Japan’s Nikkei 225 Stock Average (NKY) erased losses from the collapse of Lehman Brothers Holdings Inc. after the yen slid to a 3 1/2-year low against the dollar and data showed Japan’s economy returned to growth.

Mazda Motor Corp. (7261), an automaker that gets 28 percent of its sales in North America, advanced 5.8 percent. Fast Retailing Co. (9983), Asia’s biggest apparel chain and the most heavily weighted company on the Nikkei 225, jumped 9.8 percent. Sekisui House Ltd. surged 15 percent after the builder forecast a gain. GS Yuasa Corp., which makes batteries for Boeing Co., surged 6.4 percent after preproduction tests of batteries on the 787 Dreamliner showed remote risks of fire.

The Nikkei 225 gained 2.6 percent to close at 12,283.62 in Tokyo, the highest since before Lehman Brothers filed for bankruptcy on Sept. 15, 2008. Volume was 43 percent above the 30-day average. The broader Topix Index rose 1.6 percent to 1,020.50, with about three stocks rising for each that fell.

“You have a government very keen on ending deflation,” said Nader Naeimi, Sydney-based head of dynamic asset allocation at AMP Capital Investors Ltd., which manages $126 billion. “As the healing process continues, shares continue to regain lost ground. It’s been long, but at least we’re finally there.”

Abe, BOJ

The Nikkei 225 surged 42 percent from Nov. 14 on optimism the new government will beat deflation, with Prime Minister Shinzo Abe nominating easing-proponent Haruhiko Kuroda to lead the Bank of Japan. The equity benchmark’s gain in the period compares with a 7.9 percent rise in Hong Kong’s Hang Seng Index, a 13 percent rally for China’s Shanghai Composite Index and a 14 percent advance for the Standard & Poor’s 500 Index.

The Nikkei 225 is trading at 1.48 times book value, compared with 2.14 for the S&P 500 and 1.53 for the Stoxx Europe 600 Index. The Nikkei 225 was at 1.35 times book value on Sept. 12, 2008, the last trading day before the Lehman Brothers crash.

Mazda led the rally, surging 144 percent since Nov. 14 as the yen’s 16 percent drop against the dollar boosted the earnings outlook for exporters. Kawasaki Kisen Kaisha Ltd. (9107), Japan’s third-biggest shipping line, soared 93 percent in the period. Daiwa Securities Group Inc. (8601), the
nation’s second-largest brokerage, jumped 71 percent.

**Return to Growth**

Shares rose today as the nation exited technical recession. Japan’s gross domestic product rose an annualized 0.2 percent in the three months through December, the Cabinet Office said today, compared with a preliminary calculation of a 0.4 percent contraction.

Fast Retailing jumped 9.8 percent to 31,500 yen. Fanuc Corp. (6954), a maker of factory robotics and the second-most heavily weighted stock on the Nikkei 225, rose 2.4 percent to 14,380 yen.

Futures on the S&P 500 Index were little changed today. The U.S. equity gauge yesterday gained 0.2 percent and the Dow Jones Industrial Average climbed to another record as the number of Americans who filed for unemployment benefits fell to a six-week low.

**Yen Weakens**

“The yen seems to be falling on an improvement in the U.S. economy and rising yields rather than on expectations for the Bank of Japan,” said Soichiro Monji, chief strategist at Tokyo-based Daiwa SB Investments Ltd., which manages the equivalent of about 6 trillion yen ($63 billion).

Exporters to the U.S. rose after the yen reached 95.44 against the dollar, the weakest since August 2009, boosting overseas earnings.

Mazda gained 5.8 percent to 310 yen today. Nintendo Co., a gaming-console maker that depends on the Americas for 39 percent of its sales, soared 8 percent to 10,370 yen.

**Sekisui House**

Sekisui House surged 15 percent to 1,245 yen, its biggest gain in 22 years. The builder expects net income to rise 36 percent in the fiscal year beginning in April.

GS Yuasa jumped 6.4 percent to 465 yen. Preproduction tests of batteries on the 787 Dreamliner didn’t start a fire during an intentional short-circuit, leading Boeing Co. to conclude the risks of a blaze were remote, according to a U.S. report.

Tokuyama Corp. soared 10 percent to 256 after the chemical maker’s equity rating was raised to outperform at Credit Suisse Group AG.

The Nikkei Stock Average Volatility Index (VNKY) rose 6.2 percent to 26.64, indicating traders expect a swing of about 7.6 percent on the benchmark gauge over the next 30 days. Nikkei 225 options and futures for March settled at 12,072.98, according to data compiled by Bloomberg.

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