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# CORRECTED-Nikkei rebounds as oil rout eases, yen weakens



(Corrects milestone in the 3rd para to say on track for first gain since Tuesday, not first gain in four days)

By Joshua Hunt

Jan 21 Japanese stocks rebounded on Thursday morning after a weaker yen and a respite in the global crude selloff helped sentiment.

Investors picked up bargains on a broad range of shares after relentless selling pushed the benchmark index to a 14-1/2 month low on Wednesday.

The Nikkei share average rose 1.5 percent to 16,662.08 during mid-morning trade, putting the benchmark index on track for its first gain since Tuesday.

"We've been stuck in a downward trend channel and, in the long term that 17,000 point level is going to be an imperative test for the Nikkei," said Gavin Parry, managing director at Parry International Trading.

"We're having a good day but it's going to take time for conviction to return."

Weak U.S. inflation and housing data released overnight undercut the dollar, and traders said investors remain cautious of another shakeout on Wall Street.

"Japan has taken a beating but for now we look to be on the other side, while the assault on U.S. and U.K. markets continues," said Martin King, co-managing director at Tyton Capital Advisors.

"Technical traders will be very enthused right now."

Blue chip stocks that plunged during Wednesday's rout were bought back on Thursday morning. Sony Corp, which ended the previous day's session 8 percent lower, rose 4 percent. Softbank Group Corp edged up 1.3 percent after tumbling 7 percent on Wednesday, when it touched a 2-1/2 year low.

Shares of major exporters got a boost when the yen resumed a weakening trend against the U.S. dollar. Panasonic Corp rose 2.8 percent while Bridgestone Corp gained 2.6 percent and Toyota Motor Corp edged up 0.8 percent.

Japan's air transportation sector soared 4 percent after U.S. oil prices crashed below \$27 dollars a barrel for the first time since 2003 on Wednesday, even as crude futures began to show signs of recovery.

The broader Topix rose 1.1 percent to 1,353.13 with all but one of its 33 subindexes in positive territory during midmorning trade.

The JPX-Nikkei Index 400 climbed 1.1 percent to 12,197.40. (Reporting by Joshua Hunt; Editing by Eric Meijer and Sam Holmes)



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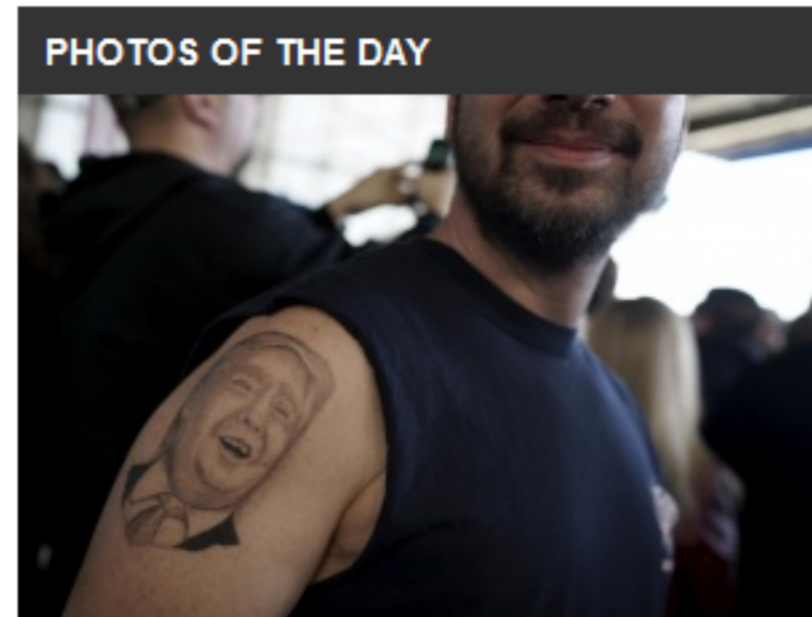
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