



ASIA STOCKS TAKE HEART FROM WALL STREET RALLY

News / Finance



Asian stocks rose on Thursday as a sharp rebound on Wall Street eased fears of a protracted global market rout, while the dollar steadied as risk appetite returned.

Sentiment was also supported by comments from New York Fed President William Dudley on Wednesday who said the prospect of a September rate hike "seems less compelling" than it was only weeks ago given the threat posed to the U.S. economy by recent market turmoil.

"Certainly Dudley's comments show that U.S. policymakers have serious concerns about events in China and the potential ripple out effects," Michael Hewson, chief market analyst at CMC Markets in London, wrote in a note.

European shares were seen following Asia higher, with financial spreadbetters expecting Britain's FTSE 100 [.FTSE](#) to open up 1.9 to 2.1 percent. Germany's DAX [.GDAXI](#) was seen opening 2 to 2.8 percent higher, while France's CAC 40 [.FCHI](#) was expected to climb 2.5 percent.

Markets around the world plunged earlier in the week as a slump in Shanghai shares fueled worries over China's economic health, but some calm returned after Beijing rolled out strong policy

easing steps late on Tuesday.

MSCI's broadest index of Asia-Pacific shares outside Japan [.MIAPJ0000PUS](#) rose 1.8 percent, pulling away from a three-year low hit earlier in the week.

Chinese shares, the epicenter of recent financial market tremors, were solidly higher for most of the day, though they were off session highs in afternoon trade. The CSI300 index [.CSI300](#) added 0.7 percent and the Shanghai Composite Index [.SSEC](#) was slightly higher, after the indexes had plunged more than 20 percent over the past week.

Tokyo's Nikkei [.N225](#) ended up 1.1 percent, adding to the previous day's 3.2-percent gain, after U.S. stocks racked up their biggest one-day gain in four years. [N]

Ironically, U.S. stocks rallied on Wednesday on expectations that the Fed would hold off from hiking interest rates next month due to mounting global uncertainties, including China - the very factors that prompted heavy selling in the previous sessions.

Chinese shares had ended lower in the previous session as a double-barrelled blast of central bank stimulus failed to convince investors of Beijing's ability to jolt the world's second-biggest economy out of its slowdown.

In currencies, the dollar dipped briefly overnight after Dudley's comments on the chances of a September rate hike.

However, he warned about overreacting to "short-term" market moves, and left the door ajar to raising rates when the U.S. central bank holds a policy meeting on Sept. 16-17.

The greenback subsequently rallied as ebbing risk aversion reduced demand for the yen and euro, which had been bought as safe haven plays during the recent equity selling.

The dollar got an additional boost from upbeat U.S. durable orders data, which backed the view that the Fed would remain on track to eventually raise interest rates as the U.S. economy continues to recover.

Against the Japanese currency, the greenback fetched 119.92 yen [JPY=](#), steady from U.S. levels and recovering from a seven-month low of 116.15 plumbed on Monday

The euro was up about 0.3 percent at \$1.1349 [EUR=](#) after losing 1.7 percent in the previous session. It scaled a seven-month peak of \$1.1715 on Monday.

The common currency was also hurt by comments from a senior European Central Bank official. Peter Praet said the risk of the ECB missing its inflation target has increased due to commodity price falls and weakness in some overseas economies.

Crude oil rebounded amid a general thaw in global risk aversion. U.S. crude futures CLc1 bounced 2.2 percent to \$39.45 a barrel. The contracts had slumped to a 6-1/2-year low on Monday, dogged by supply glut woes and worries of a hard landing by China's economy. Brent LCOc1 added 2.3 percent to \$44.11.

Copper CMCU3 was up about 0.9 percent at \$4,979.50 tonne, moving further away from a six-year low of \$4,855 hit on Monday.

Gold took back some lost ground after suffering its biggest fall in five weeks overnight as the dollar

rebounded and U.S. stocks rallied. Spot gold XAU= rose about 0.2 percent to \$1,127 an ounce.
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