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# Nikkei extends gains to 3-month high as appetite for risk grows



Nov 18 Japanese stocks edged up on Wednesday morning to their highest in three months as investors shook-off Wall Street's decline and bought into the dollar's growing strength against the yen.

The Nikkei share average gained 0.8 percent to end the morning session at 19,785.73, its highest intraday level since Aug. 20.

"The reaction to the very scary events in Europe over the weekend have actually been quite sanguine, which goes to show just how much nervousness and negativity is priced into the market right now," said Stefan Worrall, cash equities manager at Credit Suisse.

"We're seeing very encouraging signs today, especially the dollar's strength against the yen and the aggressive gains we're seeing in some cyclical stocks, particularly those with U.S. exposure."

The Topix subindex for real estate gained 2.1 percent to lead the morning session's gains. The sector was led by Aeon Mall Co Ltd, which jumped 7.8 percent after the company said it would buy back up to 6 billion yen (\$48.61 million) worth of its own shares.

The retail sector rose 1.3 percent as appetite for risk increased. Chain-store operator Shimamura Co Ltd gained 3.4 percent after Deutsche Bank raised its share's target price to 16,000 yen per share from 15,000 yen per share.

"Investors' risk-off reaction to Friday's terrorist attacks seems to have run its course as we see prices marginally stabilise," said Martin King, co-managing director at Tyton Capital Advisors.

"This would appear to have overshadowed the re-emergence of a Japanese recession but we do not expect to see much upward momentum before the government budget is announced before year's end."

Major exporters outperformed on the steadily weakening yen. Panasonic Corp shares rose 1.8 percent while Bridgestone Corp and Toyota Motor Corp each edged up by 0.9 percent.

The broader Topix added 0.6 percent to end the morning session at 1,595.56 with all but six of its 33 subindexes in positive territory.

The JPX-Nikkei Index 400 rose 0.7 percent to 14,387.09.

(\$1 = 123.4200 yen) (Editing by Jacqueline Wong)



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