



Asian Stocks Climb on U.S. Rate Outlook; Sony, Exporters Gain

By Stuart Kelly and Darren Boey

Dec. 18 (Bloomberg) -- Asian stocks rose for a fifth day after slower-than-expected U.S. inflation fueled speculation the Federal Reserve will cut interest rates. Sony Corp. and Taiwan Semiconductor Manufacturing Co. advanced.

"U.S. inflation is under control and a soft landing of the country's economy is likely," said Naoki Fujiwara, who oversees \$720 million at Shinkin Asset Management Co. in Tokyo. "That's good for exporters."

Toshiba Corp. gained after saying China picked one of its units to build four reactors in the world's biggest-ever international nuclear power contract. China Life Insurance Co., listed in Hong Kong, climbed the most in three years in Hong Kong after the company received regulatory approval to sell shares in Shanghai.

The Morgan Stanley Capital International Asia-Pacific Index gained 0.5 percent to 139 as of 7:22 p.m. in Tokyo. The measure has climbed 1.9 percent in the past five days and closed at its highest since May 12.

Japan's Nikkei 225 Stock Average advanced 0.3 percent to 16,962.11, while the broader Topix index added 0.5 percent. Benchmarks fell in Indonesia, Malaysia, Pakistan, Sri Lanka and Thailand, while New Zealand's was little changed. Markets rose elsewhere.

China's Shanghai and Shenzhen 300 Index jumped 2.6 percent, the most in the region. Banks gained after Standard & Poor's raised its credit-rating outlooks for three of China's biggest lenders, including Industrial & Commercial Bank of China Ltd.

U.S. stocks rose in New York at the end of last week, lifting the Dow Jones Industrial Average to a record, after the Labor Department said its consumer price index held steady in November. Economists expected a 0.2 percent increase, a Bloomberg survey showed.

U.S. Interest Rates

Federal Reserve policy makers in the U.S., Asia's biggest export market, lifted rates 17 straight times between June 2004 and June this year to keep price increases in check. They last week reiterated that "some inflation risks remain" after keeping the benchmark interest rate at 5.25 percent for a fourth straight time.

Sony, the maker of the PSP portable game console and Cyber-shot digital cameras, gained 2.2 percent to 5,160 yen. Taiwan Semiconductor, the world's biggest maker of customized chips, climbed 2.6 percent to NT\$66.60. Samsung Electronics Co., South Korea's biggest exporter, rose 0.3 percent to 610,000 won.

Concerns Ease

Honda Motor Co., Japan's No. 3 automaker, added 2.6 percent to 4,360 yen. The company made 55 percent of its sales in North America in the last business year.

"Exporters could do better than we'd thought," said Kim Young Il, who oversees about \$1 billion in equities at Hanwha Investment Trust Management Co. in Seoul. "The figures are helping soothe the ongoing concerns about the U.S. economy."

Toshiba, Japan's largest maker of nuclear equipment, rose 1.3 percent to 780 yen. The company's

Westinghouse Electric Co. unit signed the \$5.3 billion order in Beijing on Dec. 16 after almost two years of negotiations.

Toshiba bought Westinghouse in October in a bid to secure more orders as countries from China and South Korea to Finland, France and the U.S. renew interest in nuclear energy.

China Life, the nation's biggest insurer, climbed 10.2 percent to HK\$22.70. The company had won approval for the Shanghai share sale, a statement posted on the China Securities Regulatory Commission's Web site late on Dec. 15 said.

China Life appointed China Galaxy Securities Co. and China International Capital Co. to arrange its offering of yuan-denominated A shares, according to an earlier statement posted on the commission's Web site. Ping An Insurance (Group) Co., China's second-biggest insurer, jumped 8.8 percent to HK\$35.95.

China's Banks

Industrial & Commercial Bank, China's biggest lender, rose 5.6 percent to 4.56 yuan. Bank of China, the second-largest, advanced 1.6 percent to 3.92 yuan.

Standard & Poor's raised its outlook for the three banks' BBB+ ratings to positive from stable, according to a statement late on Dec. 15. The revisions reflect an improvement in asset quality and financial performance, S&P said.

``The historical problems with bad loans plaguing Chinese banks are being worked out," said Wu Jianfei, who manages the equivalent of \$438 million with CCB Principal Fund Management Co. in Beijing. The industry is poised to grow stronger, he said.

Mining companies including BHP Billiton and Jiangxi Copper Co. fell after metals prices dropped. A measure of six metals traded on the London Metal Exchange, including copper and zinc, fell 1.7 percent on Dec. 15. Copper dropped 2 percent.

BHP Billiton, the world's biggest mining company by market value and production, slid 1.4 percent to A\$25.67. Jiangxi Copper, China's largest publicly traded producer of the metal, fell 1.2 percent to HK\$8.13. Sumitomo Metal Mining Co., Japan's biggest gold and nickel producer, lost 0.8 percent to 1,538 yen.

``Mining stocks are going to find it hard to tackle their highs again until we get some firm data telling us whether this mining boom has had its best days or not," said Karl Siegling, who helps manage the equivalent of about \$50 million at Cadence Capital in Sydney.

Bank of China (601988 CH)

BHP Billiton (BHP AU)

China Life Insurance Co. (2628 HK)

Honda Motor Co. (7267 JP)

Industrial & Commercial Bank of China Ltd. (601398 CH)

Jiangxi Copper Co. (358 HK)

Ping An Insurance (Group) Co. (2318 HK)

Sony Corp. (6758 JP)

Samsung Electronics Co. (005930 KS)

Sumitomo Metal Mining Co. (5713 JP)

Toshiba Corp. (6502 JP)

Taiwan Semiconductor Manufacturing Co. (2330 TT)

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