

Asia rides Wall Street rebound, Tokyo stocks hit by firm yen
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Asian shares rose in early trade today after Wall Street snapped a three-day losing streak, but Japanese stocks tumbled after the yen surged on fading hopes of near-term stimulus from the Bank of Japan.

MSCI's broadest index of Asia-Pacific shares outside Japan advanced 0.6%, taking heart from a recovery in US stocks overnight. Australian shares gained 0.2%.

Japanese stocks, on the other hand, were settling in for tough day on the back of the stronger yen which erodes exporters' competitiveness and their dollar earnings when repatriated. The Nikkei dropped 1.2%.

The yen enjoyed its strongest one-day gain in four weeks against both the dollar and the euro yesterday, according to Reuters data.

The rush to buy the Japanese currency came after the BoJ Governor Haruhiko Kuroda offered few signs the bank was ready to launch additional stimulus in the short term. He also expressed confidence the world's third-largest economy can ride out the impact of a sales tax rise.

The dollar stood at 101.87 yen (RM3.25), off its three-week trough of 101.55 hit yesterday but still a long way off its 2-1/2 month high of 104.13 brushed against the Japanese currency on Friday.

The euro was at 140.54 after reaching 140.08 yesterday, its lowest in over a week.

A drop in US Treasury yields yesterday also dampened the dollar's appeal. Safe haven Treasuries have enjoyed support after Friday's US non-farm payroll data failed to live up to lofty expectations, prompting markets to reevaluate their views on when the Federal Reserve would begin raising rates.

The dollar index, which measures the dollar against a basket of six major currencies, was little changed at 79.795 and near lows last seen on March 19.

The British pound's strong run has been a focus in currency markets in recent sessions.

"While the strength of the yen has likely caught many participants wrong-footed and runs counter to the underlying theme favouring carry strategies and risk assets, it may be the pound that is the most surprising," currency strategists at Brown Brothers Harriman wrote in a note to clients.

Sterling stood at US\$1.6746 (RM5.43) not far from a one-month peak of US\$1.6755 hit during a rally yesterday after data showed UK industrial output rose much faster than forecast in February, which helped stir expectations for the Bank of England to raise rates ahead of its peers.

In the commodities markets, gold traded near a two-week high after rising 1% yesterday thanks to the sharply lower dollar and renewed tensions in the Ukraine.

Spot bullion traded at US\$1,310.06 an ounce, not far off yesterday's session high of US\$1,314.43.
– Reuters, April 9, 2014.

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