

**Asian shares score 3-year high as data cheers
Malaysian Insider
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Asian stocks scored a three-year peak today after a round of upbeat global economic data whetted risk appetites and helped Wall Street taste all-time highs.

Dealers said fund managers were rotating money out of bonds and into equities for the start of the second half of the year, nudging up US Treasury yields.

At the same time, the outlook for super-low rates in the major economies and an almost eerie absence of volatility across markets, encouraged investors to take on leveraged bets in search of higher returns – the so-called carry trade.

"Global equity and credit markets are feeling the tailwind of firmer activity data in the world's largest economies, with the exception of the euro area," analysts at Barclays wrote in a client note.

"Our global manufacturing confidence recovered from the declines in Q1, and aggregate forward-looking components suggest the improvement should last well into the second half."

MSCI's broadest index of Asia-Pacific shares outside Japan gained 0.38% to 495.69, heights not visited since May 2011. Japan's Nikkei added 0.7% to reach its highest in over five months.

The Dow and S&P 500 both scored record closing highs, as did the MSCI world equity index. The Dow gained 0.77% and the S&P 500 0.67%, while the Nasdaq Composite put on 1.14%.

Top European shares ended up 0.85%, despite some disappointing manufacturing data from the region.

The economic news elsewhere was mostly bright with measures of manufacturing in China, Japan, the UK and United States all pointing to a pick up in production.

In an encouraging sign for consumer demand, US auto sales almost reached 17 million annualised in June, way above forecasts and the strongest since 2006.

With money switching to riskier assets, bond prices gave up some of their recent gains. Yields on 10-year US Treasuries ticked up to 2.57%, leaving behind last week's lows near 2.50%.

Losses should be limited, however, given expectations the Federal Reserve will keep rates near zero well into next year.

Later today, Fed chair Janet Yellen will appear at an event with International Monetary Fund Director Christine Lagarde and dealers generally assume she will stick to her recent dovish script.

In currencies, bullish UK data sent sterling to peaks not seen in nearly six years while the Australian dollar reached an eight-month top after the central bank sounded resigned to the currency's strength.

The pound scurried as far as US\$1.7167 (RM5.51), its highest since October 2008. The Aussie jumped almost a cent to above 95 US cents for the first time since early November. It last traded at US\$0.9493.

The US dollar was dull in contrast, making only slight gains on both the euro and yen. Its currency basket index inched up to 79.823 from a two-month trough of 79.740.

Gold eased back a touch to US\$1,325.39 an ounce having hit a 2-1/2-month high of US\$1,332.10 yesterday.

Brent crude lost 17 cents to US\$112.12 a barrel, while US crude was quoted a couple of cents firmer at US\$105.36. – Reuters, July 2, 2014.

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