

Asia shares edge up as upbeat data brighten US outlook
Malaysian Insider
26 March, 2014

Asian shares edged higher in early trade today on fresh signs of strength in the US economy and diminishing concerns over the diplomatic standoff between the West and Russia.

MSCI's broadest index of Asia-Pacific shares outside Japan was up 0.2%, with Australia stocks 0.6% higher. Nikkei futures last stood at 0.7% above their local close.

US consumer confidence rose more than expected in March, climbing to its highest level since January 2008 and US house prices increased solidly in January.

The reports were the latest in a string of positive reads on the US economy, adding more credence to the view that softness earlier this year was related to inclement weather and not economic weakness.

The upbeat data helped Wall Street shares rebound after a two-day decline, with the Standard & Poor's 500 Index gaining 0.4%.

Geopolitical tensions over Ukraine eased somewhat after a meeting of Western leaders ended with little more than fist-shaking at Russia. US President Barack Obama and his allies agreed to hold off on more damaging economic sanctions unless Moscow goes beyond the seizure of Crimea.

The news that Moscow's and Kiev's foreign ministers had held an impromptu first meeting also led investors to believe the crisis triggered by Russia's annexation of Crimea is not heading into a wider armed conflict.

"The markets were worried that Russia might invade the southern or eastern part of Ukraine after Crimea. But the chances of that happening seems to be slim now, reducing investors' risk aversion," said Kyosuke Suzuki, director of forex at Societe Generale.

Investor relief was palpable in Russia, where the rouble firmed to pre-Crimea crisis levels.

The rouble rose about 1.5% yesterday against the dollar-euro basket, its biggest gain in 1-1/2 years, to 41.68 to the basket, hitting a one-month high.

The MSCI emerging equities index also rose to a two-week high, with Brazilian shares tapping five-week highs despite a downgrade of Brazil's credit rating by US rating firm Standard & Poor's.

Expectations that China will take more steps to bolster its sagging economy also underpinned many markets leveraged to the Asian giant, including Brazil, Australia as well as a host of commodities.

London copper futures rose to a two-week high of US\$6,623.75 (RM21,878) per tonne yesterday, while other commodities that had been battered earlier this month – ranging from iron ore and steel – also rebounded from their lows.

The Australian dollar hit four-month high of US\$0.9175 yesterday and last stood at US\$0.9159.

Other major currencies were stuck in well-worn ranges, with the euro fetching US\$1.3826 and the yen changing hands at 102.28 yen (RM3.30) to the dollar.

On the other hand, precious metals lost some of their allure as concerns over Ukraine ease and as US short-term rates have risen.

Gold hit a five-week low of US\$1,305.59 per ounce yesterday and last stood at US\$1,309.54 while silver dropped to seven-week low of US\$19.78 per ounce. – Reuters, March 26, 2014.

Hakcipta © 2014 The Malaysian Insider

Source: <http://www.themalaysianinsider.com/business/article/asia-shares-edge-up-as-upbeat-data-brighten-us-outlook>