

## Nikkei flat in thin, choppy trade amid yen volatility

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**May 19, 2016:** Tokyo, May 19 Japan's Nikkei share average was flat in choppy trade on Thursday morning as a late rise in the yen erased earlier index gains that came from increased expectations of a Federal Reserve rate hike in June.

The Nikkei share average ended the morning session flat at 16,636.67. The benchmark index continues to see its gains rise and fall with the yen's relative weakness to the dollar amid thin, choppy trade.

"We are seeing the Nikkei edge up tentatively as the yen slides back down to the psychological barrier of 110 to the US dollar," said Martin King, managing partner at Tyton Capital Advisors in Tokyo.

"Stateside, the Fed's indication that it is willing to increase rates in June has added extra clarity to the landscape of coming months and we can expect to see a decrease in net sellers for the time being as many look to reallocate risk."

The yen fell to a three-week low shortly after Wednesday's publication of minutes from the US central bank's April policy meeting, which indicated the Fed may raise interest rates in June if economic data suggest stronger second-quarter growth.

Exporters' shares rose on the yen's relative weakness. Home appliance and electronics exporter Panasonic Corp and tyre exporter Bridgestone Corp each gained 0.5 per cent.

Suzuki Motor Corp shares bounced back from the previous day's decline after the automaker announced that no changes needed to be made to the fuel economy data of vehicles affected by its use of testing regulations that did not conform to Japanese standards. The automaker, which fell as much as 15 per cent on Wednesday, was 4 per cent higher in late morning trade.

The Topix subindex for oil and coal shed 2.3 per cent after oil prices tumbled on rising US crude inventories, a stronger dollar and surging output from Iran to Europe and Asia.

Fresh data showed that Japan's core machinery orders rose more than expected in March but companies expect orders to decline in the current quarter as firms become increasingly cautious due to a rising yen and weakness in overseas commodities.

The broader Topix edged down 0.2 per cent to 1,336.05 and the JPX-Nikkei Index 400 declined 0.2 per cent to 12,085.08.

(This article was published on May 19, 2016)

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At 1.50 p.m., the 30-share BSE index Sensex was down 120.55 points or 0.47 per cent at 25,584.06 and the 50-share NSE index Nifty was down 35.95 points or 0.46 per cent at 7,834.20.

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