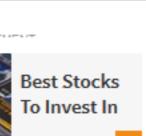


Politics Tech





BREAKINGVIEWS

Commentary Breakingviews Money Life 🖸 Pictures 🔲 Video

Markets | Fri Jul 29, 2016 3:07am EDT

Related: STOCKS, ASIAN MARKETS, MARKETS, FINANCIALS

Q

Nikkei rises in volatile trade after BOJ's easing; financials higher









* Nikkei falls 0.35 pct for week

- * Topix volume, turnover highest since June 24
- * Banks, insurers' gains offset real estate stocks' drops

By Ayai Tomisawa

TOKYO, July 29 Tokyo stocks rose in volatile trade on Friday as banks and insurers gained, offsetting disappointment the Bank of Japan's policy easing fell short of investors' high expectations.

Financial stocks surged as investors took heart from the central bank's decision to hold off from cutting interest rates charged on a portion of excess reserves financial institutions park at the BOJ deeper into negative territory.

The Nikkei ended 0.6 percent higher to 16,569.27, recovering from an 1.8 percent drop to 16,174.35 after the BOJ's policy decision was released.

For the week, the Nikkei fell 0.35 percent.

The BOJ expanded monetary stimulus on Friday through a modest increase in purchases of exchange-rated funds, but maintained its base money target at 80 trillion yen (\$775 billion) as well as the pace of purchases for other assets including Japanese government bonds.

"ETF buying has a direct positive impact to the stock market, but its decision to hold off bond buying hit the dollar-yen. Since a stronger yen has a much bigger impact to the equities market (than ETF buying), it was not a satisfying outcome to stocks after all," said Takuya Takahashi, a strategist at Daiwa Securities.

government bonds and some riskier assets such as ETFs and possibly real-estate investment trusts (REITs).

Traders had widely expected the BOJ to increase its already massive purchases of

But its decision to keep unchanged its interest rate on some deposits at minus 0.1 percent boosted financial companies.

Mitsubishi UFJ Financial Group jumped 7.7 percent and Mizuho Financial Group soared 5.7 percent. Dai-ichi Life Insurance Co surged 8.7 percent and Sompo Japan Nipponkoa Holdings rose 4.3 percent.

"The BOJ's announcement to expand easing came as no surprise. (BOJ Governor Haruhiko) Kuroda has been under tremendous pressure from the Abe administration to roll out further stimulus alongside Abe's 28 trillion yen fiscal package earlier this week," said Martin King, co-managing director at Tyton Capital Advisors. "A seemingly invincible yen continues to undermine the efficacy of Abe's measures and decisive action at the BOJ is timely."

The safe-haven yen jumped against the dollar to 103.46 yen, up 1.7 percent, hurting sentiment and sent stocks lower in mid-afternoon trade.

"Investors should now be thinking about the long-term implications of the nationalisation of the Japanese ETF market. Many (investors) question whether or not a further decrease in already negative interest rates is necessary to solve the perennial cash-hoarding of Japanese companies," King said.

Real estate shares dived after the JGB benchmark 10-year yield rose to a one-month high.

Mitsubishi Estate Co fell 2.6 percent and Mitsui Fudosan Co shed 2.0 percent.

The broader Topix rose 1.2 percent to 1,322.74, with 3.19 billion shares changing hands, while turnover was 3.3 trillion yen, both the highest level since June 24.

The JPX-Nikkei Index 400 advanced 1.1 percent to 11,879.95. (Reporting by Ayai Tomisawa)



|29 Jul









More From Reuters

- . Trump 'not thrilled' with debate dates, Clinton vows 'to be there' |1 Aug
- Moscow airport workers plead guilty to causing Total CEO's death |29 Jul
- Trump Inc rapidly turning from virtue to vice
- 'We're not electing a husband:' Tough-talking Trump wins over some skeptical women [20 Jul
- Hollande says will stay true to values after
- · Freedom of navigation patrols may end 'in

