

Asian shares soft on anxiety over Iraq, Ukraine
Malaysian Insider
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Asian shares struck a cautious tone today as the double-whammy of a deepening conflict in Iraq and a gas dispute between Ukraine and Russia sapped investors' appetite for risk.

MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.15%. Japan's Nikkei bucked the trend with rise of a 0.5%, though it was still down on the week so far.

Oil prices remained near nine-month highs as militants from the Islamic State of Iraq and the Levant have seized a large part of northern Iraq, forcing US President Barack Obama to consider options for military action to support Iraq's besieged government.

US crude futures stood at US\$106.76 (RM344.3) per barrel, having climbed as high as US\$107.68 on Friday.

"The advance of extremists to Baghdad or bombing by US forces will be a trigger to justify rise in US oil prices above US\$110. That would be a burden for the world economy in the near term," said Daisuke Uno, chief strategist at Sumitomo Mitsui Banking Corp.

Tension in Ukraine showed no sign of abating as Russia cut off gas to Ukraine yesterday in a dispute over unpaid bills that could disrupt supplies to the rest of Europe and set back hopes for peace between the former Soviet neighbours.

As investors risk sentiment was hit, flight-to-quality bids underpinned US Treasuries prices despite solid US industrial output data.

The 10-year yield stood at 2.599%, off last week's peak of 2.662%.

Immediate focus is on the Federal Reserve's monetary policy statement on Wednesday, when the US central bank is expected to announce it will continue paring its bond purchase programme and cut its growth projections.

In the currency market, the safe-haven yen was supported, staying near four-month high against the euro. The common currency stood at 138.32 yen (RM4.38), having fallen to a low of 137.70 yen overnight.

The dollar fetched 101.88 yen, near a two-week low of 101.60 yen hit last week.

The British pound held near a five-year high hit yesterday, maintaining momentum after Bank of England chief Mark Carney surprised markets last Thursday by suggesting the Bank of England may tighten its policy before year-end.

The pound stood at US\$1.6975, near yesterday's high of US\$1.7011, with close attention falling on consumer inflation data due later in the day given the focus on the BoE's policy.

Elsewhere, Argentina's Merval index fell 8.4% after the US Supreme Court declined to hear the country's appeal over its battle with hedge funds that refused to take part in its debt restructurings.

The move risks sending Argentina into a fresh sovereign default. – Reuters, June 17, 2014.

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