

Asia shares mixed as traders watch Iraq, Fed meeting
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Asian markets were mixed today, following a tepid lead from Wall Street ahead of a US Federal Reserve policy meeting, while oil edged down a touch from nine-month highs as traders nervously watch the crisis in Iraq.

The dollar nudged a little higher against the yen after the previous day's sell-off but the uncertainty caused by events in the Gulf kept gains to a minimum.

Tokyo closed 0.29%, or 42.68 points, higher to finish at 14,975.97 after sinking more than one% on Monday, while Seoul gained 0.40%, or 7.96 points, to 2,001.55.

But Sydney gave up 0.21%, or 11.6 points, to end at 5,400.7 while Shanghai slipped 0.92%, or 19.29 points, to 2,066.70. Hong Kong slid 0.42%, or 97.08 points, to 23,203.59.

With few economic catalysts to drive trade, Iraq has dominated investors' attention as militants sweep across the country, taking over key cities and heading for Baghdad.

On Monday the jihadists battled government forces for control of a strategic northern town, while US officials considered using drone strikes against the rebels.

The fighting has raised fears over supplies of oil from Iraq, a key exporter, sending prices rocketing to highs not seen since September.

On Tuesday dealers cashed in some of those gains, although losses were limited. In the afternoon US benchmark West Texas Intermediate for July delivery fell 39 cents to US\$106.51 a barrel in afternoon trade, while Brent crude for August declined 42 cents to US\$112.52.

On Wall Street the three main share indexes ended lower last week but edged up slightly Monday, helped by a better-than-expected rise in US industrial production.

The Dow was up 0.03%, the S&P 500 tacked on 0.08% and the Nasdaq rose 0.24%.

Attention will now turn to the Fed's policy meeting that wraps up on Wednesday.

Expectations are for the bank to cut a further US\$10 billion from its monthly stimulus spending and keep interest rates at record lows. Investors are more interested in what chief Janet Yellen has to say about future policy.

Kathy Lien, managing director at BK Asset Management, said the Fed could tweak its forecasts for the year to trim its unemployment projection and raise its estimate for inflation.

If that happens, "Yellen will need to provide an explanation that convinces the market (the Fed) hasn't gotten any closer to tightening", Lien said. "If she fails, the US dollar and Treasury yields will rise."

In afternoon Tokyo foreign exchange trade the dollar was worth 102.00 yen compared with 101.84 yen in New York.

The euro bought US\$1.3557 and 138.29 yen, up from US\$1.3570 and 138.20 yen.

Gold fetched US\$1,266.41 an ounce at 4.10pm compared with US\$1,280.00 late Monday.

In other markets, Taipei added 0.41%, or 37.67 points, to 9,240.6 while Wellington rose 0.28%, or 14.70 points, to 5,193.50.

Manila closed 0.79% lower, shedding 53.52 points to 6,704.93. – AFP, June 17, 2014.

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