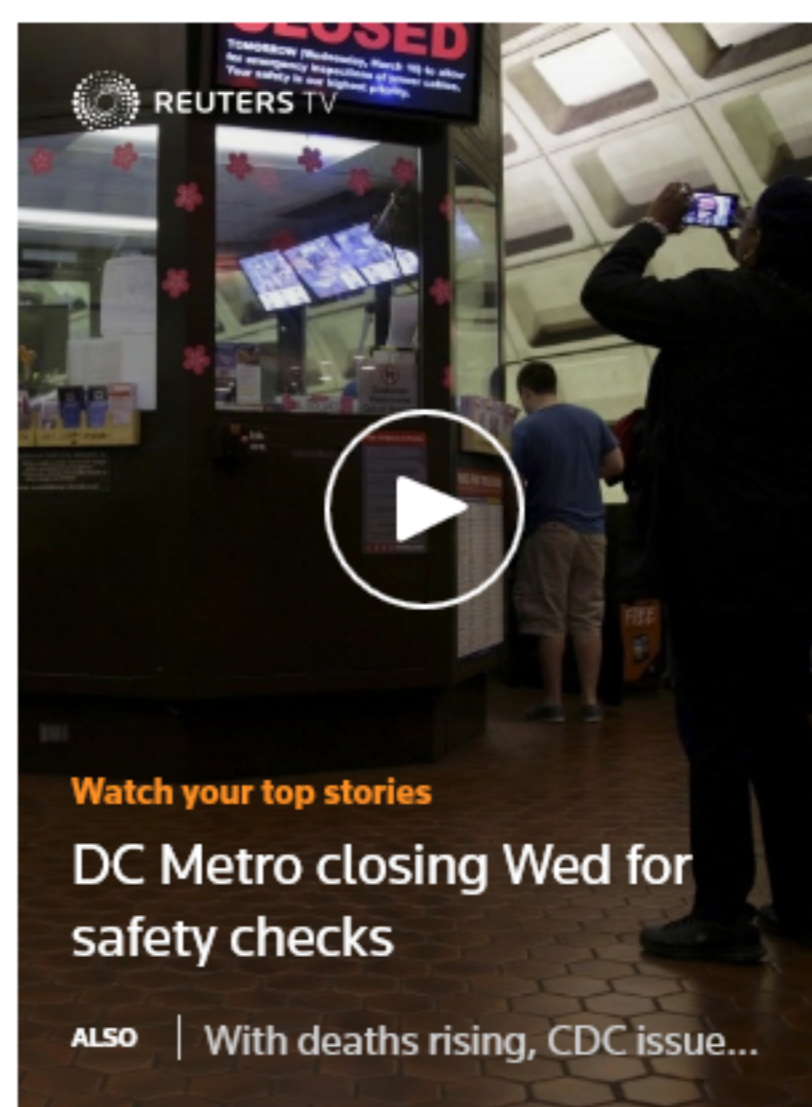
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