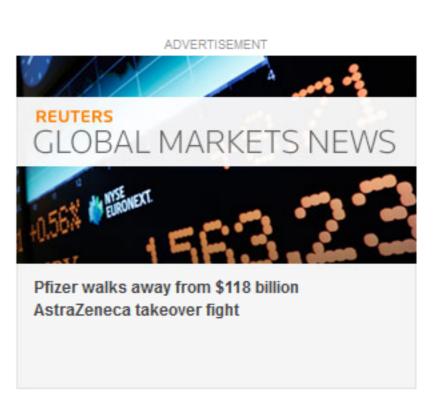
replace nuclear missiles (30 Jul

disaster': Chinese admiral [19 Jul

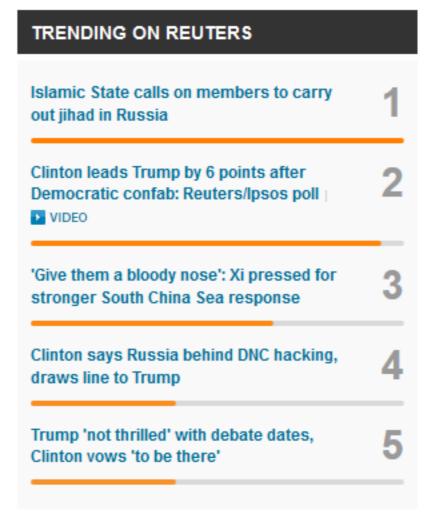
U.S. Air Force asks industry for proposals to

- Home flight simulator in MH370 captain's home plotted Indian Ocean course: J... |28 Jul
- Brutality of Turkey's failed coup caught on phones, social media |19 Jul
- Obama's brother plans to vote for Trump |25 Jul

Oracle-NetSuite deal, sweetest for Ellison?









Patents & Entrepreneurial Universities Measuring and evaluating academic innovation

 Demonstrating Impact to Funders Understanding your University's Rankings Highly Cited Researchers: Mazen Omar Hasna

Sponsored Financial Content Gender differences emerge as companies grow FT Rags-to-riches tale rarer than people think

Export drive can lead to a wealth of opportunities FT

Manny Stul named as EY World Entrepreneur of the Year FT

Blog: Last year's winner Mohed Altrad is still a star of the show FT

Trump swipe at France |28 Jul From The Web

Video: Income Protec Challenge And Opport Financial Times for Zurio





Sponsored Links by Taboola D

		1	A STATE OF THE PARTY OF THE PAR		
Video: Income Protection Gaps: Challenge And Opportunity Financial Times for Zurich	Pirates: Le nouveau jeu Phénomène qui fait scandale Pirates: Jeu en Ligne Gratuit		ait scandale	Are you a strategic thinker? Test your skills with millions of addic Sparta Free Online Game	
Sponsored Topics				Adver	tisement
1. Highest Paying Annuities		•	5. Life Insura	ance for Seniors	•
2. Best Cloud Services of 2016		>	6. Cheapest Cable TV Packages		•

8. Luxury SUV Deals

7. Affordable Crossover SUVs

SPONSORED TOPICS

- 1. Best Stocks To Invest In
- 2. Top Stocks to Buy Now
- 3. Best Oil Stocks for 2016
- 4. Stocks on the Rise
- 5. Penny Stocks to Buy 6. Live Stock Quotes

ADVERTISEMENT

Follow Reuters: 🄰 f 🔊 🔟 in



3. Retirement Annuity Rates

4. HD Security Camera Systems







Subscribe: Feeds | Newsletters | Podcasts | Apps

Reuters News Agency | Brand Attribution Guidelines | Delivery Options

Reuters is the news and media division of Thomson Reuters. Thomson Reuters is the world's largest international multimedia news agency, providing investing news, world news, business news, technology news, headline news, small business news, news alerts, personal finance, stock market, and mutual funds information available on Reuters.com, video, mobile, and interactive television platforms. Learn more about Thomson Reuters products:

EIKON Information, analytics and exclusive news on financial markets delivered in an intuitive

desktop and mobile

ELEKTRON Everything you need to empower your workflow and enhance your entreprise data management

WORLD-CHECK Screen for heightened risk individual and entities globally to help uncover hidden risks in business relationships and human

WESTLAW Build the strongest argument relying on authoritative content, attorney-editor expertise,

technology

and industry defining

The most comprehensive solution to manage all your complex and ever-expanding tax and compliance needs

ONESOURCE

CHECKPOINT The industry leader for online information for tax, accounting and finance professionals